Annual Report 2008

Teleplan International N.V.

Teleplan

Key data

million Euro (unless stated otherwise)	**2008**	**2007**	**2006**	**2005**	**2004**
Revenue	304.4	281.7	242.0	255.0	270.5
EBITDA	21.8	22.1	5.2	12.6	– 33.9
Depreciation, amortization and impairment	4.7	5.3	7.5	19.8	31.8
EBIT (operating income)	17.1	16.8	– 2.3	– 7.2	– 65.7
Financial expenses, net	9.7	12.9	5.4	7.6	5.7
Income tax expense	0.8	0.3	0.3	0.7	0.7
Net income	6.7	3.6	– 8.1	– 15.5	– 72.2
Operating cash flow [1]	22.7	12.4	7.3	9.8	– 21.7
Weighted average number of shares (x 1,000)	59,838	55,469	37,789	32,227	25,000
Earnings per share (Euro); Basic	0.11	0.06	– 0.21	– 0.48	– 2.89
Earnings per share (Euro); Fully Diluted	0.11	0.06	– 0.21	– 0.48	– 2.89
Operating cash flow per share (Euro) [2]	0.38	0.22	0.19	0.30	– 0.87
Book value per share (Euro)	0.53	0.46	0.32	0.63	1.19

Selected Balance Sheet Data	**31 Dec 2008**	**31 Dec 2007**	**31 Dec 2006**	**31 Dec 2005**	**31 Dec 2004**
Cash and cash equivalents	15.8	15.5	10.6	20.9	18.1
Net debt, excluding convertible bonds	43.4	52.3	55.6	55.8	54.8
Balance sheet total	147.7	149.9	148.4	175.7	178.9
Total equity	31.8	25.3	12.2	20.4	29.9
Equity ratio (%)	21.5	16.9	8.2	11.6	16.7
Number of employees at year end	5,777	6,217	5,206	4,513	5,340

[1] Operating cash flow is cash generated from operations.

[2] Operating cash flow per share is calculated by dividing cash generated from operations by the weighted average number of shares.

About us

Teleplan is one of the top suppliers of high-tech after sales services and provides total service solutions for the world of Computers, Communications and Consumer Electronics (“3Cs”). These industries are in constant need of after sales services ranging from simple repairs to the most sophisticated technological and electronic solutions. The companies within the sector show a growing trend of outsourcing more and more of their warranty obligations to after sales specialists such as Teleplan in order to focus on their respective core areas of operation and competence.

Teleplan’s “3Cs” are made up of nine product groups in total, with which it is able to serve the industry in its entirety. The focus of the Netherlands based company is providing its high-tech services across the globe, currently operating from 19 sites in Europe, North America, Asia and Australia.

The structure, layout and design (or in other words the heart and soul of this year’s annual report) is geared towards the structure of the inner lives of high-tech products and systems that Teleplan examines, repairs, replaces and updates on a daily basis. However, Teleplan International N.V. is made up of approximately 5,800 quality- and service-oriented employees around the world who all contribute to protecting our customers’ brands by contributing their dedication, unique skills, knowledge and enthusiasm.

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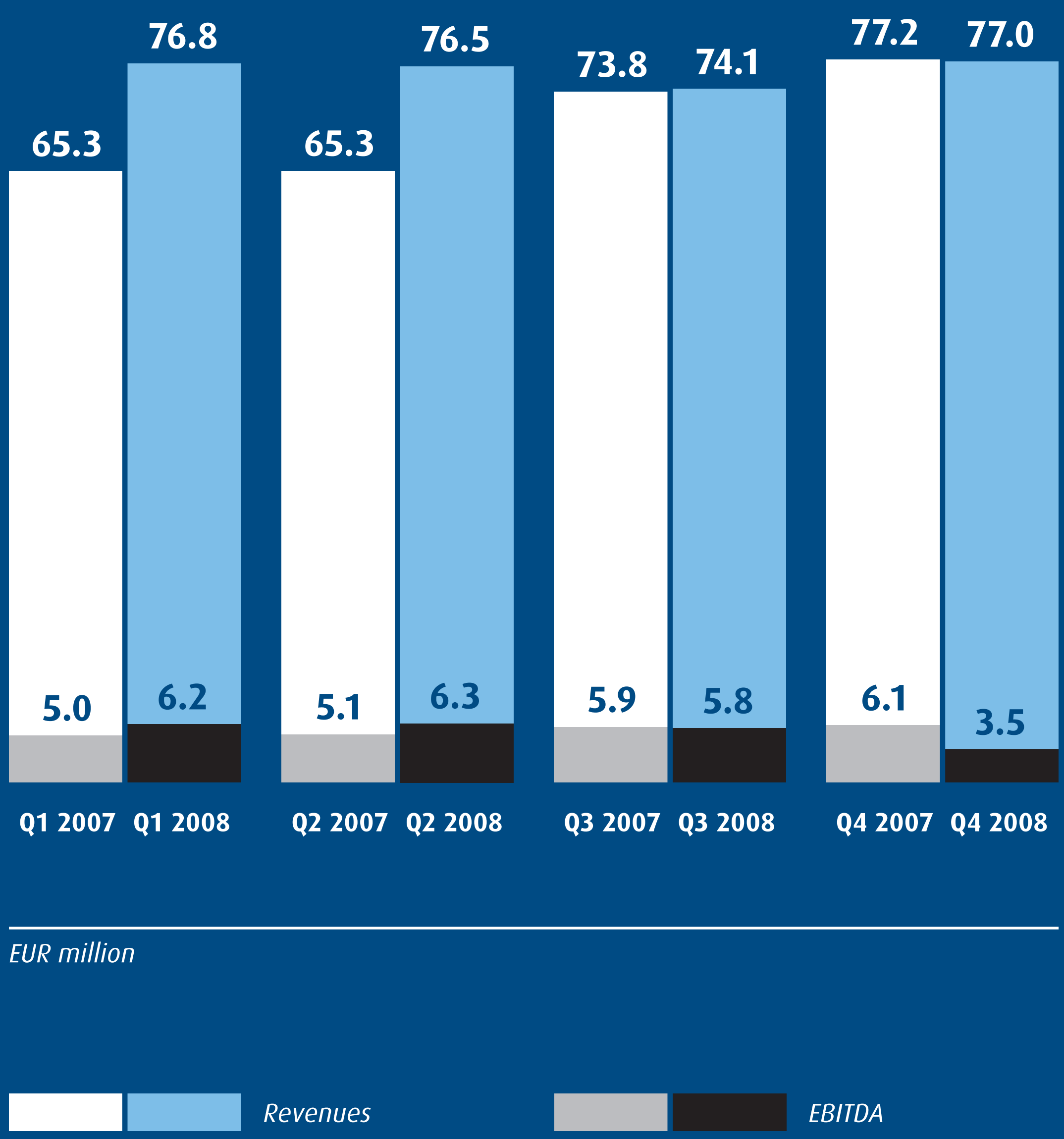
Stable development of revenues on raised level during 2008 despite challenging economic times



The outsourcing trend will continue
and Teleplan is well positioned
in the After-Sales Service Market

Message from the Management Board

To our Shareholders, Customers, Employees, and other Stakeholders of the Company

Our optimism remained cautious heading into 2008 due to the sub-prime mortgage crisis that had begun to emerge in the previous year. There is hardly an industry or a company around the globe not negatively impacted by the turmoil that has come about on the world's markets. In some cases, the primary market that Teleplan serves has seen volumes drop off by anywhere from 15 to 25 percent, thereby adding to the economic woes.

That is not to say, however, that the news is necessarily bad for Teleplan. The outsourcing trend within the after-sales service industry is still showing a healthy development, and the Company continues to claim its place in this market with impressive revenues. In the full year, a record figure exceeding the 304 million Euro-mark was generated.

Significantly, Teleplan had refinanced its bank debt in October 2007 with a long-term facility. Given the current crisis in the banking sector, financing is hard for many companies to obtain and it therefore seems as though this strategy is paying off for Teleplan. The Company's financing agreements are fixed, thus giving it committed facilities for the next five to seven years, including a revolving facility on top of the current loans. The cash generation, especially in Q4, was furthermore very good, and this is expected to remain the case well into the future. Finally, the Company lowered its debt position by amortizing an extra 10 million Euro in loans beyond the scheduled repayment of its debt.

Yet while Teleplan's financial ratios have improved, there are also a few issues bringing the sentiment down. Although the Company was able to protect its EBITDA from falling below the 20 million Euro-mark, the figure did fall short of Teleplan's target and came up at less than 22 million Euro. One-off costs increased over-proportionately in all areas as a result of streamlining, thus contributing to this trend.

These measures should, however, help to improve profitability in the future. The closure of plants in Louisville in mid-2007 as well as Minneapolis and Toronto in 2008 in addition to the smaller headcount resulting from this should help improving the bottom line going forward. In the years to come we will further look into improving our efficiencies.

We see a possibility of greater pricing pressure given the expectation of lower volumes resulting from the drop in disposable income on the part of consumers and investment capabilities of companies, as is the norm in an economic recession. And while the first half of 2009 is expected to show positive developments, the visibility has been reduced significantly in light of the uncertainty over how trends will shape up. For the moment we are only able to look a few months into the future and we find ourselves hoping for the best but preparing for the worst.

Mr. Mark Twaalfhoven (1960) *left*
Nationality:
Dutch & Hong Kong resident
Position: CEO,
not available for re-election
Date of initial appointment:
17 – 06 – 2005
Current term: 2005 – 2009
Board Memberships: China Yachting Business Partnership Ltd.

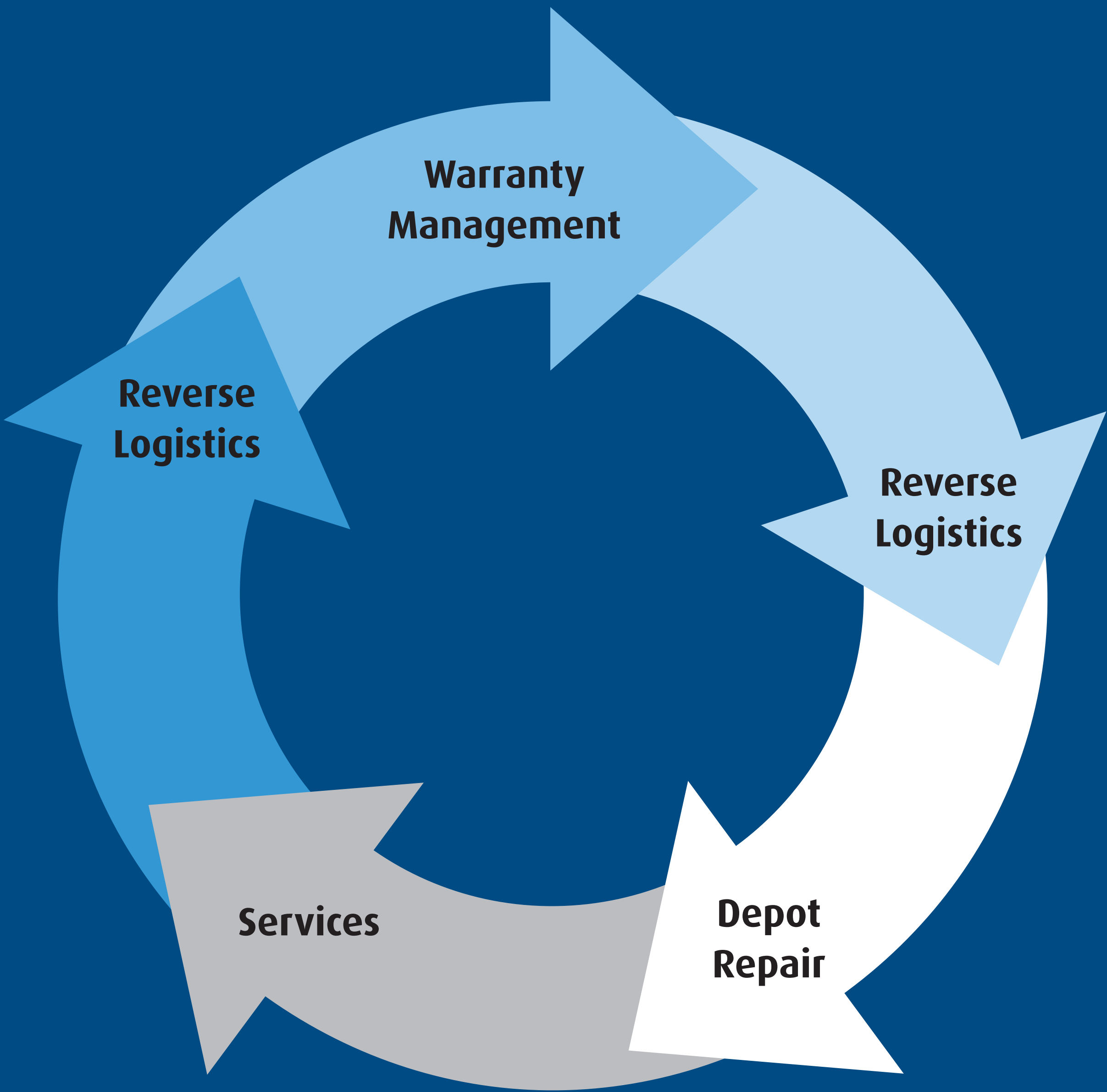
Mr. Gotthard Haug (1958) *right*
Nationality: German
Position: CEO & CFO
Date of initial appointment:
19 – 08 – 2004
Current term: 2007 – 2009

Mark Twaalfhoven has decided not to present himself for re-election as CEO after the Annual General Meeting of Shareholders in May. Mr. Twaalfhoven added tremendous industry know how and improved the Company's performance very positively. The Supervisory Board regret that Mr. Twaalfhoven is looking for new challenges outside of the Company and wish him all the best for his future. Teleplan's performance, organization and procedures have stabilized over the past years significantly. With the new internal organization we have delegated responsibilities and decision making processes. The Management Board headed now by Gotthard Haug will continue in this strategy of decentralizing responsibilities and decision making processes at business unit level, maintaining an overview and strong coordination role.

All in all, 2008 was another year with very high dynamics within the industry, as well as in terms of the different markets and currencies. The financial turmoil experienced around the world is leading us to move cautiously into the future. The past year was not one lacking in challenges, and there is no doubt that 2009 will throw some tough issues our way as well. While the environment in which we operate remains out of our reach, we are working hard to control what we can in the course of our own business.

Mark Twaalfhoven — Gotthard Haug

Teleplan offers an end-to-end high-tech full service solution chain



Our core competencies are the key to our full service solutions

- High-end repair services in all product groups
- Engineering capability to give neutral failure analysis
- Global footprint secures short turn around time
- State of the art IT systems and track & trace capabilities: e-TRAC
- Continuously developing complementary services

The Teleplan Business Model

Teleplan's Role in the After-Sales Services Market

Teleplan places a great deal of significance on ensuring that its business model is not only efficient and effective, but that it also reflects the core areas of the IT and electronics industries that come together to make a promising market with sound growth opportunities. These industries are constantly undergoing change, both in terms of the technological sophistication involved in creating products and the global demographics of people using them. These two factors combine to shape the world of information, communication, education and entertainment.

The rise in global sales of computers and electronics seems to be continuing, but at a slower pace. The digital convergence seen in the industry continues to draw on the trend towards connecting the different uses for the multitude of products offered. For example, more and more computers are being sold on a global scale due to their increasing use not only for information and communication purposes, but also for video games, music and movies. Another example is the boom in the mobile telephone market, in which manufacturers are forced to keep up with the popularity of mobile phones featuring multiple functions (e.g. smart phones such as the Blackberry and iPhone, which in addition to normal telephone functions also feature text/picture messaging, email, a camera, an MP3 player, video, etc.).

However, this does not stop with computers and mobile phones. Teleplan has designed its business model in such a way that the focus on the "3Cs" of Computer, Communication and Consumer Electronics covers all areas of the IT, communications, education and entertainment industries that make up the Company's core market. These areas are broken down into the nine product groups of Storage, Personal Computers and Notebooks, Displays, Printers, Mobile Phones, Networking, Videocom, Gaming and Imaging. This wide range of expertise offers the advantage of one-stop shopping for all manufacturers and service providers seeking after-sales services.

Teleplan's core areas of expertise include world-class repair, service, logistics and reverse logistics, warranty management and out-of-warranty management. In short, Teleplan is able to cover the complete after-sales services value chain. Given the growth of the market, these value-added services are an important source of growth for Teleplan and go beyond the normal service commitments to customers, including many of the companies aiming to trim their business down to their core competencies. In doing so, more and more product manufacturers and service providers are outsourcing their after-sales services and warranty obligations to companies like Teleplan.

Characteristics of the Global IT and Telecommunications Market

One striking characteristic of the markets for electronics and information technology is the rapidly growing mobility of the products being produced and marketed around the world. As a matter of fact, the industry over the last ten years has thrived on making products smaller and more mobile, thus proving to be the lifeline of the industry and one of the major factors behind its rapid growth.

One challenge for manufacturers is to make their products more integrated, easier to use and faster to operate while simultaneously keeping up with the constant, rapidly changing technological advances. Their production processes most importantly have to be carried out efficiently and at low cost in order to make the products affordable for the end-user and to continue to stay in business.

This is where the growing trend of outsourcing comes into play. Several companies within Teleplan's portfolio of customers have outsourced their after sales services in the past and are increasingly seeing the benefits of continuing to do so. In addition, Teleplan is signing new and expanded contracts with customers who are just beginning to realize the advantages of centering in on their core competencies and passing on their repair and logistical activities to outside partners. The result is faster and more permanent outsourcing of peripheral activities and after-sales services by original equipment manufacturers (OEMs), original design manufacturers (ODMs), retailers, subcontractors, distributors and operators. The realm of after-sales services continues to expand and encompasses services beyond repair, i.e. end-to-end solutions along the entire supply chain including logistics, warranty management etc.

Teleplan, with its notable portfolio of blue chip customers, is in a good position to build on this growth and tap into the potential that the market has to offer. The Company's IT expertise makes it attractive to any manufacturer looking for a high-tech after-sales service provider that can keep up with its sophisticated technological requirements. Moreover, industries featuring a very high degree of complexity are more linked into companies such as Teleplan for the longer term due to the smaller number of competitors with matching technical skills and capabilities.

Teleplan's global approach to offering high-tech supply chain solutions has always allowed it to continue growing on a comparable basis, while at the same time increasing the efficiency and speed of the logistics solutions offered. This not only takes the logistics burden off Teleplan's customers, thus allowing them to focus on their core areas of expertise, but it also minimizes the turnaround time for their end-users.

Teleplan's aim overall is to continue on the path of growth. The trend towards outsourcing IT and telecommunications shows signs of continued expansion , improvements to the technology already offered and tailoring to the needs of the end-user. Given this and the fact that Teleplan continues to collaborate with a rising number of OEMs, ODMs, retailers, service providers and more, there is healthy potential for the Company in the after-sales service industry and as a full-service provider.

A unique global footprint

1 Roseville
2 Mexicali
3 Reynosa
4 Dallas
5 Philadelphia

6 Havant
7 Colchester
8 Zoetermeer
9 Norderstedt
10 Weiterstadt
11 Bydgoszcz
12 Prague

13 Suzhou
14 Shanghai
15 Hong Kong
16 Penang
17 Singapore
18 Jakarta
19 Sydney

We are the only global supplier of depot repair and adjacent services

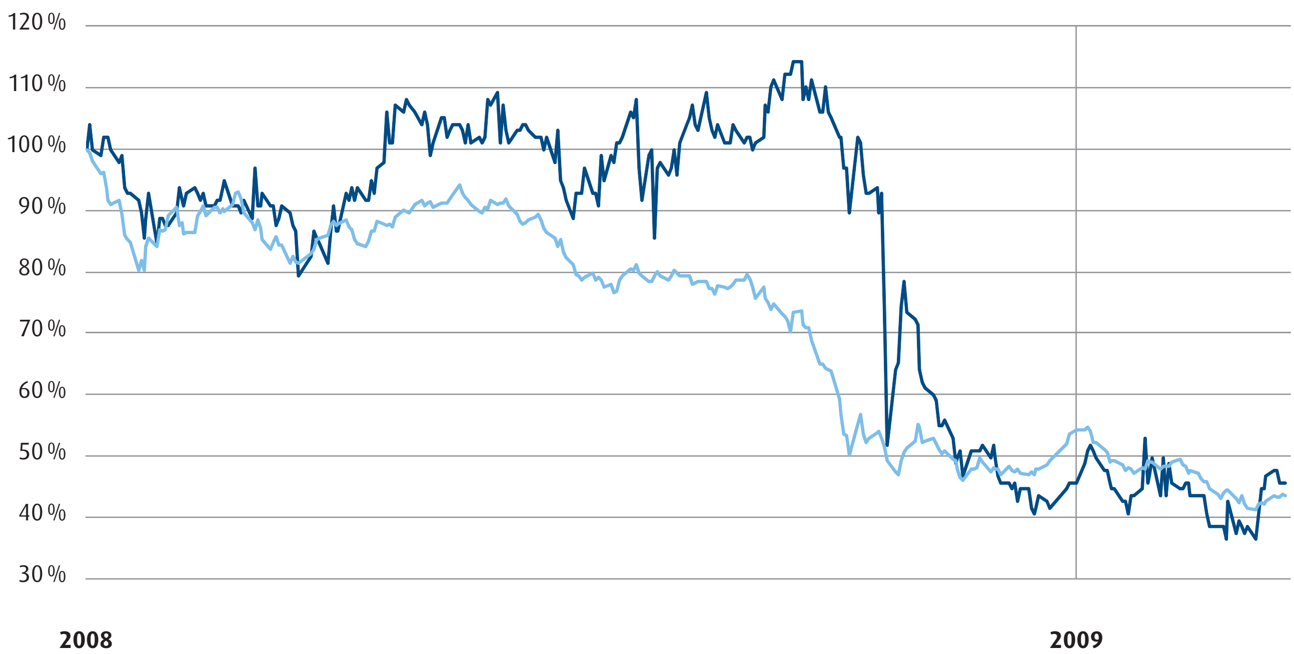
- Offering logistical solutions globally
- Combining local access and short turn around time
- Meeting customers demand around the globe

Investor Relations and Teleplan Share

The stock markets in general were very volatile throughout 2008 and were dominated by the crises on the financial markets. The insolvency of a well-known American investment bank and massive write-offs in the banking sector accelerated the dramatic downturn of stock markets worldwide. Expectations of lowered economic growth rates around the globe, which may result in a recession, proved a heavy burden on the capital markets. The large caps measured by the DAX lost 40%, whereas the mid-cap segment lost 43% and small caps faced a 46% decline.

The performance of the Teleplan share in 2008 was again decoupled from the operational performance in the fiscal year 2008. From April to September 2008, the share price was unable to follow the positive development of the SDAX. As a result, Teleplan's share price decline in autumn 2008 was not as deep and massive as the decline of the markets overall. Teleplan's share has stabilized at a low level since November 2008, and this time as a positive trend, was detached from the volatile market environment. The share featured a better development than the SDAX.

Teleplan vs. SDAX *Development of Teleplan share price indexed*



TPL indexed *SDAX indexed*

The Management Board will continue to intensify its contacts with shareholders, potential investors, financial analysts and business journalists in continental Europe and the UK. For the purpose of continuing to pursue this target of expanding and rebuilding the ongoing contact with our investors, Teleplan organizes road shows at all of Europe's major financial centers, from Switzerland across Germany to the UK. These road shows are furthermore supplemented by various additional individual meetings with analysts and investors. In addition to reaching out to institutional investors, the road shows are also coupled with more frequent contact with the press. Moreover, Teleplan is going to great lengths to extend its coverage from the buy as well as the sell-side analysts in order to generate a broader spectrum of opinion. At the moment, the investment bank SES Research permanently covers the Teleplan share, after the Berenberg Bank discontinued its active coverage in 2008. Teleplan participated in the German Equity Capital Conference in Frankfurt/Main in mid-November. The central focus here was on analysts and investors primarily covering technology stocks as well as small and mid-cap companies.

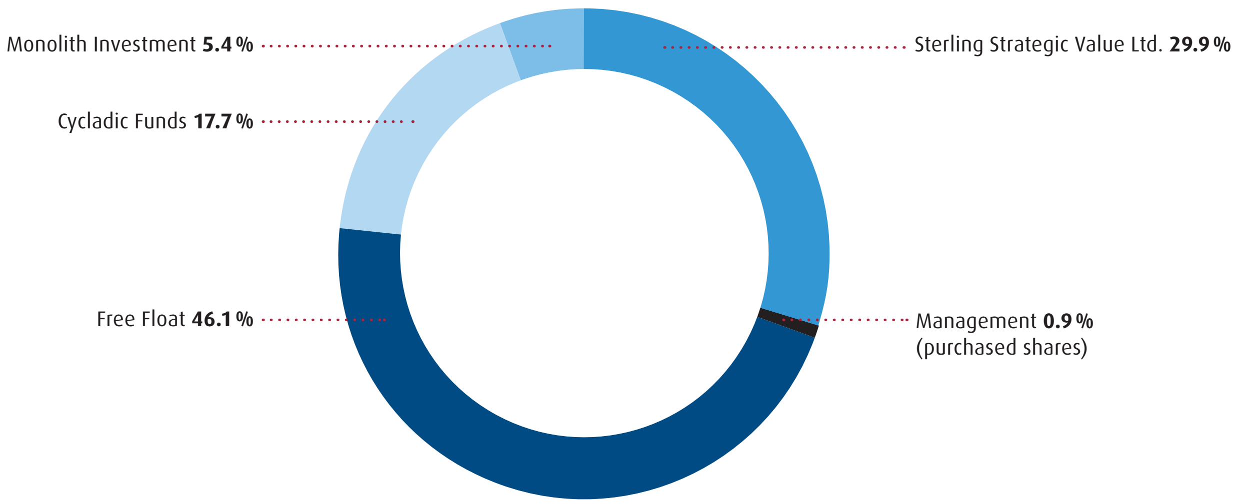
Key share data	
ISIN	NL0000229458
Ticker Symbol	TPL
Reuters Instrument Code	TELP.DE
Bloomberg Instrument Code	TPL:GR
Trading Segment	Prime Standard
Prime Sector	Industrial
Industry Group	Industrial Product & Services
Indices	Prime All Share, Classic All Share
Designated Sponsor	VEM Aktienbank AG
Subscribed Capital as of December 31, 2008	14,959,465 Euro
Class of Shares	Bearer Shares

In Euro	2008	2007	2006	2005	2004
Year end [XETRA]	0.45	0.97	1.28	2.14	1.40
Year high	1.13	1.52	2.28	2.66	5.19
Year low	0.39	0.75	1.15	1.31	1.11
Market capitalization [Year end] million Euro	26.9	58.0	54.1	71.8	45.1
No. of shares traded on average per day [XETRA+Floor]	85,717	83,312	52,703	144,107	132,408
No. of shares outstanding million	59.8	59.8	42.3	33.5	32.2
Earnings Per Share [EPS], basic	0.11	0.06	– 0.21	– 0.48	– 2.89
Earnings Per Share [EPS], fully diluted	0.11	0.06	– 0.21	– 0.48	– 2.89
Cash Flow Per Share [CFPS], basic	0.38	0.22	0.19	0.30	– 0.87

Teleplan's 2007 Annual Report was again awarded by the independent jury of the League of American Communications Professionals (LACP) at the "2007 Vision Awards" annual report competition. This underscores our commitment to a close and open dialogue with the financial community, which will help provide insight into the Group's operating business and support Teleplan's position as a transparent and capital market-oriented Company. The Teleplan website provides a platform containing a wide range of detailed and up-to-date information, combined with regular conference calls and press releases on the quarterly results. Teleplan continues to pursue re-entry into the SDAX as a medium-term target. The Management Board is convinced that the successful growth strategy of the past two years with continuously positive results will reinforce investors' confidence in Teleplan and thus lead to a more adequate valuation on the stock market.

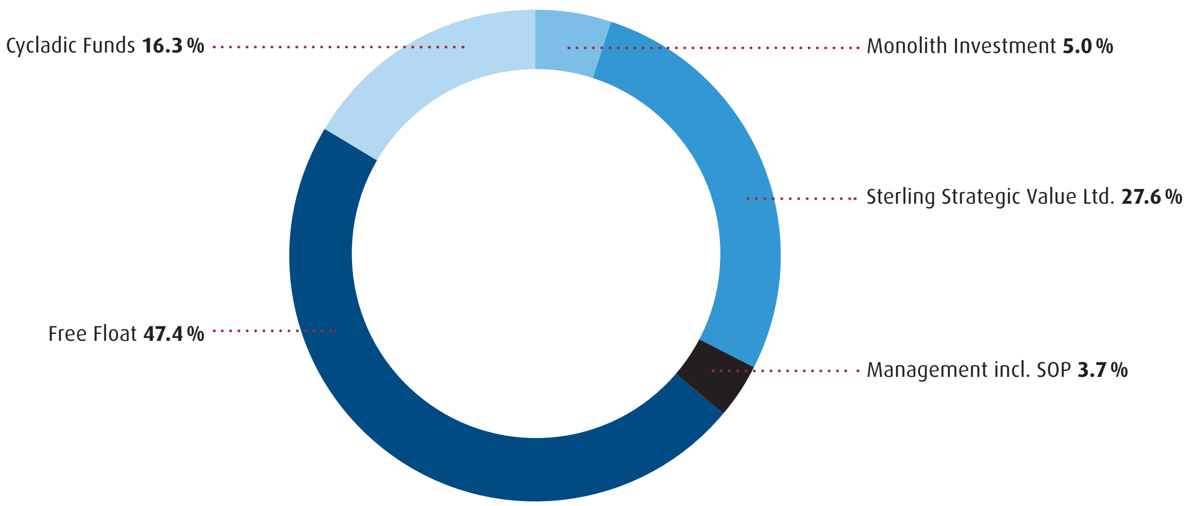
The number of shares outstanding was unchanged in the fiscal year 2008 at around 59.8 million. One of the Company's main shareholders expanded its holding to nearly 30% and a new shareholder stepped in with more than 5%, whereas one institutional investor sold its stake entirely in the course of 2008. This increased the free float to around 46%. As of year-end, the management held 0.9% of the shares outstanding.

Shareholder Structure Actual Basic *59.8 million shares*



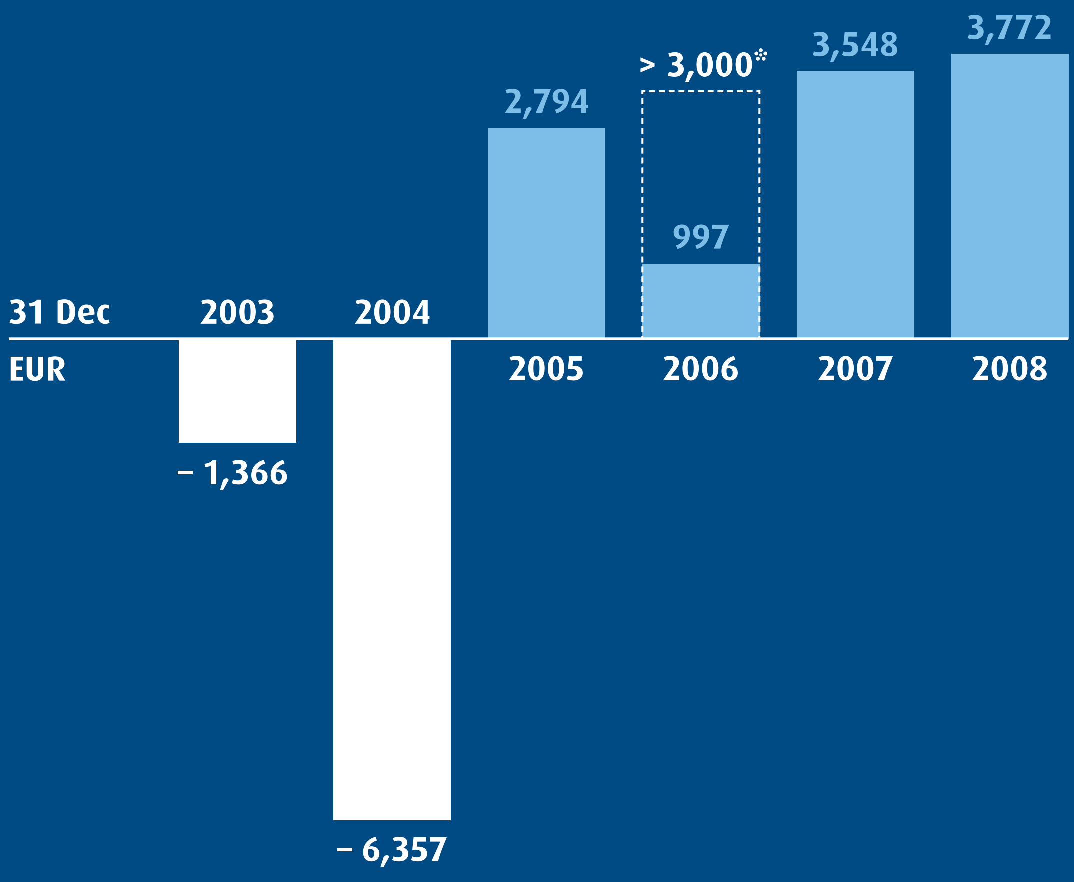
(as estimated by the Company)

Shareholder Structure Fully Diluted *65.0 million shares*



(as estimated by the Company)

Earnings contribution per employee increased significantly



EBITDA / Full Time Equivalents

** excluding one-off effect: efficiency improvement of site portfolio in Europe*

We are fit for the future

- Shrinking personnel expenses as percentage of revenues by approximately one third from 56 % in 2003 to 37 % in 2008
- 74 % of total Full Time Equivalents are employed at low cost sites end of 2008
- Reduction of total personnel costs from 163.8 million Euro in 2003 to 113.3 million Euro in 2008

Corporate Strategy

Economic and Business Environment

The global economic slump dominated news headlines throughout 2008, particularly towards the end of the year. This has caused very drastic changes to global predictions and even the IMF continues to put heavy emphasis on the uncertainty of forecasts. With the global economy suffering the greatest setback seen since World War II (world growth according to the World Economic Outlook (WEO) for example is expected to drop to 0.5 percent in 2009), economists are finding it more and more difficult to anticipate what will happen even in the short-term.

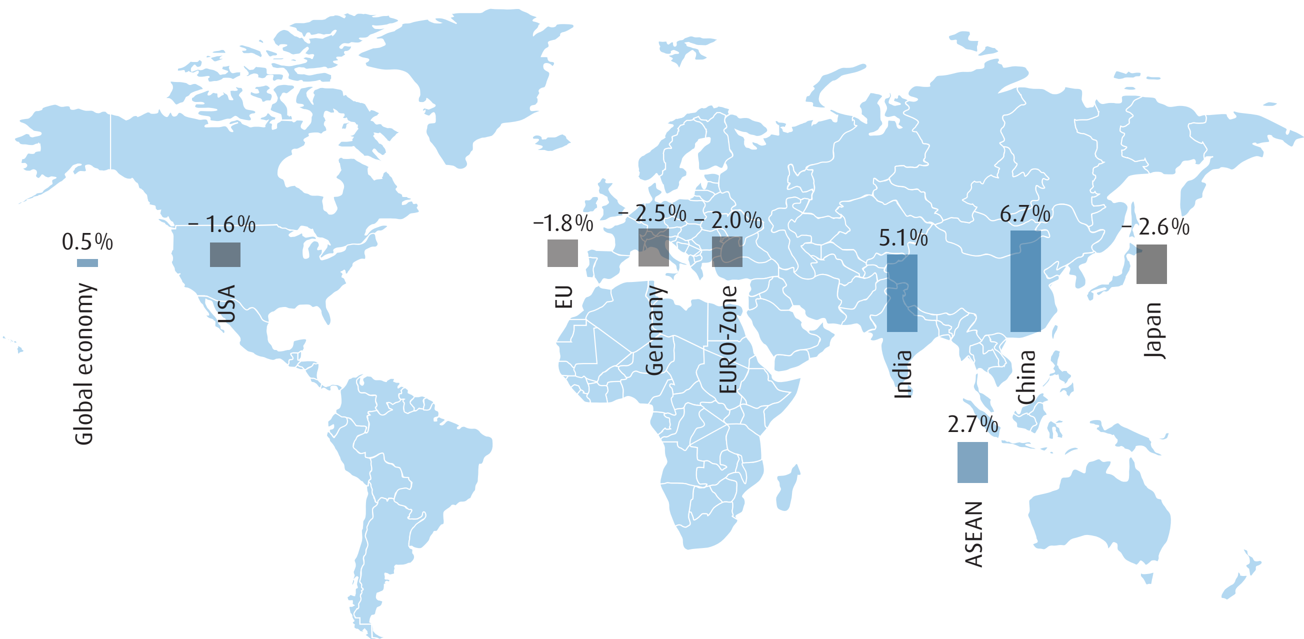
They do, however, believe the trend of emerging markets producing a large portion of the growth while industrialized countries bring the global figures down will continue in the next couple of years. The WEO's estimates based on information from the IMF for example state that emerging and developing economies, after a drop in GDP growth starting in 2007, will begin to pick up again in 2009 and by 2010 will show approximately 5% growth. On the other hand, this will continue to be offset by the lower level of GDP growth in the advanced economies. This is expected to drop into negative territory in 2009 before seeing an upward revival to approximately 1.1% by 2010. By that time, the global figure is expected to be somewhere in the range of 3%. The WEO does point out, however, that this will only be the case if the financial sector manages to restore its functionality, repair credit markets and improve the international coordination of the financial sector in general in order to design and implement effective policies and various other measures.

In fact, the picture is grim when looking at everything from equity and currency markets to the growth in global industrial production and merchandise trade, which dropped off significantly through November 2008. One year ago the main concerns were over commodity and oil prices as well as how the subprime crisis just underway at that time would play out. Now it is clear that the global financial system as a whole is in severe need of restructuring.

As mentioned before, global GDP growth hinges on the performance in emerging and developing economies, with China and India leading the way. After showing 6% percent growth in 2008, the WEO believes this will slow to 3% percent the following year. Certain regions, including Africa, have the benefit of relatively new macroeconomic policies leaving them better prepared to weather the storm, although they are also hit harder by the crisis given the higher poverty levels and greater reliance on the volatile commodity trade, where prices have collapsed as a result of falling demand and production cuts. One major problem for the advanced economies is the more difficult financing conditions given the collapse of a significant number of banks and financial institutions.

The number and scale of challenges to the financial sector is immense and the outlook is unusually uncertain. According to the WEO, the main risk lies in the assumption that "unless stronger financial strains and uncertainties are forcefully addressed, the pernicious feedback loop between real activity and financial markets will intensify, leading to even more toxic effects on global growth."

Economic and Business Environment *Growth rates 2008*



Sources: IMF International Monetary Fund, World Economic Outlook 01/2009

Just as it is difficult to forecast the future performance of the macroeconomic economy and global markets, it is nearly impossible to predict what will happen with the IT and telecommunications and consumer electronics markets. Purchasing power is lower, yet at the same time investments in improving the efficiency and cost-effectiveness of technology and telecommunications are needed to keep not only businesses, but even households afloat in the difficult economic times.

The IT and telecommunications industries remain key growth markets in the overall global economy, particularly with the rise in prevalence of products from this sector in all areas of business and everyday life. An added benefit here is the ever-growing use of certain technologies such as mobile phones and computers in the Asian regions of China and India, where growth is still positive.

There are also structural market trends that appear to be playing into Teleplan's core areas of expertise. There is a clear strategy on the part of companies outsourcing their warranty management in the primary markets. While fewer new products are being purchased, the number of end-users instead choosing to repair their old devices "out of warranty" is on the rise. Customers are looking for global partners and continue to increase the complexity and functionality of their products. Finally, the technical devices being produced feature greater degrees of mobility.

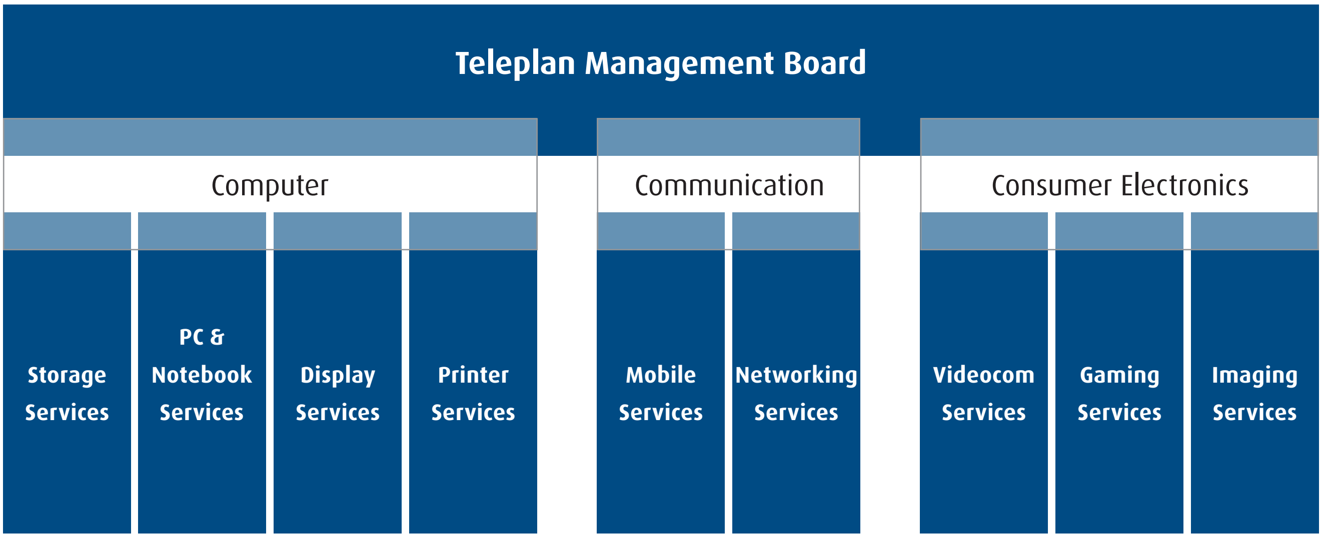
The global electronics equipment market consists of the defense/industrial, automotive, medical, computer, communications and consumer sectors, with the latter three being the focus of Teleplan's business model. These three segments are referred to as the "3Cs".

The main sources of growth within the industry are personal computers and notebooks as well as "smart" phones such as the Blackberry and iPhone. The degree of digital convergence seen with these devices continues to intensify, with the greater demand for all-encompassing technologies that can easily fit into a person's hand. Internet use also continues to show an upward trend and is becoming more and more mobile as the more widespread use of netbooks shows. Manufacturers in these fields must tailor to the growing popularity of products offering all of these services in order to keep up with the competition and to continue growing.

As for the representation of Teleplan's "3Cs", the Communication segment with a 26% revenue contribution (2007: 23%) is narrowing the gap to Computer, although this remains the segment providing the largest revenue contribution at 46% (2007: 48%). The share of the Consumer Electronics segment came out to 28% of Group revenues (2007: 29%).

By focusing on these industries and continuing to center its concentration on the digital convergence, Teleplan still finds itself in an industry that features growth. The Company has an established market position, a visible market share and an ever-growing portfolio of blue-chip customers that operate around the globe. Teleplan is also pushing forward with its strategy of greater access to the very markets that continue to perform well in order to compensate for those suffering from the downturn.

The "3Cs" with its nine product groups



Segment Development "3Cs"

Teleplan's "3Cs" refer to the three segments of Computer, Communication and Consumer Electronics. These make up the core of the Company's business model, which is based on the ability to adapt its focus to the needs of the customer and the lines of business.

Each segment is divided into product groups. These nine product groups are Storage, PC & Notebook, Display and Printer (Computer), Mobile and Networking (Communication) and Videocom, Gaming and Imaging (Consumer Electronics). In the last few years the Group has also introduced key account management for international customers, which provides additional support for the overall customer service management.

Computer

The Computer segment is the single largest contributor to Group revenues with a share of 46% in 2008. Given the fact that only the PC & Notebook product group continued to show growth in the year under review, the segment is struggling and profitability is deteriorating. The profitability of the Storage product group has decreased as a result of planned re-pricing. There is, however, the potential for interesting opportunities here as a result of the economic downturn, as more and more consumers are expected to rely on after-sales services for their computer equipment as opposed to investing in new devices. Another trend worth noting is the rising use of Netbooks, which allow consumers to access the Internet in nearly any location around the globe. This creates an entirely new group of consumers, thus providing for growth opportunities.

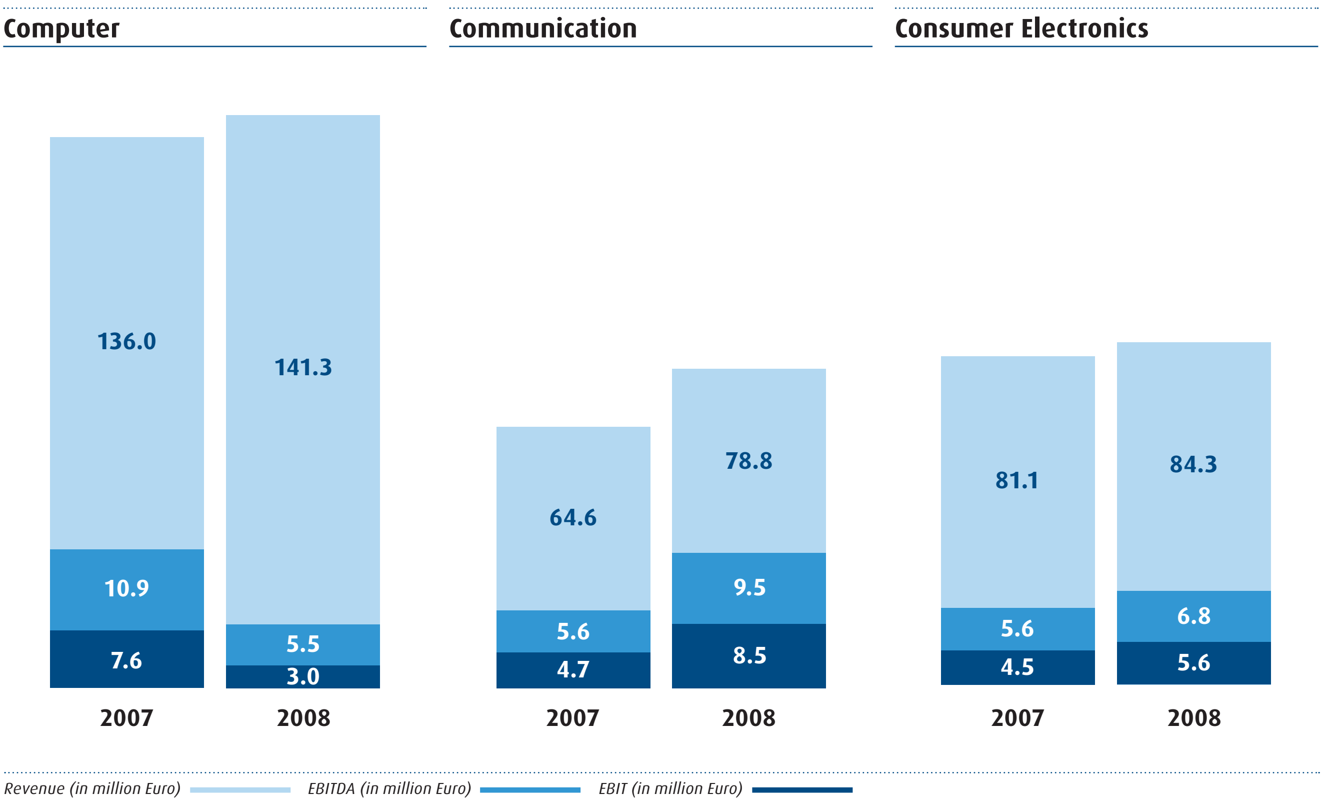
Communication

The Communication segment performed very well in 2008, producing 26% of the Group's revenues versus 23% in 2007. In addition, the segment made the largest contribution to EBITDA and showed the highest top and bottom line increases in 2008. It is expected to continue this trend in 2009. The two product groups in this segment are Mobile Services and Networking Services. The former has seen exciting new opportunities with the successful marketing and sale of smart phones, including the Blackberry and Apple's iPhone. Both the Mobile and Networking Services product groups managed to bring in new and prolonged contracts in the year under review.

Consumer Electronics

Here the Group is particularly strong in the set top box repair and game console repair markets. While this segment had mixed results in 2008, Teleplan is investing in new business for the future. The Gaming product group has seen a change to its logistics model, and some small new programs have been added to the Imaging product group. Finally, the Videocom product group has secured new and prolonged contracts.

Revenue growth shows significant operating earnings increase



Analysis of the Profit and Loss Account

Revenues for the financial year 2008 amounted to 304.4 million Euro. This compares to 281.7 million Euro in 2007, representing a year on year growth of 8.1%. The growth rate in 2008 has slowed compared with the 16.4% reported in 2007. Whilst the Communication segment grew substantially in 2008 (by 21.8%), the lower growth rate of Computer segment (4% in 2008) and the significantly lower growth from Consumer Electronics segment (4% versus 62% in 2007) combined to slow overall growth in 2008. The Consumer Electronics segment's reduction was largely the result of a change in the business model. A low margin logistics activity, previously part of the Gaming activity, was removed from Teleplan's product portfolio. The Shanghai site, which contributes to the Communication segment, continues its significant contribution to top line growth, seeing a doubling of revenue in 2008. Given a like for like USD/EUR exchange rate – 2008 versus 2007, Teleplan's total revenue growth would have been 11.5%.

Cost of materials, packaging and transport increased, as a percentage of revenue, from 40.8% in 2007 to 41.4% in 2008; reflecting the relative mix of repair materials usage under a consigned model versus a purchase model with a higher weighting to the latter model in 2008. This has resulted in the higher proportion material as a percent of revenue. Personnel cost, as a percentage of revenue, increased slightly from 37.1% of revenue in 2007 to 37.2% in 2008. Other operating costs increased by 3.2 million Euro. The cost increase includes certain one off adjustments including restructuring cost relating to the closure and down sizing of two sites in high cost countries. Further we have impaired inventories and accounts receivables in one of our subsidiaries, the over valuation established partly refers to prior periods. In addition an accounts receivable valuation adjustment has been made to reflect an application for Chapter 11 protection of one of Teleplan's customers. Earnings before interest, taxes, depreciation, and amortization (EBITDA) were 21.8 million Euro versus 22.1 million Euro last year.

Depreciation of property, plant & equipment decreased by 0.5 million Euro to 3.7 million Euro in 2008. This decrease is mainly due to a lower volume of capital expenditures in 2008 and the continuing effect of lower capital expenditure levels during the restructuring phase, 2005 and 2006. Operating income (EBIT) as reported for 2008 was 17.1 million Euro, an improvement of 0.3 million Euro versus 2007.

Financial expenses reduced by 3.2 million Euro to 9.7 million Euro. The 2007 costs reflected additional cost associated with the refinancing of Group credit facilities and termination of the previous facilities. In 2008 the Company has made a voluntary partial repayment on two of its loans; fees paid in connection with this transaction amounted to 0.6 million Euro. Net income as reported was 6.7 million Euro in 2008, versus 3.6 million Euro in 2007 and consequently income per share has increased in 2008 to 0.11 Euro versus 0.06 Euro in the previous year.

Discussion of Cash Flow and the Balance Sheet

In 2008 cash generated from operations amounts to 22.7 million Euro versus 12.4 million Euro in 2007. It should be noted that 2007 included non-recurring items, of 6.2 million Euro related to payment of restructuring costs accrued in 2006. In comparison the 2008 cash flow from restructuring was, at 0.6 million Euro significantly lower than in 2007. Eliminating the restructuring impacts, on a like for like basis, cash generated from operations improved by 4.7 million Euro in 2008. Net cash from operations, after financial expenses and taxes paid, was 14.0 million Euro, compared with 5.1 million Euro in 2007. The Group continues to focus on optimization of its borrowing ratio; consequently 2008 net cash was impacted by a decision to repay, on a voluntary basis, 9.8 million Euro of long-term loans. As a consequence of this the Group incurred costs associated with this transaction amounting to 0.6 million Euro. In 2007 costs associated with loan refinancing were at 4.5 million Euro significantly higher, therefore 3.9 million Euro of improvement in cash performance resulted from the lower refinancing costs incurred in 2008.

Capital expenditure in 2008 amounted to 2.4 million Euro, compared to 3.3 million Euro in 2007. Depreciation totaled 3.7 million Euro in 2008, compared with 4.2 million Euro in the prior year.

Cash from operations, net of investments in property plant and equipment and financing activities have increased cash from 15.5 million Euro at 31 December 2007 to 15.8 million Euro at the end of the current reporting year.

Total assets at 31 December 2008 at 147.7 million Euro reducing by 2.2 million Euro year on year despite continued growth of the business in 2008. The decrease of intangible assets is the result of the normal annual amortization of the Group's ERP software and exchange rate differences related to Goodwill. Deferred tax assets increased in 2008 primarily as a result of losses incurred in subsidiaries at the start-up phase of their development. Management has a high level of confidence that these will be available to set off against taxable profit in the near term. The Group was able to utilize brought forward losses related to current year taxable profits earned in the Americas region. Overall there was a total decrease of non-current assets in 2008 amounting to 1.1 million Euro.

Current assets, excluding cash, decreased by 1.4 million Euro to 67.6 million Euro at 31 December 2008 due primarily to a reduction in inventories. This reduction was achieved despite the increase in revenue and an increase in the relative cost of materials, as a percentage of revenue, compared with 2007. This reflects continued management focus on improvement programs in relation to materials management. Further, during 2008 there has been a continued focus on control of working capital generally, including the introduction of roles within the organization with specific responsibility for working capital management. Trade receivables have improved due to organizational focus on collection of receivables, the level of un-invoiced revenues, for example, continues to reduce – in 2008 by a further 0.9 million Euro. In total trade receivables have reduced, as a percentage of revenue, by 1.6% versus 2007 to 15.8%.

Total equity increased from 25.3 million Euro in 2007 to 31.8 million Euro in 2008 an increase of 6.5 million Euro, the accumulation of current year earnings of 6.7 million Euro reflected in this increase. Equity was adversely impacted by an increase in the fair value liability of the Group's interest rate instruments fixing the interest rates on two of the Groups loan facilities. Despite the adverse impact of the fair value increase, as a percentage of the balance sheet total, total equity increased to 21.5% in 2008 versus 16.9% in 2007.

Total liabilities decreased by 8.7 million Euro to 115.9 million Euro. Non-current liabilities decreased by 7.5 million Euro, reflected voluntary early repayment of loan facilities. This is partly offset by an increase in the fair value of the Group's interest rate instruments, fixing the interest rates on two of the Groups loan facilities.

Trade and other payables have decreased in 2008 by 2.3%, despite the growth of revenue. This reduction of payables outstanding both in absolute and percentage to revenue terms is consistent with the Groups long-term target for payables outstanding.

Events after the end of the financial year

Mark Twaalfhoven, CEO of Teleplan International N.V. informed the Supervisory Board at their meeting on February 27th, that he decided not to present himself for re-appointment as CEO during the upcoming AGM in May. The Supervisory Board regret that Mr. Twaalfhoven is looking for new challenges outside of the Company and wish him all the best for his future.

In order to ensure a smooth transition Mr. Twaalfhoven has accepted to advise the Supervisory Board on special projects during 2009.

The Supervisory Board decided on its Board Meeting on March 26, 2009 to present Gotthard Haug for appointment as new CEO to the Annual General Shareholders Meeting (AGM) on May 7, this year. Gotthard Haug had already been nominated as Interim CEO in addition to his function as Group CFO until the upcoming AGM by the Supervisory Board on February 27, 2009 to continue the successful management achievements.

The Supervisory Board decided also to present Thiem Schoonderbeek for appointment as new CFO to the AGM in May. Thiem Schoonderbeek joined Teleplan in February 2006 and accompanied the successful restructuring as Group Director Control & Reporting. Before this challenging task he was responsible for reporting & control and mergers & acquisitions as Group Controller and European CFO in a service group acting globally. Thiem Schoonderbeek looks back on an extensive knowledge and experience in finance and controlling, starting his career as accountant and auditor before he moved to an advertising agency as local and regional finance director.

The new Management Board headed now by Gotthard Haug will continue in the strategy of decentralizing responsibilities and decision making processes at business unit level, maintaining an overview and strong coordination role.

Outlook

The global economic downturn is making it increasingly difficult to provide accurate forecasts for the future development of not only business performances in the after-sales services market, but for all sectors across the board as well. Brought on by factors relating to oil and commodity prices as well as the financial crisis, global growth is slowing at a significant pace. The IMF anticipates a drop here from 3.4% in 2008 to approximately 0.5% in 2009.

Nearly all of the growth in 2009, however, is expected to come from emerging markets and developing regions such as Asia and Eastern Europe, albeit at a slower pace than in previous years. Starting in mid-2009, the IMF forecasts a very slow recovery on a global scale. These forecasts are fraught with more uncertainty than usual and significant downside risks.

Pricing pressure should intensify as a result of primary suppliers' volumes falling and therefore their revenues as well. Yet if new equipment is purchased at lower rates than before, it is imaginable that consumers could step up their warrantee and other after-sales activities. This follows the principle that if not buying new, the old has to be repaired. The trend of outsourcing remains strong and continues to provide for opportunities, as manufacturers are still moving away from performing warranty management and after-sales services themselves given the perception of lower margins from these activities than their respective core competencies. The services also tie up important resources and lack economies of scale that make the business efficient. Teleplan's customers are under pressure to improve their efficiency and are therefore outsourcing their after-sales services at a faster pace.

Costs are also coming down. New repair models are being introduced at lower cost and many companies are focusing on cost leadership. A shift is being seen in the market from in-warrantee (IW) to out-of-warrantee (OOW) repairs. Volumes for the latter are expected to show a stable trend, and these are typically more profitable than IW repairs.

In spite of this, however, visibility has been reduced significantly and it is too soon for Teleplan to look beyond the known volumes of the next few months. There is no doubt that the year to come will be a difficult one, but the best course of action will now be to continue adapting Teleplan's business model to the changing economic circumstances and control that which can be controlled.

Technology Outlook

Customers are looking for global partners and continue to increase the complexity and functionality of their products. Moreover, the technical devices being produced feature greater degrees of mobility.

There is a rising trend on the part of new "smart" phones such as the Blackberry and iPhone, the features of which go far beyond simply mobile phone communication to include email and Internet use in addition to the now seemingly standard features of a camera/video camera, MP3 player, text messaging, a personal organizer and a great deal more.

The prevalence of netbooks is also on the rise. These devices, currently on offer by Vodafone for example, allow the user to access the Internet from nearly anywhere in the world, send and receive emails, access web-based applications and more. Another added benefit of the technology is the size of the devices, which generally ranges from approximately five to twelve inches and weigh as little as two to three pounds.

The area of Videocom will see a shift due to the mandatory switch from analogue to digital broadcasting in the US (despite the delay as a result of complications in issuing vouchers in order to make the transition affordable for viewers). The numbers are also shifting away from standard definition and in the direction high definition television and DVDs.

Manufacturers in these fields must tailor to the growing popularity of the products offering all of these services in order to keep up with the competition and to continue growing.

Future Prospects Based on Teleplan's Business Model and Performance

The Company will likely need to continue its efforts at enhancing the business model to fit with the ever-changing conditions. One example here is the shift in the "3Cs" segment structure. As 2008 saw a rise in the share of the Communication segment from 23% to 26%, the portfolio will have to be realigned in order to apply new working capital to these product groups while placing less emphasis on other groups in the lesser-performing segments. On the one hand, the insolvency of one customer has forced Teleplan to absorb one-off costs, while new and extended contracts were signed with some customers in the Communication and Consumer Electronics business segments on the other hand.

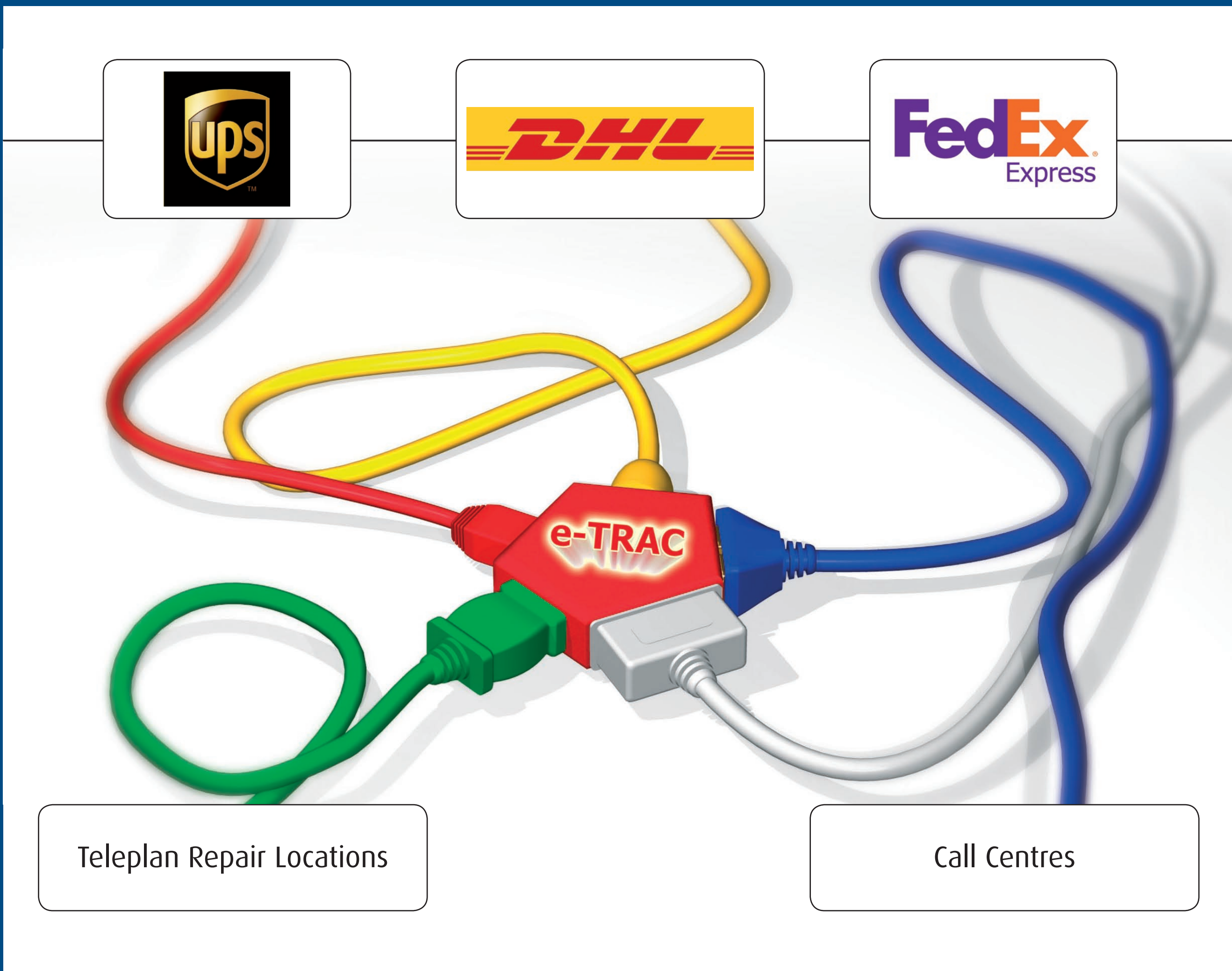
Teleplan will also look to further protect its good cash situation and improve the bottom line as well as the cash flow in the future. Going forward from the streamlining measures in 2008 in which two additional plants in high-cost countries were closed and the indirect headcount was reduced, the fixed costs will be lowered and additional shifts in the site portfolio may be taken into consideration. In addition, Teleplan aims to implement profitability improvement measures, reduce debt by optimizing the cash flow and improve the balance sheet.

Statutory Declaration

To the best of our knowledge, and in accordance with the applicable consolidated reporting principles, the consolidated financial statements give a true and fair view of net assets, financial position and result of operations of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Zoetermeer, 1 April 2009
Teleplan International N.V.
The Management Board

State of the art IT systems and track & trace capabilities: e-TRAC



Our electronic Tracking, Reporting and Control web portal e-TRAC connects multiple suppliers to create an effective reverse supply chain solution

Corporate Governance Report

Company | Structure | Management

Teleplan subscribes to the basic principle stated in the Dutch Corporate Governance Code (the "Code") that a company is a long-term form of collaboration between the various stakeholders. The majority of the principles and best practice provisions of the Code are common practice within the Company. Integrity, openness, supervision, transparent reporting and accountability are considered the pillars of Teleplan's corporate governance policy.

(I) Company Profile

Teleplan International N.V. ("Teleplan") was incorporated under Dutch law as a public limited liability company (naamloze vennootschap) on 13 August 1998. Teleplan's corporate seat is in Amsterdam, the Netherlands, and its head office is in Zoetermeer, the Netherlands. Teleplan is registered with the Commercial Register at the Chamber of Commerce and Industry for Haaglanden, the Netherlands, under no. 10044356. The Company's Articles of Association were most recently amended by a notarial deed executed on 28 May 2008. Its financial year coincides with the calendar year. Teleplan is listed in the Prime Standard of the German Stock Exchange and traded on (i) the XETRA, (ii) the official markets in Frankfurt, and (iii) the regulated unofficial markets in Berlin, Bremen, Düsseldorf, Hamburg, Munich, and Stuttgart.

(II) Structure

Teleplan has a two-tier board structure. The Management Board is collectively responsible for managing Teleplan and thus realizing its (strategic) objectives as well as for its strategy and policy. The Company's Supervisory Board is responsible for supervising and advising the Management Board, and for monitoring the general performance of the Company. By supervising and advising the Management Board, the Supervisory Board also monitors the general affairs of the affiliated enterprises of the Company. The Supervisory Board has been carefully selected to include members with backgrounds and experience in fields related to Teleplan's core activities and with international experience in the foreign markets in which Teleplan is active. The Supervisory Board is assisted by the Company Secretary.

The Supervisory Board's supervision concentrates on realizing Teleplan's objectives, its strategy and the implementation thereof. Furthermore, the Supervisory Board monitors the design and operation of the internal risk management and control systems. Supervisory Board approval is required for certain Management Board resolutions as reflected in Teleplan's Articles of Association and in the respective rules and regulations of both the Supervisory Board and the Management Board.

The Supervisory Board has appointed three committees from among its members: an Audit & Investor Relations Committee, a Remuneration, Selection and Appointment Committee, and a Strategy Committee. These committees shall, among other things, prepare the decision-making process by the Supervisory Board and focus on supervising certain activities of the Management Board.

Teleplan's General Meeting of Shareholders has the power to appoint, suspend and dismiss the members of the Management Board and the members of the Supervisory Board. The approval of the General Meeting of Shareholders is required for decisions by the Management Board leading to an important change in Teleplan's or its business enterprise's identity or character, as regulated in the Company's Articles of Association. Furthermore, the General Meeting of Shareholders resolves upon amendments to the Articles of Association, legal mergers or split-offs, the adoption of the financial statements and the appropriation of profits. Finally, the General Meeting of Shareholders sets the remuneration policy for the Management Board, determines the remuneration of the members of the Supervisory Board, and may additionally remunerate the members of any Supervisory Board committee for their services.

(III) Dutch Corporate Governance Code (the "Code")

Dutch companies listed on a government-recognized stock exchange, whether in the Netherlands or elsewhere, are required to dedicate a chapter in their annual report to their compliance with the Code. Each company must indicate in its annual report to what extent it has complied with the principles and best practice provisions of the Code and, where it has not, to give an explanation. This is referred to as the "comply or explain" principle.

Teleplan subscribes to the basic principle stated in the Code that a company is a long-term form of collaboration between the various stakeholders. The majority of the principles and best practice provisions of the Code are common practice in the Company. Integrity, openness, supervision, transparent reporting and accountability are considered the pillars of Teleplan's corporate governance policy. Over the course of 2008, Teleplan ensured that its practice and procedures complied with the Code to the extent possible and desirable, taking into account the specific circumstances of the Company.

On 10 December 2008, the Monitoring Committee Corporate Governance Code presented a revised Dutch Corporate Governance Code (the "New Code") which will apply to financial years starting on or after 1 January 2009. In 2009, Teleplan will therefore review its corporate governance policy and align its practice and procedures to the New Code.

(IV) Compliance with and Enforcement of the Code

After evaluating its corporate governance in light of the principles and best-practice provisions set out in the Code, Teleplan concluded that, in 2008, it substantially complied with the principles and best practice provisions, insofar as they are applicable to it. There are, however, a few exceptions, of which the most important ones are listed below. The numbering in this section follows the structure of the Code.

In Relation to the Supervisory Board

Best Practice provision III.2.1 (Independence of Supervisory Board members)

Currently, four members of Teleplan's Supervisory Board are not independent within the meaning of best practice provision III.2.2 of the Code. As a result of his previous appointment as member of the Management Board in the years 2004 and 2005, Mr. Rolf Huber is deemed not independent according to Best Practice provision III.2.2 (a) of the Code. As Managing Partner and Chief Investment Officer of Cycladic Capital LLC, an investment management firm managing one of the Company's major shareholders (Cycladic Catalyst Master Fund), Mr. Dimitri Goulandris is deemed not independent according to Best Practice provision III.2.2 (f) of the Code. As a result of their positions in Sterling Strategic Value Limited ("Sterling"), the largest shareholder of the Company, both Mr. Massimo Pedrazzini (Chairman of the Board of Directors of Sterling) and Mr. Hendrikus Visser (Member of the Board of Directors of Sterling) shall be deemed not independent according to Best Practice provision III.2.2 (f) of the Code.

At its meeting on 21 March 2007, the General Meeting of Shareholders amended the Articles of Association of the Company and thereby enabled the appointment of more than one non-independent Supervisory Board member. The General Meeting appointed Mr. Huber and Mr. Goulandris as members of the Supervisory Board on 21 March 2007, and Mr. Pedrazzini and Mr. Visser as members of the Supervisory Board on 17 December 2008. Teleplan is of the opinion that in view of the respective background, knowledge and experience of each of these four members of the Supervisory Board, their appointment was in the best interest of the Company.

Best Practice provision III.5.6 (Chairman of the Audit Committee)

In view of his knowledge and experience with regard to the activities to be supervised by the Audit Committee, the Supervisory Board elected Mr. Rolf Huber as Chairman of its Audit Committee on 23 April 2008. Mr. Huber had been a member of the Management Board of the Company on an interim basis from 10 December 2004 until 17 June 2005.

Best Practice provision III.5.10 (Remuneration Committee) and Best Practice provision III.5.13 (Selection and Appointment Committee)

In view of the size of the Supervisory Board, the proposed members of both such committees would consist of the same individuals. Therefore, Teleplan has a combined Remuneration, Selection and Appointment Committee.

In Relation to the Shareholders and General Meeting of Shareholders

Best Practice provision IV.3.6 (posting of information on the website which the company is required to publish or deposit)

Teleplan will continue to update its website in 2009 and expects that all relevant information required to be posted will be available later this year.

(V) Risk Management

Risk Management Approach

The Management Board views risk management as an integral part of running Teleplan's business. It is responsible for ensuring that the Company complies with applicable laws and regulations, properly financing the Company and managing the risks that the Company faces. It periodically reports to the Supervisory Board on and accounts for internal risk management and control systems.

Risk Profile

Under the explicit understanding that this is not an exhaustive enumeration, Teleplan faces the following main operational and financial risks, not listed in order of importance:

- Rapid developments in the IT and telecommunication industries, which may adversely affect Teleplan's services;
- Dependence on the outsourcing trends by manufacturers and integrators and on continued consumer demand for in- and out-of-warranty after-sales services;
- Limited entry barriers for new competitors and consolidation by existing competitors in certain business units;
- Dependence on a limited number of key customers in certain sites;
- Greater complexity than anticipated when integrating prior acquisitions and managing restructurings;
- Suboptimal capacity planning and usage due to the unpredictability of the volume of repair services demanded;
- Dependence on key personnel;
- Dependence on the financial stability of certain customers;
- Foreign exchange and interest rate exposure;
- Inability to comply with financing covenants.

There may be current risks that the Company has not fully assessed or that are currently identified as not having a significant impact on the business, but which could develop into a significant potential impact on the Company's business at a later stage. The current risk management and control systems and the planned improvements (see below) aim at discovering these developments in a timely manner.

Control Systems

The Management Board is responsible for managing the risks the Company is facing. The Company's internal risk management and control systems include the following key elements:

- The structure of the Company is such that everyone's responsibility is clearly defined and results are measurable. In 2008, the market-oriented business unit structure ("3Cs") continued to support this philosophy;
- Market coverage and market analysis on a business unit level, in order to identify developments and trends within the industry, to react to changing customer demand as well as to acquire new customers;
- Regular strategic meetings on a corporate and business unit level aimed at preserving and expanding the competitiveness of the Company, and at possible strategic acquisitions and restructurings as well as the integration thereof;
- Local management provides representation letters regarding the financial reporting;
- Operations are monitored by way of monthly performance reviews by the Management Board, in which the efficiency program has played an important role. These reviews also address capacity planning and effective HR management;
- A planning and control cycle is in place. Regular budget-forecast-actual variance analyses are made. Financial key performance indicators (KPIs) have been formalized for the Company;
- The treasury function operates according to formalized procedures;
- The Company takes recommendations by the external auditors seriously;
- The Company's centralized data center is outsourced to a large professional partner;
- It is common practice for customers to conduct site or program audits. In addition, quarterly business reviews are performed together with major customers.

Effectiveness

The proper design of risk management and control systems reduces but cannot fully eliminate the possibility of poor judgment in decision making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances. The Management Board is aware of the fact that the risk management and control systems can only provide reasonable assurance that objectives will be met in the areas of strategy, operations, reporting and compliance, also due to cost/benefit considerations regarding possible risk responses. In this context, "reasonable assurance" refers to the degree of certainty that would be satisfactory for a prudent manager in conducting his/her affairs in the given circumstances. During the year under review certain issues were identified as requiring improvement within the existing risk management and control processes. In these areas appropriate measures were taken and the risk management system was enhanced.

Taking into consideration the above limitations, the Management Board is of the opinion that the internal reporting mechanisms, the planning- and control cycle and the existing charters, policies, procedures, instructions and manuals provide reasonable assurance that, as to financial reporting:

- it does not contain any material inaccuracies;
- the internal risk management and control systems worked properly during 2008.

The Company's risk management and control systems were effectively reviewed by the Company's internal auditor and through periodical operation reviews by the Management Board. The findings and results were discussed between the Management Board and the Supervisory Board.

Weaknesses and Failings

The Company has not identified material weaknesses or failings regarding the achievement of the reporting, strategic, operational and compliance objectives. The achievement of these objectives in 2009 will be further secured through the implementation and further application of the improvements discussed in the next paragraph.

Improvements Planned

Teleplan will continue to formalize the relevant policies and procedures. In pursuing continuous improvement to the adequacy and effectiveness of the risk management and control system, continued emphasis will be on the following in 2009:

- Further formalizing and improving internal representations from various management levels through adapted regulations;
- The efficiency of the control system will be improved further by implementing and applying both internal and external authority regulations;
- Further improving the employee performance review process through standardized processes and procedures linked to the performance of the individual employees and adaptable to the needs of the organization;
- Continuously monitoring the embedded risk and control reporting in the existing management information process;
- Further increasing the formalization and rationalization of the financial statement closing process;
- Detailed reporting from the Group's internal auditor, with regular updates to the Supervisory Board and subsequent discussions;
- Further improving customer profitability and program analysis through a more integrated reporting structure on a business unit and site level, thereby generating more consistent management information.

The above points have been discussed with the Supervisory Board.

Other Information

Conflicts of Interest

No (potential) conflicts of interests between Teleplan and the members of its Management Board or between Teleplan and legal or natural persons who hold at least ten percent of the shares in Teleplan have been reported during the financial year 2008. In this respect, the Company complied with best practice provisions II.3.2 to II.3.4 and III.6.4 of the Code.

Anti-Takeover Measures

Teleplan does not have any anti-takeover measures with the exclusive or almost-exclusive purpose of frustrating future public bids on shares in the capital of Teleplan in the case that no agreement is reached with the Management Board on such public bid.

Furthermore, Teleplan does not have measures with the specific purpose that a bidder, also once having acquired 75% of the shares in the capital of Teleplan, is frustrated in appointing or dismissing members of the Management Board and subsequently amending the Articles of Association of Teleplan. For the avoidance of doubt, it should be noted that the Management Board and the Supervisory Board are authorized to exercise all powers assigned to them in the interest of Teleplan, also in the event of a hostile takeover or an attempt at such.

Shareholders' Rights and Additional Disclosures

The Company's authorized share capital amounts to 16,250,000.00 Euro and is divided into 65,000,000 shares. Each share is an ordinary bearer share with a par value of 0.25 Euro and carrying full dividend rights in accordance with the Company's Articles of Association. Each share must be paid in full upon issue. Currently, 59,837,859 shares of the Company are issued and outstanding.

Each share entitles to cast one vote at the General Meeting of Shareholders, except for shares belonging to the Company or to a subsidiary of the Company. The Company may acquire its own fully paid shares or depository receipts for shares for valuable consideration, subject to certain provisions of Dutch Law and the Articles of Association of the Company. Such acquisitions may only take place if the General Meeting of Shareholders has authorized the Management Board to that end, which is currently not the case.

The issue of shares shall be effected pursuant to a resolution of the General Meeting of Shareholders or of the Management Board if it has been designated for that purpose. Any resolution of the Management Board to issue shares, if designated to do so, is subject to the prior approval of the Supervisory Board. Currently, the Management Board is authorized, subject to the approval of the Supervisory Board and within the limits of the authorized share capital, to issue shares, to grant rights to subscribe for shares and to cancel or limit pre-emptive rights upon the issue of shares and the granting of rights to subscribe for shares. This mandate (delegation of authority) has been granted until 30 June 2009.

Annually at least one General Meeting of Shareholders shall be held within at least six months after the end of the financial year, where the discussion of the Annual Report and the adoption of the financial statements are put on the agenda. Other General Meetings of Shareholders are held as often as the Management Board or the Supervisory Board deem necessary. The Management Board and/or the Supervisory Board may place subjects on the agenda. In addition, shareholders who individually or collectively represent at least 1% of the issued share capital or represent a market value of at least 50,000,000 Euro have the right to put items on the agenda as well. Every shareholder has the right to attend a General Meeting in person or through written proxy, to address the General Meeting and to exercise voting rights in accordance with the Articles of Association of the Company. For further information on the General Meeting of Shareholders, reference is made to the Company's Articles of Association as published on www.teleplan.com.

The General Meeting of Shareholders resolves upon the appointment, suspension and dismissal of members of the Management Board and of members of the Supervisory Board in accordance with the Articles of Association of the Company. Resolutions with regard to the amendment of the Articles of Association of the Company may only be passed by the General Meeting of Shareholders on a proposal to that extent of the Management Board, which proposal is subject to the prior approval of the Supervisory Board.

Under the Articles of Association, a resolution to pay dividend shall be dealt with as a separate agenda item at the General Meeting of Shareholders. In general, distribution of profits may only take place if upon adoption of the financial statements it emerges that the equity capital of the Company is larger than the amount of the paid and called part of the capital increased with the reserves to be kept in accordance with the law.

As of 31 December 2008, direct or indirect stakes in the share capital of the Company exceeding 5% of voting rights were reported in favour of Sterling Strategic Value Limited (with a stake of 29.99%), Cycladic Catalyst Master Fund (with a stake of 17.66%), and Monolith Investment Management B.V. (with a stake of 5.43%). Disclosures of substantial holdings must be made to the Netherlands Authority for the Financial Markets (AFM). For the most recent notifications reference is made to the AFM website.

The Company's borrowing facility agreements as well as most of the Company's commercial contracts contain standard change of control clauses under which some or all of the respective commitments may be cancelled in case of a change of control.

The Company has entered into transaction bonus agreements with the members of the Management Board. In case of a change of control as a result of a take-over transaction, a reasonable part of in principle 5% of the transaction price, limited to a maximum amount of 4.5 million Euro in the aggregate, shall be allocated to the Management Board, further to be determined by the Company's Supervisory Board and under the condition subsequent of the General Meeting of Shareholders approving the compensation prior to the completion of the transaction.

Composition of the Supervisory Board

Mr. Adrian S. Schmassmann (1959)	Chairman
Nationality	Swiss
Date of initial appointment	19-08-2004
Occupation	Chairman of Katadyn Produkte AG, Switzerland
Board Memberships	Philipp Schwander AG, Switzerland
Current term	2007 – 2011

Mr. Dimitri J. Goulandris (1966)	
Nationality	Greek
Date of initial appointment	23-03-2007
Occupation	Managing Partner and Chief Investment Officer, Cycladic Capital LLP, U.K.
Board Memberships	Permasteelisa S.p.A., Italy Journey Group plc, U.K. Knightsbridge School Limited, U.K. Institute of Contemporary Arts, U.K.
Current term	2007 – 2011

Mr. Rolf Huber (1965)	
Nationality	Swiss
Date of initial appointment	23-03-2007
Occupation	Founder and Owner, Ceres Capital AG, Switzerland
Board Memberships	Comet Holding AG, Switzerland
Current term	2007 – 2011

Mr. Massimo G. Pedrazzini (1963)	
Nationality	Swiss
Date of initial appointment	17-12-2008
Occupation	Chairman of the Board of Directors, Sterling Strategic Value Limited, BVI Chairman of the Board of Directors, Fidinam Group Holding SA, Switzerland
Board Memberships	Katadyn Produkte AG, Switzerland Rex Articoli Tecnici SA, Switzerland Fondazione Fidinam, Switzerland Pestalozzi Stiftung, Switzerland Precicast Bilbao SA, Spain
Current term	2008 – 2012

Drs. Hendrikus Visser (1944)	
Nationality	Dutch
Date of initial appointment	17-12-2008
Occupation	Former Member of the Executive Board, Rabobank, NL Former Member of the Executive Board, NUON N.V., NL
Board Memberships	Sterling Strategic Value Limited, BVI Vion N.V., NL AGCO Corporation, USA Preferred Shares Foundation of OPG, NL Royal Huisman (Sailing Yachts) N.V., NL
Current term	2008 – 2012

Mr. Robert M. Westerhof (1943)	
Nationality	Dutch
Date of initial appointment	19-05-2006
Occupation and Board Memberships	Nucletron N.V. (Chairman), Brand Loyalty, VKA & Associates, TCL Multimedia Ltd. TVIM (Brussels), MeDaVinci PLC.
Current term	2007 – 2011

Mr. Sigfridus J.L.H. van der Zee (1949)	
Nationality	Dutch
Date of initial appointment	19-08-2004
Occupation and Board Memberships	Board Member at Fairwind Ltd., Cyprus Management Consultant at BOVO N.V., Belgium
Current term	2007 – 2011

Report of the Supervisory Board

Resignations, Appointments

During the year 2008, the composition of the Supervisory Board changed once. At the Extraordinary General Meeting of Shareholders of 17 December 2008, Mr. Massimo Pedrazzini and Drs. Hendrikus Visser were appointed as members of the Supervisory Board.

In 2008, Teleplan did not comply with best practice provision III.2.1 of the Dutch Corporate Governance Code (the "Code"), requiring that all Supervisory Board members shall be independent with the exception of not more than one member. As a result of his previous appointment as member of the Management Board in the years 2004 and 2005, Mr. Huber is deemed not to be independent according to best practice provision III.2.2 (a) of the Code. As Managing Partner and Chief Investment Officer of Cycladic Capital LLC, an investment management firm managing one of the Company's major shareholders (Cycladic Catalyst Master Fund), Mr. Goulandris is deemed not to be independent according to best practice provision III.2.2 (f) of the Code. As a result of their positions in Sterling Strategic Value Limited ("Sterling"), the largest shareholder of the Company, both Mr. Pedrazzini (Chairman of the Board of Directors of Sterling) and Mr. Visser (Member of the Board of Directors of Sterling) are deemed not to be independent according to best practice provision III.2.2 (f) of the Code. All other members of the Supervisory Board were independent within the meaning of the Code.

Financial Statements and Allocation of Net Result

Teleplan submits to the shareholders the financial statements and the report of the Management Board of the Company for the financial year 2008, as prepared by the Management Board and agreed by the Supervisory Board.

The 2008 financial statements were audited by Ernst & Young. The Auditors' Report appears on page 82. The 2008 financial statements were discussed between the auditor, the Audit Committee of the Supervisory Board and the Management Board. Based on these discussions and on recommendation of the Audit Committee, the Supervisory Board believes that the 2008 financial statements represent the required correctness and transparency. The Supervisory Board considers that these financial statements form a good basis to account for the supervision provided and recommends that the shareholders of Teleplan adopt the financial statements for 2008 as presented in this Annual Report.

It is noted that due its financial restructuring in 2007, Teleplan is restricted in paying dividends to its shareholders. As to the net result over 2008, it is proposed to the General Meeting of Shareholders to credit the relevant amount to the retained earnings reserve.

In addition, we request the shareholders at the coming Annual General Meeting of Shareholders to grant discharge to the members of the Management Board for the performance of their management during 2008, and to the members of the Supervisory Board for the performance of their supervision of the Management Board during 2008.

Supervisory Board Activities

Meetings and Attendance

During 2008, the Supervisory Board held ten meetings, four of which as conference calls. All but one meeting took place in the presence of the Management Board. No members were frequently absent. In these meetings the Supervisory Board evaluated its procedures, working methods, its own functioning and that of its committees, the functioning of the Management Board and its individual members, and its relationship with the Management Board. It also discussed the composition of the Supervisory Board and of its committees. The Supervisory Board discussed all relevant issues in connection with Teleplan's performance, strategy, corporate governance, risk management and restructuring measures. Regular agenda items included: budget presentation, financial results, business and (financial) restructuring status, organization of shareholder's meetings, investor relations, initiatives, strategy, business unit presentations, reports of Supervisory Board committee meetings. In accordance with the Articles of Association of the Company, the Supervisory Board took certain resolutions in writing outside of a meeting, if such resolutions did not need to be discussed in a meeting or were required due to the urgency of the matter.

Corporate Governance

During 2008, Teleplan has ensured that its practice and procedures complied with the Code to the extent possible and desirable, taking into account the specific circumstances of the Company. In 2009, Teleplan will review its existing corporate governance policy and regulations and align them to the new Dutch Corporate Governance Code, as presented by the Monitoring Committee Corporate Governance Code on 10 December 2008. For a detailed description of Teleplan's corporate governance reference is made to page 32.

Conflicts of Interest

No (potential) conflicts of interest between Teleplan and members of its Supervisory Board have been reported during the financial year 2008. In this respect, best practice provisions III.6.1 to III.6.3 of the Code were complied with.

Committees

In the 2008 financial year, the Supervisory Board had three standing committees, the Audit Committee, the Remuneration, Selection and Appointment Committee, and the Strategy Committee. All committees met separately throughout the year. The main conclusions and recommendations were shared with the full Supervisory Board.

Audit Committee

In 2008, members of the Audit Committee were Mr. Huber (Chairman), Mr. Goulandris and Mr. Visser. The Audit Committee held two meetings in 2008, both in the presence of the Company's auditor. The Audit Committee regularly discusses the financial statements, as well as Teleplan's Annual Report, internal and external control procedures, risk management, tax planning, applications of information and communication technology, investor relations, and the external auditor's performance and independence.

Remuneration, Selection and Appointment Committee

In 2008, members of the combined Remuneration, Selection and Appointment Committee were Mr. Schmassmann and Mr. van der Zee, who chaired the Committee. The Remuneration, Selection and Appointment Committee held two meetings in 2008 and its members were in close contact throughout the year. The Committee makes recommendations on the remuneration and remuneration policy for the members of the Management Board, including their personal targets. The Committee also covers the review and selection processes, and advises the Supervisory Board accordingly.

Strategy Committee

Members of the Strategy Committee in 2008 were Mr. Westerhof (Chairman), Mr. Pedrazzini and Mr. Schmassmann. The Strategy Committee held two meetings in 2008 and its members were in close contact throughout the year. Taking the relevant interests of the Company and of its stakeholders into account, the Committee specifically focuses on strategic opportunities for Teleplan, including but not limited to acquisition and divestment opportunities, and advises the Supervisory Board accordingly.

Remuneration of the Supervisory Board

The General Meeting of Shareholders determines the remuneration of the members of the Supervisory Board. On 14 May 2008, the General Meeting of Shareholders last amended the remuneration for the members of the Supervisory Board, with effect as of 1 January 2008.

The Supervisory Board currently receives a gross fixed remuneration of 70,000 Euro annually for the Chairman of the Supervisory Board and 45,000 Euro annually for each of the other Supervisory Board members. In addition, the Supervisory Board members receive gross fixed meeting attendance fees of 5,000 Euro for the Chairman and 2,500 Euro for all other members. Such meeting attendance fees are limited to ordinary Supervisory Board meetings and to a maximum number of 6 ordinary meetings per calendar year. In addition, each chairman of a Supervisory Board committee is granted an additional gross remuneration of 10,000 Euro per year for his service as committee chairman. There is no additional remuneration for committee memberships as such.

For additional information with regard to the remuneration of the Supervisory Board during 2008, reference is made to page 77.

Remuneration Policy and 2008 Remuneration Report

The Supervisory Board reviews the compensation and benefits for the members of the Management Board, and authorizes the general compensation and benefit programs. For this purpose, the Supervisory Board considers, among other factors, the desired levels of remuneration and emphasis on particular aspects of Teleplan's short and long-term performance, and its current compensation and benefits structures and levels benchmarked against relevant peer companies.

Teleplan's remuneration policy was adopted by the Annual General Meeting of Shareholders on 19 May 2005. The policy including all structures and policies related to the remuneration and employment contracts of the Management Board was and is continuously being reviewed in light of the Code. In addition, the Supervisory Board monitors the effectiveness of the policy and of its implementation. In 2008, no fundamental changes have been considered with regard to the structure and individual elements of Teleplan's remuneration policy. During 2009, the Remuneration, Selection and Appointment Committee will review the recent amendments to the Code in the field of remuneration and implement any necessary changes. In principle, the Company does not expect any substantial changes to its remuneration policy in the next financial year and subsequent years.

The total remuneration package of the members of the Management Board currently consists of five elements: Base salary, performance-related (variable) annual cash incentive, performance-related (variable) stock option incentive, pre-determined severance payments, and other benefits such as company car allowances.

Base salaries are set and occasionally adjusted in line with Teleplan's position in the market and competitive salary ranges. Consequently, the Supervisory Board resolved in 2008 to increase the base salary of the CEO, for the first time since his appointment in 2005.

As for variable remuneration incentives, the Supervisory Board, at the end of each year, sets financial target ranges for the Management Board to achieve. Such targets are pre-determined, measurable and influenceable. For the year 2008, the target variable compensation was defined to be 65% of base salary for the CEO, and 50% of base salary for the CFO. Agreed targets for 2008 were Teleplan's Top Line Revenue, EBITDA, and Free Operating Cashflow. These three targets were to be met, each of which by itself having a different weighting on the total 100% target variable compensation in the following manner: Revenue 25%, EBITDA 50%, and Free Operating Cash Flow 25%. The payout for each of such targets does not depend on the achievement of the other two targets and is made according to pre-agreed thresholds. Such thresholds range from 25% payout of the target variable compensation where a threshold of 80% of the financial target has been met, to 200% payout where a threshold of 120% of the financial target has been reached or exceeded. No payout of the target variable compensation will take place where a threshold of 80% of a financial target has not been reached. With regard to the actual pay-out levels for the 2008 cash incentive, which will be paid in 2009, performance on Revenue was on target, performance on EBITDA was below target, and performance on Free Operating Cash Flow was above target.

No stock option incentives were granted in the 2008 financial year. A certain number of stock options granted to the Management Board members in earlier years were granted unconditionally and are not performance-related, as these options were either granted as incentive options on commencement of employment or in fulfillment of other obligations arising out of the employment agreements with the respective Management Board member.

The members of the Management Board do not participate in pension plans which would trigger financing costs for the Company.

Severance payments for the members of the Management Board are aligned with the Code, with a maximum severance arrangement of one year base salary.

As for their terms of employment, the CEO has entered into an employment agreement for an indefinite period of time, whereas the employment agreement of the CFO is for a definite period of three years. A member of the Management Board is appointed for a maximum period of four years, which is in line with the Code. The minimum notice period to be observed by either a Management Board member or the Company is one month.

For additional information with regard to the remuneration of the Management Board during 2008, reference is made to page 77.

Finally, the Supervisory Board acknowledges the contributions made by everyone associated with the Company during 2008, and expresses its appreciation in particular to all employees of Teleplan.

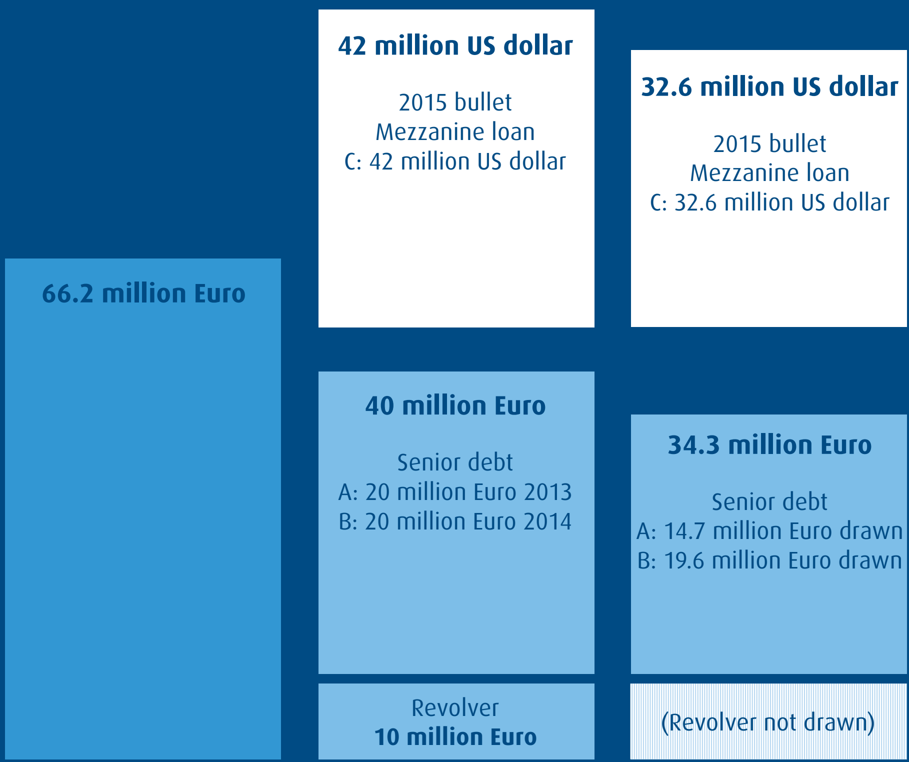
1 April 2009
The Supervisory Board

Future growth secured via long-term refinancing

Short-term borrowing
31|12|2006
repayable
within one year

Long-term credit facility
signed in October 2007
- **Full repayment of short-term borrowings**

Amounts drawn
of long-term credit facility
31|12|2008



We focus on cash and profits

- Long-term refinancing ensures operational and financial flexibility

Consolidated Income Statement

Amounts in thousands of Euro unless stated otherwise	Notes	2008	2007
Revenue	4	**304,389**	**281,698**
Raw materials and consumables used		125,994	115,063
Personnel costs	5	113,282	104,488
Other operating costs		43,323	40,087
EBITDA		**21,790**	**22,060**
Amortization of intangible fixed assets and impairment of goodwill	10	1,030	1,042
Depreciation of fixed assets	11	3,664	4,205
Operating income (EBIT)		**17,096**	**16,813**
Interest income		175	304
Interest expense and other financial expenses		9,860	13,199
Financial expenses, net	6	9,685	12,895
Income before tax		**7,411**	**3,918**
Income tax	7	760	314
Result for the year		**6,651**	**3,604**
Attributable to:			
Equity holders of the parent company		6,651	3,604
Minority interests	8	–	–
		6,651	**3,604**
Earnings per share in Euro:	9		
Basic, for profit for the year attributable to ordinary equity holders of the parent		0.11	0.06
Fully diluted, for profit for the year attributable to ordinary equity holders of the parent company		0.11	0.06

Consolidated Cash Flow Statement

Amounts in thousands of Euro unless stated otherwise	Notes	2008	2007
Operating activities			
Profit before tax		7,411	3,918
Adjustment to reconcile profit before tax to net cash flows			
Depreciation and impairment of property, plant & equipment	11	3,664	4,205
Amortization and impairment of intangible assets	10	1,030	1,042
Share-based payment expense	18	198	695
Financial and interest expense	6	9,685	12,895
Movement in provisions and retirement benefit obligations		– 677	– 7,758
		21,311	**14,997**
Movements in working capital			
Decrease/increase in inventories		2,253	– 1,994
Decrease/increase in trade and other receivables		– 773	– 3,855
Increase/decrease in trade and other payables		– 75	3,270
Cash generated from operations		**22,716**	**12,418**
Interest paid		– 5,908	– 5,515
Other financial expenses		– 1,335	– 1,565
Income taxes paid		– 1,463	– 204
Net cash from operating activities		**14,010**	**5,134**
Investing activities			
Investments in property, plant and equipment	11	– 2,377	– 3,259
Disposal of property, plant and equipment	11	9	83
Investments in intangible assets	10	– 21	– 9
Net cash used in investing activities		**– 2,389**	**– 3,185**
Financing activities			
Proceeds from borrowings	19	–	67,900
Repayment of borrowings	19	– 11,795	– 65,221
Fees and other charges in connection with refinancing	6	–	– 4,535
Issuance of shares	15	–	5,974
Exercise of warrants	15	–	75
Net cash used in/from financing activities		**– 11,795**	**4,193**
Net increase in cash and cash equivalents		– 174	6,142
Net foreign exchange rate difference		476	– 1,313
Cash and cash equivalents at 1 January		**15,455**	**10,626**
Cash and cash equivalents at 31 December	14	**15,757**	**15,455**

Consolidated Balance Sheet

Amounts in thousands of Euro unless stated otherwise	Notes	31 Dec 2008	31 Dec 2007
Assets			
Non-current assets			
Intangible assets	10	45,546	46,055
Property, plant & equipment	11	11,617	13,008
Deferred tax assets	7	7,170	6,327
Total non-current assets		**64,333**	**65,390**
Current assets			
Inventories	12	12,489	14,729
Trade and other receivables	13	50,543	50,390
Prepaid expenses		3,517	3,579
Current income tax		1,057	337
Cash and short-term deposits	14	15,757	15,455
Total current assets		**83,363**	**84,490**
Total assets		**147,696**	**149,880**

Amounts in thousands of Euro unless stated otherwise	Notes	**31 Dec 2008**	**31 Dec 2007**
Shareholders' equity & liabilities			
Equity attributable to the equity holders of the parent company			
Issued capital	15	14,959	14,959
Share premium	15	156,044	156,044
Retained earnings		– 88,844	– 95,693
Currency translation reserve		– 50,156	– 50,596
Convertible bonds – equity component	16	–	–
Share warrants	17	1,856	1,325
Other reserves		– 2,049	– 720
Total shareholders' equity		**31,810**	**25,319**
Non-current liabilities			
Long-term borrowings	19	57,067	65,768
Retirement benefit obligations	20	3,210	3,341
Provisions	21	1,014	1,002
Derivative financial instruments		2,049	720
Total non-current liabilities		**63,340**	**70,831**
Current liabilities			
Short-term borrowings	19	2,097	2,000
Trade and other payables	22	38,277	39,191
Accrued liabilities		8,545	8,961
Current income tax		2,168	1,564
Provisions	21	1,459	2,014
Total current liabilities		**52,546**	**53,730**
Total liabilities		**115,886**	**124,561**
Total shareholders' equity & liabilities		**147,696**	**149,880**

Consolidated Statement of Changes in Equity

	Attributable to equity holders of the parent							
Amounts in thousands of Euro	Share capital	Share premium	Retained earnings	Currency translation reserve	Convertible bonds	Share warrants	Other reserves	Total
Balance at 1 January 2007	**10,574**	**141,579**	**– 100,067**	**– 46,777**	**5,450**	**1,400**	**–**	**12,159**
Net loss on cash flow hedges	–	–	–	–	–	–	– 720	– 720
Currency translation adjustments	–	–	–	– 3,819	–	–	–	– 3,819
Total income and expense for the year recognized directly in equity	–	–	–	– 3,819	–	–	– 720	– 4,539
Net income 2007	–	–	3,604	–	–	–	–	3,604
Total income and expense for the year	–	–	3,604	– 3,819	–	–	– 720	– 935
Conversion of bonds into shares	3,007	9,794	–	–	– 5,450	–	–	7,351
Exercise of warrants	20	55	75	–	–	– 75	–	75
Issuance of shares	1,358	4,616	–	–	–	–	–	5,974
Share-based payment (note 18)	–	–	695	–	–	–	–	695
Balance at 31 December 2007	**14,959**	**156,044**	**– 95,693**	**– 50,596**	**–**	**1,325**	**– 720**	**25,319**
Balance at 1 January 2008	**14,959**	**156,044**	**– 95,693**	**– 50,596**	**–**	**1,325**	**– 720**	**25,319**
Net loss on cash flow hedges	–	–	–	–	–	–	– 1,329	– 1,329
Currency translation adjustment	–	–	–	440	–	–	–	440
Total income and expense for the year recognized directly in equity	–	–	–	440	–	–	– 1,329	– 889
Net income 2008	–	–	6,651	–	–	–	–	6,651
Total income and expense for the year	–	–	6,651	440	–	–	– 1,329	5,762
Conversion of bonds into shares	–	–	–	–	–	–	–	–
Exercise of warrants	–	–	–	–	–	–	–	–
Issuance of warrants	–	–	–	–	–	531	–	531
Share-based payment (note 18)	–	–	198	–	–	–	–	198
Balance at 31 December 2008	**14,959**	**156,044**	**– 88,844**	**– 50,156**	**–**	**1,856**	**– 2,049**	**31,810**

There is no difference between total shareholders’ equity and equity attributable to the equity holders of the parent company, as minority interests were negative as of 31 December 2008, 2007 and 2006 and therefore deducted from retained earnings in the year that the value became negative.

Notes to the Consolidated Financial Statements

NOTE 1 CORPORATE INFORMATION

The consolidated financial statements of Teleplan International N.V. ('Teleplan', the 'Company' or the 'Group') were authorized for issue in accordance with a resolution of the Supervisory Board on 1 April 2009. Teleplan International N.V. is a limited liability company incorporated on 13 August 1998 with its corporate seat in Amsterdam and its head office in Zoetermeer, the Netherlands. Teleplan's shares are publicly traded.

The principal activities of the Group are described on page 8 of this annual report.

NOTE 2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared on a historical cost basis with the exception of certain financial instruments that are measured at fair value as described further in the notes below. The consolidated financial statements are presented in euros and all values are rounded to the nearest thousand (EUR 000) unless indicated otherwise.

Statement of Compliance
The consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). This report only comprises the consolidated financial statements and therefore does not constitute the Dutch statutory financial statements as required under Dutch law.

Basis of Consolidation
The consolidated financial statements comprise the financial statements of Teleplan International N.V. and its subsidiaries as at 31 December of each year. 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 profit and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are fully consolidated from the date of acquisition, i.e. the date on which the Group obtains control, and continue to be consolidated until the date such control ceases. For a list of subsidiaries, please refer to note 24 of these financial statements.

Minority interests represent the portion of profit or loss and net assets in Teleplan Taiwan Ltd., Taiwan, not held by the Group and are presented separately in the income statement and in shareholders' equity in the consolidated balance sheet, separate from equity attributable to the parent company. The company is dormant and has gone into liquidation. The negative value of the minority interest is deducted from retained earnings in the year that the value became negative. Therefore, minority interest in the consolidated balance sheet is zero.

NOTE 2.2 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year.

The Group has adopted the following new and amended IFRS and IFRIC interpretations during the year. Adoption of these revised standards and interpretations did not have any effect on the financial statement of the Group. They did however give rise to additional disclosures:

- IFRIC 11 *IFRS 2 Group & Treasury Share Transactions*
- IFRIC 12 Service Concession Arrangements
- IFRIC 14 *IAS 19* The Limit on a Defined Benefit Asset, Minimum Funding Requirements & their Interaction.

Management assess that there is no material impact on adoption of these new standards.

Future Changes in Accounting Policies

The Group has not early adopted

IAS 1 (Revised) Presentation of Financial Statements effective 1st January 2009;

IAS 23 (Borrowing Costs – Revised) effective 1st January 2009;

IAS 32 and IAS 1 Puttable Financial Instruments and Obligations Arising on Liquidation effective 1st January 2009;

IAS 39 and IFRS 7 Reclassification of Financial Assets effective 1st July 2008;

Amendments to IFRS 1 and IAS 27 Cost of an investment in subsidiary, joint controlled entity or associate effective 1st January 2009;

IFRS 2 Share based Payment (Revised) effective 1st January 2009;

IFRS 8 (Operating Segments) effective 1st January 2009;

IFRIC 13 (Customer Loyalty Programs) effective 1st July 2008.

Management is currently reviewing the impact of the new standards for the next years financial statements.

The following standards are released by the IASB, but not yet adopted by the European Union. Only the standards are mentioned which may have an impact on the financial statements of the Company.

IAS 27 Consolidated and separate financial statements (amendments) effective 1st July 2009;

IAS 39 Recognition and measurement: Eligible Hedged items effective 1st July 2009;

IFRS 1 (Revised) First time adoption of International Financial Reporting Standards effective 1st January 2009;

IFRS 3 (Revised) Business Combinations effective 1st July 2009;

IFRIC 16 Hedges of a Net Investment in a foreign operation effective 1st October 2008;

IFRIC 17 Distribution of Non-cash Assets to Owners effective 1st July 2009.

NOTE 2.3 SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that hold a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of Goodwill

The Group 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 the value in use requires the Group to make an estimate of the 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. More details are given in note 10.

Share-based Payment

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date on which they are granted. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them. The assumptions and models used are disclosed in note 18.

Deferred Tax Assets

Deferred tax assets are recognized for time differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. The management's judgment is required to determine the amount of deferred tax assets that can be recognized, based on the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 7.

Pension and Other Post Employment Benefits

The cost of defined benefit pension plans and other post employment benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Further details are given in note 20.

Fair Value of Financial Instruments

The fair value of financial instruments actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For financial instruments where there is no active market, the fair value is determined using valuation methods. Such methods may include using recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, a discounted cash flow analysis or other valuation models. Change in assumptions about these factors could affect the reported fair value of financial instruments.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Foreign Currencies

The consolidated financial statements are presented in Euros, which is the Company's functional and presentation currency. The functional currency of foreign operations is generally the local currency, unless the primary economic environment requires the use of another currency. The foreign operations outside the Euro zone are to be regarded as foreign entities since they are financially, economically and organizationally autonomous.

Transactions in foreign currencies for all group entities are initially recorded by these entities in the functional currency at the rate in place at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange at the balance sheet date. All differences are taken to profit and loss, with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognized in profit or loss. Tax charges and credits attributable to exchange differences on such borrowings are also accounted for in equity. 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. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

The assets and liabilities of foreign subsidiaries are translated into the presentation currency of the Group at the rate of exchange at the balance sheet date. The foreign subsidiaries' income statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is recognized in the income statement.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and sales tax or duties.

Revenue is recognized when services are rendered, all terms of the sales contracts have been met and Teleplan is entitled to all associated benefits. This situation exists when repair and other after-sales services are rendered to customers or the product or merchandise has been delivered or a sales transaction has otherwise occurred. In the event that the company sells goods, the 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.

Taxation

Current Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and laws used to compute the amounts are those that have been enacted or substantively enacted by the balance sheet date. Current income tax relating to items recognized directly in equity is recognized in equity and not in profit or loss.

Deferred Income Tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of the assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible 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:

- where the deferred income tax asset related to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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 utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the balance sheet date.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in profit or loss.

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

Sales Tax

Revenues, expenses and assets are recognized net of sales taxes except:

- where the sales tax incurred on a purchase of assets or service is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is reported under receivables or payables in the balance sheet.

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to these units or groups of units. Each unit or group of units to which the goodwill is so allocated:

- Represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- Is not larger than a segment based on either the Group's primary or the Group's secondary reporting format determined in accordance with IAS 14 Segment Reporting.

Impairment is determined by assessing the recoverable amount of the cash generating unit (group of cash generating units), to which the goodwill relates. Where the recoverable amount of the cash generating unit (group of cash generating units) is less than the carrying amount, an impairment loss is recognized. Where goodwill forms part of a cash generating unit (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 of the 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.

Other Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are 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 amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the income statement under amortization of intangible fixed assets. The Group has no intangible assets with an indefinite useful life.

Property, Plant & Equipment

Property plant and equipment are recognized and carried at cost and any directly attributable costs of bringing the asset to working condition for its intended use, less accumulated depreciation and accumulated impairment. The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Depreciation is calculated using the straight-line method over the expected economic life of the assets. The useful life and method of depreciation of an item of plant and equipment is reviewed yearly and, if expectations are significantly different from previous estimates, the depreciation charge or depreciation method for the current and future periods is adjusted.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition removal 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 derecognized.

The asset's residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year-end.

Borrowing Costs

Borrowing costs are recognized as an expense when incurred. Borrowing costs consist of interest and other costs that the entity incurs in connection with the borrowing of funds.

Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of inventories, determined on a first-in, first-out basis (FIFO), comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value represents the estimated selling price taking into account all estimated costs to completion and the necessary costs necessary to make the sales.

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. Restricted cash is reported as prepaid expenses under current assets.

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

Share-based Payment Transactions

In October 2005, the Company introduced a Management Equity Incentive Plan under which members of the Management Board and senior executives of the Group receive remuneration in the form of share-based payment transactions, whereby employees render service as consideration for equity instruments ("equity-settled transactions").

Equity-Settled Transaction

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they were granted. The fair value is determined by an external party using the Black-Scholes option pricing model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Teleplan International N.V. ("market conditions"), if applicable.

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are met, ending at the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional to a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognized as if the terms had not been modified. In addition, an expense is recognized for any modification which increases the total fair value of the share-based payment arrangement or is otherwise beneficial to the employee as measured at the date of the modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in calculating earnings per share (further details see note 8).

Cash-Settled Transactions

The cost of cash-settled transactions with employees is measured by reference to the fair value at the date on which they were granted and recognized as personnel costs with a corresponding increase of short-term liabilities. At year-end and each subsequent year-end, the fair value of the cash settled instruments is recalculated. The difference between the initial recognition and the fair value at each year-end and each subsequent year-end is reported as personnel costs. The fair value is determined by an external party using the Black-Scholes option pricing model. In valuing cash-settled transactions, no account is taken of any performance conditions other than conditions linked to the price of the shares of Teleplan International N.V. ("market conditions"), if applicable.

Employee Benefit Obligations

The Group operates defined benefit as well as defined contribution pension schemes. Defined benefit plans are either externally funded, with the assets of the scheme held separately from those of the Group in independently administered funds, or unfunded with the related liabilities carried in the balance sheet. The pension provisions for defined benefit plans are calculated in accordance with IAS 19 (Employee Benefits) by the projected unit credit method. The future benefit obligations are valued using actuarial methods on the basis of an appropriate assessment of the relevant parameters. All defined benefit plans require actuarial calculations and valuations. All actuarial gains and losses of defined benefit plans are recognized as income or expenses when the cumulative unrecognized actuarial gain or loss for each individual plan exceeds 10% of the higher of defined obligation and the fair value of plan assets. These gains and losses are recognized over the expected average remaining working lives of the employees participating in the plans. For other employee benefit plans, the actuarial gains and losses are accounted for in the income statement in the year they occur in accordance with IAS 19.

The past service cost is recognized as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits are already vested immediately following the introduction of, or changes to, a pension plan, past service cost is recognized immediately.

The defined benefit liability comprises the present value of the defined benefit obligation less past service costs not yet recognized and less the fair value of the plan assets out of which the obligations are to be settled directly. The value of any asset is restricted to the sum of any past service cost not yet recognized and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

In the case of defined contribution plans, the Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. Once the contributions have been paid, the Company has no further obligations.

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 fulfilling the arrangement depends on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Financial leases which transfer all the risks and benefits incidental to ownership of the leased item to the Group are capitalized at the inception of the lease at the fair value of the leased property 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.

Capitalized leases 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 Group will obtain ownership by the end of the lease term.

Operating lease payments are recognized as expenses in the income statement on a straight-line basis over the lease term.

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Restructuring provisions are accounted for if Teleplan has a plan for a restructuring which meets the requirements set forth in IAS 37. Restructuring provisions normally comprise lease termination penalties and employee termination payments and are recognized in the period in which the Group becomes legally or constructively committed to payment.

Financial Assets

Initial Recognition

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets or derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

Financial assets are recognized initially at fair value plus, in the case of investments not assessed at fair value through profit and loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame set by regulation or convention in the marketplace (regular way purchases) are recognized on the trading date, i.e. the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables, quoted and unquoted financial instruments and derivative financial instruments.

Subsequent Measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of trading in the short-term. This category includes derivative financial instruments entered into by the Group that do not meet the hedge accounting criteria as defined by IAS 39. Derivatives, including separate embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit and loss are carried in the balance sheet at fair value with gains and losses recognized in the income statement.

The group has not designated any financial assets as at fair value through profit or loss.

Derivatives embedded in host contracts are accounted for as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not carried at fair value. These embedded derivatives are measured at fair value with gains or losses arising from changes in fair value recognized in the income statement. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not listed on an active market. Such financial assets are carried at amortized cost using the effective interest rate method. Gains and losses are recognized in the consolidated income statement when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Held-to-Maturity Investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method. This method uses an effective rate that discounts the exact estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset. Gains and losses are recognized in the consolidated income statement when the investments are derecognized or impaired, as well as through the amortization process. The Group did not have any held-to-maturity investments during the years ending 31 December 2008 and 2007.

Financial Liabilities

Initial Recognition

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through the profit or loss, loans and borrowings or as derivatives as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings, financial guarantee contracts and derivative instruments.

Subsequent Measurement

The measurement of financial liabilities depends on their classification as follows:

Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as assessed at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the short-term. This category includes derivative financial instruments entered into by the Group that do not meet the hedge accounting criteria as defined by IAS 39.

Gains or losses on liabilities held for trading are recognized in the income statement.

The Group has not designated any financial liabilities as assessed at fair value through profit or loss.

Loans and Borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method.

Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the amortization process.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

Fair Value of Financial Instruments

The fair value of financial instruments actively traded on organized financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For financial instruments where there is no active market, the fair value is determined by using valuation techniques. Such techniques may include using recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, a discounted cash flow analysis or other valuation models.

Amortized Cost of Financial Instruments

Amortized cost is computed using the effective interest method less any allowance for impairment and principle repayment or reduction. The calculation takes into account any premium or discount on acquisitions and includes transaction costs and fees that are an integral part of the effective interest rate.

Impairment of Financial Assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be estimated reliably. Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principle payments, the probability that they will file for bankruptcy or carry out other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Derecognition of Financial Instruments

Financial Assets

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

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

If the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognized to the extent of the Group'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 Group could be required to repay.

When 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 Group's continuing involvement is the amount of the transferred asset that the Group 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 Group's continuing involvement is limited to the lower of the fair value of the transferred asst and the option exercise price.

Financial Liabilities

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

When 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 derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the income statement.

Derivative Financial Instruments and Hedging

The Group uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its risk associated with foreign market risks and interest rate risks respectively. Such derivative financial instruments are initially recognized at fair value at the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting and an ineffective portion of an effective hedge are taken directly to the income statement.

The fair value of forward currency contracts is the difference between the forward exchange rates and the contract rate. The forward exchange rate is referenced to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

For the purposes of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment (except for foreign currency risks); or
- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Fair Value Hedges
The change in the fair value of a hedging derivative is recognized in the income statement. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying value of the hedged item and is also recognized in the income statement.

For fair value hedges relating to items carried at amortized cost, the adjustment to the carrying value is amortized through the income statement over the remaining term to maturity. Amortization may begin as soon as an adjustment exists and shall begin no later than when the hedge item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedge item is derecognized, the unamortized fair value is recognized immediately in the income statement.

If an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in the income statement.

The Group has an interest rate swap that is used as a hedge for the exposure of changes in the fair value of two of its secured loans. Refer to note 26 for further details.

Cash Flow Hedges
The effective portion of the gain or loss on the hedging instrument is recognized directly in equity, while any ineffective portion is recognized immediately in the income statement.

Amounts taken to equity are transferred to the income statement when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognized in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognized in equity remain in equity until the forecast or firm commitment occurs.

The Group uses forward exchange contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. Refer to note 26 for further details.

NOTE 4 SEGMENT INFORMATION

The primary segment reporting is determined to be business segments as the Group's risks and rates of returns are affected predominantly by differences in the services delivered. Secondary information is reported geographically. The Group has three segments each representing a strategic business offering different products and serving different markets. Segment revenue does not include transfers between the business segments. In a number of the Group's locations the business segments share resources which are allocated to each segment on the basis of the use that these segments make of the shared resources.

Secondary information is reported geographically. The Group's geographical segments are based on the location of the Group's assets. Geographical segment revenue, segment expenses and segment result include transfers between these segments, which are eliminated in consolidation.

	Computer		Communication		Consumer Electronics		Subtotal	
Amounts in thousands of Euro	2008	2007	2008	2007	2008	2007	2008	2007
Revenue								
External revenue	141,294	135,977	78,749	64,652	84,346	81,069	304,389	281,698
Intra-segment revenue	–	–	–	–	–	–	–	–
Total revenue	141,294	135,977	78,749	64,652	84,346	81,069	304,389	281,698
Results								
Depreciation and amortization	2,501	3,244	1,060	942	1,132	1,061	4,693	5,247
Segment results	3,011	7,649	8,443	4,650	5,642	4,514	17,096	16,813
Unallocated charge							–	–
Net finance costs							9,685	12,895
Income (loss) before income taxes							7,411	3,918
Income tax charge							760	314
Net income (loss)							6,651	3,604
Assets and liabilities								
Segment assets	77,837	81,331	24,162	18,313	13,923	21,881	115,922	121,525
Unallocated corporate assets							31,774	28,355
Total consolidated assets							147,696	149,880
Segment liabilities	21,057	19,984	10,442	9,370	9,306	13,109	40,805	42,463
Unallocated corporate liabilities							75,081	82,098
Total consolidated liabilities							115,886	124,561
Other segment information								
Capital expenditure – Tangible fixed assets	406	716	1,027	772	112	1,747	1,545	3,235
Intangible fixed assets		9			21		21	9
Unallocated capital expenditure – Tangible fixed assets							832	24
Intangible fixed assets							–	–
Total capital expenditure							2,398	3,268

The following table shows the revenue, expenditures and certain asset information regarding the Group's geographical segments:

	Americas		EMEA		APAC		Subtotal	
Amounts in thousands of Euro	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
Revenue and results								
Total revenue	112,965	111,697	138,686	132,597	66,551	48,866	318,202	293,160
Intra-Group revenue	9,761	6,541	1,296	4,425	2,756	496	13,813	11,462
Segment revenue	103,204	105,156	137,390	128,172	63,795	48,370	304,389	281,698
Other segment information								
Segment assets	35,694	40,629	66,147	67,713	19,642	19,418	121,483	127,760
Unallocated corporate assets							26,213	22,120
Total assets							147,696	149,880
Capital expenditure – Tangible fixed assets	452	864	936	1,694	989	701	2,377	3,259
Intangible fixed assets	–	–	21	9	–	–	21	9
Unallocated capital expenditure	–	–	–	–	–	–	–	–
Total capital expenditure							**2,398**	**3,268**

NOTE 5 PERSONNEL COSTS

Amounts in thousands of Euro	Notes	**2008**	**2007**
Salaries and wages [1]		94,424	86,571
Social security costs		9,949	8,305
Pension costs	20	1,383	1,292
Expense of share-based payment	18	198	1,053
Other staff costs		7,328	7,267
Total personnel costs		**113,282**	**104,488**

[1] *Including agency temps and other temporary staff*

Number of employees	**2008**	**2007**
Weighted average	6,243	5,564
as of 31 December	5,777	6,217

NOTE 6 FINANCIAL EXPENSES

Amounts in thousands of Euro	**2008**	**2007**
Interest income and other financial income	– 175	– 304
Bank loans and overdrafts	7,684	7,282
Foreign currency exchange gains and losses	677	– 917
Other financial expenses	1,499	6,834
Financial expenses	**9,685**	**12,895**

Other financial expenses in 2008 include 0.6 million Euro in bank fees and other costs in connection with the early partial repayment of Group loans in December 2008.

Other financial expenses in 2007 include 4.5 million Euro in bank fees and other costs in connection with refinancing completed in October 2007.

NOTE 7 INCOME TAX

The components of income tax in the consolidated income statement are as follows:

Amounts in thousands of Euro	**2008**	**2007**
Current tax	1,679	1,439
Deferred tax		
from temporary differences	– 441	– 1,125
Consisting of		
Amortization of goodwill	–	– 12
Depreciation of fixed assets	– 326	–
Inventory valuation	– 500	– 827
Other	385	– 286
from carry-forward losses	– 478	–
Income tax expense	**760**	**314**

The reconciliation between tax expense and the product of accounting profit multiplied by the Group's domestic tax rate for the years ending 31 December 2008 and 2007 is as follows:

Amounts in thousands of Euro	**2008**	**2007**
Accounting profit/(loss) before tax	7,411	3,918
At the Group's statutory tax rate of 28.8% (2007: 25.5%)	2,131	999
Tax losses 2008 (2007) which are not recognized as deferred tax assets	3,324	4,096
Others, including lower tax rates in certain countries	– 4,695	– 4,781
At the effective income tax rate of 10% (2007: 8%)	760	314

Deferred income tax at 31 December is built up as follows:

Amounts in thousands of Euro	**2008**	**2007**
Deferred tax assets	7,170	6,327
Deferred tax liabilities	–	–
Total deferred tax	**7,170**	**6,327**

Deferred tax assets relate to timing differences and unutilized losses and are analyzed in the following elements as follows:

Amounts in thousands of Euro	**2008**	**2007**
Amortization of goodwill	4,462	4,255
Depreciation Allowances	259	562
Inventory valuation	692	1,147
Carry Forward Losses	1,219	–
Other	538	363
Total deferred tax	**7,170**	**6,327**

The movement of the deferred tax assets is as follows:

Amounts in thousands of Euro	**2008**	**2007**
Balance as of 1 January	6,327	6,915
Losses available for offset against future taxable income	803	–
Timing differences on asset valuation allowances	239	1,125
Utilized	– 478	– 38
Valuation adjustment	–	– 1,000
Exchange rate differences	279	– 675
Balance as of 31 December	**7,170**	**6,327**

The Group has not set up a deferred tax asset for the following tax losses available for offset against future taxable profits, as they cannot be used to offset taxable profits elsewhere in the Group or have arisen in subsidiaries that have been loss-making for some time.

Amounts in thousands of Euro	**2008**	**2007**
Netherlands	132,266	130,560
Germany	24,156	22,984
Other countries	7,350	4,931
Total	**163,772**	**158,475**

Total tax losses for which no deferred tax assets have been recognized amount to 163.7 million Euro at 31 December 2008, mainly arising from the Netherlands and Germany. The number of years in which the losses carry forward can be utilised under Dutch regulations is nine years from the year in which the loss was incurred. In Germany tax losses may be carried forward indefinitely. However the maximum amount of loss carry forward compensation available in any given year is limited as follows – the taxable income of 1.0 million Euro can be off set against previous losses without restrictions while any excess net income can only be off to a maximum of 60% of the excess.

NOTE 8 MINORITY INTEREST

Minority interest as at 31 December 2008 relates to the 15% third party interest in Teleplan Taiwan Ltd. The company is dormant and has entered into liquidation. The negative value of this minority interest is deducted from retained earnings in the year that the value became negative. The minority interests as at 31 December 2007 also included the 30% third party interest in Teleplan Technologies KK, Japan which was liquidated in 2008.

NOTE 9 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to the ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing the net profit attributable to the ordinary equity holders of the Company (after deducting interest on the convertible bonds and amortization of the warrants) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

Amounts in thousands of Euro	**2008**	**2007**
Net profit attributable to ordinary equity holders of the parent	6,651	3,604
Effective interest allocated to the convertible bonds	–	227
Amortization of cost of warrants	–	507
Net profit attributable to ordinary equity holders of the parent adjusted for the effect of the convertible bonds and warrants	**6,651**	**4,338**

Thousands of shares	**2008**	**2007**
Weighted average number of ordinary shares for basic earnings per share	59,838	55,469
Effect of dilution:		
Issuance of shares	–	–
Share options, excluding phantom options	1,863	1,943
Warrants [1]	632	1,469
Weighted average number of ordinary shares adjusted for the effect of dilution	**62,333**	**58,881**

[1] number of warrants 'in the money' as at 31st December 2008.

On 30 June 2008, the Company agreed to grant 632,072 share warrants at an exercise price of 0.25 Euro to in consideration of Lloyds TSB acting as Original Lender under a new loan facilities agreement.

As part of an employee share option scheme, on 25 July 2008 the Company issued 20,000 options with a vesting period of 3 years at an exercise price of 0.90 Euro.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

NOTE 10 INTANGIBLE ASSETS

Amounts in thousands of Euro	**Goodwill**	**Other assets**	**Total**
Balance as of 1 January 2007:			
Cost	53,197	10,757	63,954
Accumulated impairment and amortization	– 9,550	– 5,675	– 15,225
Book value	43,647	5,082	48,729
Changes in book value:			
Additions	–	9	9
Impairment losses	–	–	–
Amortization charge	–	– 1,042	– 1,042
Disposals	–	–	–
Exchange rate adjustment	– 1,641	–	– 1,641
Book value	42,006	4,049	46,055
Balance as of 31 December 2007:			
Cost	48,658	10,763	59,421
Accumulated impairment and amortization	– 6,652	– 6,714	– 13,366
Book value	42,006	4,049	46,055
Amortization rates		10% - 25%	

Amounts in thousands of Euro	**Goodwill**	**Other assets**	**Total**
Balance as of 1 January 2008:			
Cost	48,658	10,763	59,421
Accumulated impairment and amortization	– 6,652	– 6,714	– 13,366
Book value	42,006	4,049	46,055
Changes in book value:			
Additions	–	21	21
Impairment losses			
Amortization charge	–	– 1,030	– 1,030
Disposals			
Exchange rate adjustment	500	–	500
Book value	42,506	3,040	45,546
Balance as of 31 December 2008:			
Cost	49,159	10,784	59,943
Accumulated impairment and amortization	– 6,653	– 7,744	– 14,397
Book value	42,506	3,040	45,546
Amortization rates		10% - 25%	

Other intangible assets mainly consist of licenses and development and implementation activities in relation to Teleplan's IFS ERP platform.

Impairment Testing of Goodwill

Goodwill acquired through business combinations and patents and licenses with indefinite lives have been allocated to reflect the principle activities originally acquired, or covered by the patents or licenses purchased. For the purposes of impairment testing the cash generating unit can be the original activity or business entity acquired, or a combination of relevant cash flows from combined groups of activities now benefiting from the original acquisition and reflecting the organisations development along segmental lines.

The cash generating units in which the goodwill is included is shown below:

Amounts in thousands of Euro	**2008**	**2007**
Teleplan Technology Services Sdn Bhd, Penang, Malaysia	25,795	25,853
Tecnomex Industrial SA de CV,Mexicali, Mexico & Teleplan Service Solutions Inc, New Castle, DE, USA	9,678	9,309
ESL Technologies Inc., Roseville, CA, USA	4,951	4,762
Teleplan Communications BV, Zoetermeer, The Netherlands	1,752	1,752
Teleplan Polska Sp. z.o.o., Bydgoszcz, Poland	330	330
Total	**42,506**	**42,006**

The recoverable amount for each of the cash generating units has been determined based on a value in use calculation using cash flow projections based on the annual financial budgeting process. This process is based on budgets approved by senior management representing a “bottom up” approach whereby management of each of the cash generating unit presents their projections for the coming year. These budget projections are subjected to formal scrutiny, critical review, and finally approval of senior management. Cash flows for the four years following the budget period are extrapolated based on a range of growth scenarios (from a maximum growth of 4% to a negative growth of 2%). These growth rate assumptions are below the long-term average growth rate for the IT and telecommunication industry.

The pre-tax discount rate applied to cash flow projections is 13.0% (2007: 12.5%) and is based on the Company’s weighted average cost of capital.

Key Assumptions Used in Value in Use Calculations

The calculations of the value in use for the cash generating units are most sensitive to assumptions for revenue development. Gross margin and staff costs as a percentage of revenue for the main cash generating units were relatively stable and are not expected to change. The Group’s long-term financing arrangements, include a substantial portion of fixed interest financing; equity market and interest rate developments and industry Beta’s are taken into account when calculating weighted average cost of capital. Teleplan’s management do not believe that it is exposed to significant increases in its weighted average cost of capital.

Revenue development in the years following the budget period is based on the existing business which includes the impact of known customer losses and new business won at the time of establishing the budget.

Sensitivity to Changes in Assumptions

A cash generating unit, part of the Computer segment was in 2007 reported as exhibiting a reasonable probability of changes in revenue growth leading to the carry value of goodwill exceeding the recoverable amount. In 2008 there has been a strengthening and growth of this cash generating unit increasing the number of products and customers that are served. This has increased revenue generation and consequently significantly reduced the probability of the carrying value of goodwill exceeding the recoverable amount. Should the growth rate assumptions used in the budget be lower by 7.0%, the computer segment’s value in use would be reduced to its carrying value. In 2007 in testing the sensitivity of the cash generating unit to growth rate assumptions, the conclusion was that growth would have needed to be only 3.5% lower than budget in order that value in use would been reduced to its carrying value.

Under current impairment testing assumptions a worse case scenario combination of negative growth of 4% and simultaneously an increase in the Group’s weighted average cost of capital to 15% would give rise to an impairment requirement of 1.0 million Euro.

NOTE 11 PROPERTIES, PLANT AND EQUIPMENT

Amounts in thousands of Euro	**Land and buildings**	**Equipment**	**Other assets**	**Total**
Balance as of 1 January 2007:				
Cost	8,408	37,850	11,326	57,584
Accumulated depreciation	– 3,406	– 29,038	– 10,430	– 42,874
Book value	5,002	8,812	896	14,710
Changes in book value:				
Additions	439	2,718	102	3,259
Impairment losses	–	–	–	–
Depreciation charge	– 352	– 3,494	– 359	– 4,205
Disposals	–	– 83	–	– 83
Exchange rate adjustment	– 279	– 343	– 51	– 673
Book value	4,810	7,610	588	13,008
Balance as of 31 December 2007:				
Cost	8,444	38,618	10,780	57,842
Accumulated depreciation	– 3,634	– 31,008	– 10,192	– 44,834
Book value	4,810	7,610	588	13,008
Depreciation rates	4%	20% - 33%	10% - 20%	

Amounts in thousands of Euro	**Land and buildings**	**Equipment**	**Other assets**	**Total**
Balance as of 1 January 2008:				
Cost	8,444	38,618	10,780	57,842
Accumulated depreciation	– 3,634	– 31,008	– 10,192	– 44,834
Book value	4,810	7,610	588	13,008
Changes in book value:				
Additions	628	1,058	691	2,377
Impairment losses	–	–	–	–
Depreciation charge	– 349	– 2,789	– 526	– 3,664
Disposals	– 6	– 3	0	– 9
Exchange rate adjustment	9	– 98	– 6	– 95
Book value	5,092	5,778	747	11,617
Balance as of 31 December 2008:				
Cost	9,072	39,676	11,471	60,219
Accumulated depreciation	– 3,980	– 33,898	– 10,724	– 48,602
Book value	5,092	5,778	747	11,617
Depreciation rates	4%	20% - 33%	10% - 20%	

Please see note 19 providing details of Pledged Assets, pledged to secure the Group's bank loans.

NOTE 12 INVENTORIES

Amounts in thousands of Euro	2008	2007
Repair parts and consumables	10,533	11,947
Work in progress	1,838	2,218
Finished goods	118	564
	12,489	14,729
Gross inventory value	17,412	20,278
Provision for excess and obsolete inventory	– 4,923	– 5,549
	12,489	**14,729**

The amount of write-down of inventories recognized as an expense is 2,606,000 Euro (2007: 1,988,000 Euro), which is reported in materials and consumables used.

NOTE 13 TRADE AND OTHER RECEIVABLES

Amounts in thousands of Euro	2008	2007
Trade receivables	48,134	49,175
Other tax and social securities	–	–
Other receivables	2,409	1,215
	50,543	**50,390**

Trade receivables are non-interest bearing and are generally on 30-90 day terms.

As at 31 December 2008, trade receivables at nominal value of 2,434,000 Euro (2007: 1,578,000 Euro) were impaired and fully provided for. Movements in the provision for impairment of receivables were as follows:

Amounts in thousands of Euro	2008	2007
As of 1 January	1,578	1,866
Charge for the year	1,416	453
Utilized	– 479	– 557
Unused amounts reversed	– 97	– 169
Exchange rate adjustment	16	– 15
As of 31 December	**2,434**	**1,578**

As at 31 December, the aging analysis of trade receivables is as follows:

Amounts in thousands of Euro	2008	2007
Neither past due nor impaired	42,408	40,755
Past due but not impaired		
< 30 days	3,957	6,490
30 – 60 days	1,516	743
60 – 90 days	137	256
90 – 120 days	116	228
> 120 days	0	703
Total	**48,134**	**49,175**

NOTE 14 CASH AND SHORT-TERM DEPOSITS

Amounts in thousands of Euro	2008	2007
Cash on hand and with banks	15,757	15,455
	15,757	**15,455**

There is no cash attributable to discontinued operations and there are no bank overdrafts. For the purpose of the consolidated cash flow statement, cash and cash equivalents are as disclosed in the table above.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between one day and six months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. At the balance sheet date the Company had zero balance on short term deposit accounts. The fair value of cash and short-term deposits is 15,757,000 Euro (2007: 15,455,000 Euro).

At 31 December 2008, the Group had available 10 million Euro of unused committed borrowing facilities.

NOTE 15 SHARE CAPITAL AND SHARE PREMIUM

The Annual General Meeting of Shareholders held on 14 May 2008 resolved to increase the authorized share capital to 16,250,000 Euro divided into 65,000,000 shares, each with a nominal value of 0.25 Euro. Therefore the authorised share capital of Teleplan International N.V. at 31 December 2008 was 16,250,000 Euro (2007: 15,950,000) and consisted of 65,000,000 ordinary shares (2007: 63,800,000) with a par value of 0.25 Euro.

Ordinary shares	**2008**	**2007**
Issued and outstanding as of 1 January	59,837,859	42,295,012
Issuance of shares	–	5,432,225
Conversion of bonds into shares	–	12,027,289
Exercise of warrants	–	83,333
Issued and outstanding as of 31 December	**59,837,859**	**59,837,859**

For the movement in share capital and share premium in 2008, please refer to the consolidated statement of changes in equity.

NOTE 16 CONVERTIBLE BONDS

Amounts in thousands of Euro	**2008**	**2007**
Balance as of 1 January	–	7,123
Calculated effective interest recognized in the income statement	–	227
Conversion of bonds into shares	–	– 7,350
Balance as of 31 December	**–**	**–**

On 21 March 2007, all remaining convertible bonds, a total of 10,824,561 bonds, were converted into 12,027,289 ordinary shares with a nominal value of 0.25 Euro each.

NOTE 17 SHARE WARRANTS

At the Annual General Meeting, the shareholders authorized the granting of 632,072 share warrants to the new lenders. The warrants were issued on 30 June 2008 as consideration for Lloyds TSB Bank plc acting as facilitator and original lender under the Loan Facilities Agreement. Each warrant entitles the holder to one ordinary share with an initial exercise price of 0.25 Euro.

The warrants have been valued using the Black Scholes model, increasing shareholders equity with 530,940 Euro as calculated by an external actuary; they will be added to the transaction costs of the loans and amortized over the period of the loan.

NOTE 18 SHARE-BASED COMPENSATION

Employee Stock Options

In 2005 the Company issued a Management Equity Incentive Plan, under which share options could be awarded to eligible employees. Under the plan, a total of 2 million options are available for awards. The options vest over a period of three years starting one year after the date of the award provided that the employee is still employed by the Group. The options expire seven years after the date of the grant. These options are equity settled.

In 2007 the Company issued 600,000 phantom options, which are cash settled. These options vested in 2007 and are in other aspects governed by the rules in the Management Equity Incentive Plan issued in 2005.

Of the total options outstanding at 31 December 2008, 100,000 options issued in 2004 and 180,000 options issued in 2005 were awarded to former Board members. Those issued in 2004 have now expired and the remainder will expire in the period 2009–2010.

The following table summarizes information about the stock options outstanding at 31 December 2008. With the exception of the phantom options, all options are stock option rights on ordinary shares of Teleplan International N.V.

Options outstanding	Number outstanding	Exercise price (Euro)	Remaining life (years)
2005	321,000	1.89	0-4
2006	250,000	1.10	1-5
2007	1,852,500	1.15	2-6
2008	20,000	0.95	7
Total	**2,443,500**	**1.24**	

A summary of the status of the Company's stock option plan at 31 December 2008 and changes during the year then ended are presented below:

Number of stock options	2008	2007
Outstanding at 1 January	2,544,500	2,691,500
Granted	20,000	1,252,500
Exercised	–	–
Cancelled	–	–1,333,000
Forfeited	–121,000	–666,500
Stock options outstanding at 31 December	2,443,500	1,944,500
Phantom options granted	–	600,000
Outstanding as of 31 December	**2,443,500**	**2,544,500**

In 2008 the Company carried out the following stock option transactions:

- 20,000 new options at an exercise price of 0.95 Euro
- 121,000 of options expired during 2008

In 2008, in accordance with IFRS 2, the Group accounted for an employee benefit expense of 198,000 Euro (2007: 1,053,000 Euro), an increase in equity of 198,000 Euro (2007: 695,000 Euro) in connection with the stock options granted in 2008 and previous years and a liability of 69,000 Euro (2007: 358,000 Euro) in connection with the phantom options.

Board members and former Board members held 1,530,000 stock options and 600,000 phantom options at 31 December 2008 (2007: 1,630,000 stock options and 600,000 options). Other employees held 313,500 options at 31 December 2008 (2007: 312,500).

The fair value of equity-settled share options granted is estimated at the date of granting using the Black & Scholes model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the year ended 31 December 2008:

Dividend yield (%)	0
Expected volatility (%)	43 – 51
Historical volatility (%)	65
Risk-free interest rate (%)	3.0 – 3.4
Expected life of option (years)	3.4 – 5.9
Weighted average share price (Euro)	0.47

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other features of option grants were incorporated into the measurement of fair value.

NOTE 19 BORROWINGS

Amounts in thousands of Euro	Effective interest rate	Maturity	2008
15,000,000 Euro bank loan (A)	8.57%	30 Sep 2013	14,594
20,000,000 Euro bank loan (B)	8.23%	30 Sep 2014	19,880
USD 32,620,000 bank loan	15.70%	30 Sep 2015	24,690
Total borrowings			**59,164**
Repayable as follows:			
Within one year			2,097
Later than one year but no later than five years			12,917
After five years			44,150
			59,164

In addition to these facilities, the Company has a committed revolving credit facility of 10 million Euro which was not utilized as at 31 December 2008. The effective interest rate is identical to the 20 million Euro bank loan (A). This facility expires on 30 September 2013.

The detail of borrowings repayments was as follows:

Amounts in thousands of Euro	**2008**	**2007**
Variable rate loan in USD	6,795	28,058
Variable rate loan in Euro	5,000	34,485
Variable rate loan in GBP		3,087
Variable rate loan in MYR		896
Variable rate interest-bearing loans	11,795	66,526
Netting of fair value of the warrants issued in December 2004		– 507
Other borrowing		177
Total borrowings, repaid	**11,795**	**66,196**

On 9 October 2007, the Company refinanced its borrowings facility with a group of lenders consisting of Lloyds TSB Bank plc, ABN AMRO Bank N.V. and DAM Invest s.à r.l. The facility consists of two 20 million Euro loans, a USD 42.1 million loan and a 10 million Euro revolving credit facility.

The Company is subject to financial covenants which are customary for these types of financing facilities. The covenants consist of net debt/EBITDA ratios, cash flow cover and maximum capital expenditure and interest cover ratios. The covenants are tested on a quarterly basis.

In conjunction with the voluntary repayment on 24 December 2008, the Company obtained the consent from the group of lenders to amend the cash flow cover covenant calculation definition. The amendment relates to the exclusion of any voluntary loan repayment amounts of the relevant period from the calculation of total net debt service. With this exclusion, voluntary loan repayments can be made without adversely affecting the cash flow covenant ratio.

The interest costs for the lending facilities consist of EURIBOR for euro loans and LIBOR USD for US dollar loans plus agreed margins. The table the page before sets out the effective interest rates for each of the three loans. For the 15 million Euro loan (A) the EURIBOR rate is capped at 5%. For the 20 million Euro loan (B) and the USD 32.6 million loan the interest rates are swapped to fixed rates of 4.5% and 4.88%, respectively.

Pursuant to the refinancing agreements of 9 October 2007, several group companies (so-called obligors) have provided securities on inter alia, equipment, inventories and receivables for the credit facilities granted. In addition, the shares in several Group companies as well as inter-company receivables on individual group companies have been pledged. Land and buildings, equipment and other current assets with a carrying amount of 52,711,000 Euro (2007: 57,279,000 Euro) are pledged to secure the Group's bank loans. The assets pledged include Tangible Fixed Assets, Inventory and Trade Receivables.

As an element of the new borrowings facility, the Company signed an agreement with Lloyds TSB Bank plc in which the Company committed to grant 1% of its total number of shares on a fully diluted basis as warrants to subscribe for ordinary shares in the capital of the Company. At the Annual General Meeting the shareholders authorized the granting of 632,072 share warrants at an initial exercise price of 0.25 Euro per share in consideration for Lloyds TSB Bank plc acting as an original lender under the Loan Facilities Agreements executed on 9 October 2007. The warrant agreement was executed on 30th June 2008 and is reflected in the financial statements for the period end 31st December 2008. The warrants have been valued using the Black Scholes model increasing shareholders' equity with 530,940 Euro as calculated by an external actuary; the cost are amortized as part of the transaction costs of the loans.

On 24 December 2008, the Company made a voluntary repayment on the 15,000,000 Euro bank loan (A) and USD 34,859,845 bank loan of 3,000,000 Euro and USD 9,500,000, respectively. The Company also paid 0.6 million Euro in cash as prepayment and breakage fees in consideration for the loan repayments.

NOTE 20 RETIREMENT BENEFIT OBLIGATIONS

The Group employs a defined benefit early retirement plan in the Netherlands and two small defined benefit retirement plans in Germany and Poland. In addition, a subsidiary company participates in a multi-employer industry-wide pension plan. The industry-wide pension fund is not able to provide the company stand-alone disclosure information required under IAS 19. Therefore, this industry-wide plan has been treated as a defined contribution plan. Under these plans employees are entitled to pension benefits upon retirement.

The Company recognises that due to the world wide credit crisis the coverage ratio for pension funds generally has significantly decreased; however the Group would only be impacted by required changes to contributions from the subsidiary participating in the industry wide pension plan. Pension plan contributions for both employer and employees are covered in this plan by an industry wide collective bargaining agreement. Group management conclude that the risk of exposure to significant contribution increases is limited in terms of materiality in relation to the whole Group's future performance.

The amounts recognized in the income statement in relation to the three defined benefit plans and the amounts paid under defined contribution plans are as follows:

Amounts in thousands of Euro	**2008**	**2007**
Service costs	29	42
Interest expense	173	160
Return on plan assets	– 26	– 28
Actuarial gains and losses	– 41	–
Amortization of actuarial amounts	– 10	– 6
Plan curtailments and settlements	–	–
Expense on employee benefit obligations	125	168
Gain on divested obligation	–	–
Expense on defined contribution plans	1,258	1,124
Total expense on pension obligations	**1,383**	**1,292**

All defined benefit plans necessitate actuarial computations and valuations. These are based on life expectancy but also on the following parameters, which vary from country to country according to economic conditions:

Amounts in thousands of Euro	**2008**	**2007**
Discount rate	5% to 6%	4% to 5%
Projected future remuneration increases	3%	2% to 3%
Projected future pension increases	2% to 3%	2%
Projected return on plan assets	5%	4%

The funded status and amounts recognized in the balance sheet for the current and previous four periods are as follows:

Amounts in thousands of Euro	**2008**	**2007**	**2006**	**2005**	**2004**
Present value of obligations	3,362	3,448	3,557	5,237	5,519
Fair value of plan assets	– 564	– 562	– 578	– 590	– 695
	2,798	2,886	2,979	4,647	4,824
Unrecognized actuarial gains	412	455	348	492	– 110
Benefit Liability	**3,210**	**3,341**	**3,327**	**5,139**	**4,714**

The movements recognized in the net liability in the balance sheets are as follows:

Amounts in thousands of Euro	**2008**	**2007**
Defined benefit obligation at beginning of the year	3,469	3,557
Interest cost	173	160
Current service cost	29	42
Benefits paid	– 313	– 217
Fair value adjustment	– 26	29
Actuarial losses (gains) on obligation	30	– 123
Defined benefit obligation at end of the year	**3,362**	**3,448**

The movements in the fair value of the plan assets are as follows:

Amounts in thousands of Euro	**2008**	**2007**
Beginning of the year	562	578
Expected return	26	28
Contributions by employer	34	35
Benefits paid	– 69	– 69
Actuarial gains/(losses)	11	– 10
End of the year	**564**	**562**

NOTE 21 PROVISIONS

The provision for restructuring relates principally to the down-sizing and closing of sites.

Amounts in thousands of Euro	**Restructuring**
Balance as of 1 January 2008	3,016
Additions	676
Unused amounts reversed	– 637
Utilized	– 582
Exchange rate adjustment	–
Balance as of 31 December 2008	2,473
Current, payable in 2009	1,459
Non-current, payable after 2009	1,014
	2,473
Current 2007, payable in 2008	2,014
Non-current 2007, payable after 2008	1,002
	3,016

Additional provisions in 2008 relate primarily to restructuring cost relating to the closure and down sizing of two sites in high cost countries. The unused amounts reversed relate to provision taken in 2008 reflecting the impact of planned repair shop closures of a major customer. During 2008 it became clear that the planned closures would not occur. The utilization of the restructuring provision in 2008 substantially relates to the restructuring of the Minneapolis site.

NOTE 22 TRADE AND OTHER PAYABLES

Amounts in thousands of Euro	**2008**	**2007**
Trade payables	23,374	25,477
Other tax and social securities	1,524	457
Other payables	13,379	13,257
	38,277	**39,191**

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and normally settled on 50 – 60 day terms.
- Other tax and social securities are normally settled on a monthly basis throughout the financial year.
- Other payables and accrued liabilities are non-interest bearing and have an average term of six months.

NOTE 23 COMMITMENTS AND CONTINGENCIES

Operational Lease/Rental Agreements

The Group leases facilities, equipment, office space and cars. At 31 December 2008, the minimum lease commitments are as follows:

Amounts in thousands of Euro	
2009	7,339
2010	5,320
2011	4,623
2012	2,464
2013	1,544
Thereafter	3,351
Total	**24,641**

Service Agreements

Commitments under various long-term service agreements regarding facility services and IT infrastructure management services are as follows:

Amounts in thousands of Euro	
2009	1,556
2010	1,024
2011	319
2012	319
2013	319
Thereafter	1,754
Total	**5,291**

Bank Guarantees

At 31 December 2008 bank guarantees and letters of credit issued on behalf of the Group amounted to a total of 1.6 million Euro (2007: 2.0 million Euro).

Litigation

Teleplan International N.V. or one of its subsidiaries is, from time to time, involved as plaintiff or defendant in litigation arising in the normal course of business. Management has the opinion that there is no reason to assume that the claims will entail any material risk to the financial position of the Company.

Tax Contingencies

Teleplan is engaged in discussions with tax authorities in certain legal jurisdictions. This is considered part of the normal financial operations of the Group. Teleplan has an active policy to reduce the global tax expense, within the opportunities and the boundaries set by international tax regulation on transfer pricing.

NOTE 24 RELATED PARTY DISCLOSURES

The consolidated financial statements include the financial statements of Teleplan International N.V. and the subsidiaries listed in the following table.

Name	Equity participation
Teleplan Holding Europe B.V., Zoetermeer, Netherlands	100%
Teleplan Holding Asia B.V., Zoetermeer, Netherlands	100%
Teleplan Repair Services B.V., Zoetemeer, Netherlands	100%
Teleplan Communications B.V., Zoetermeer, Netherlands	100%
Teleplan & White Electronics B.V., Zoetermeer, Netherlands	100%
Teleplan Service Solutions Asia B.V., Zoetermeer, Netherlands	100%
Teleplan Colchester Ltd., Colchester, United Kingdom	100%
Teleplan Computer Services Ltd., Havant, United Kingdom	100%
Teleplan Germany GmbH, Weiterstadt, Germany	100%
Teleplan Rhein-Main GmbH, Weiterstadt, Germany	100%
Teleplan Repair 2000 GmbH, Quickborn, Germany	100%
Teleplan Polska Sp. z o.o., Bydgoszcz, Poland	100%
Teleplan Prague s.r.o., Prague, Czech Republic	100%
1st Repair Agency s.r.o. Prague, Czech Republic	100%
SC First Repair Agency Srl., Bucharest, Romania	100%
LLC First Repair Agency, Kiev, Ukraine	100%
First Repair Agency EOOD, Sofia, Bulgaria	100%
Teleplan Holding USA, Inc., California, USA	100%
Teleplan Service Logistics, Inc., California, USA	100%
ESL Technologies, Inc., California, USA	100%
ESL Canada Ltd., Toronto, Canada	100%
Teleplan Service Solutions, Inc., California, USA	100%
Teleplan Videocom Solutions, Inc., California, USA	100%
Teleplan Computer Services Georgia, Inc., Georgia, USA	100%
Teleplan Services Texas, Inc., Texas, USA	100%
Teleplan Wireless Services, Inc., Minnesota, USA	100%
Teleplan Nominee, Inc., California, USA	100%
Teleplan Services Ohio, Inc., Ohio, USA	100%
Teleplan Services Oregon, Inc., Oregon, USA	100%
Tecnomex Industrial S.A. de C.V., Mexicali, Mexico	100%
Teleplan de Mexico S.A. de C.V., Reynosa, Mexico	100%
Teleplan Technology Services Sdn Bhd, Penang, Malaysia	100%
Teleplan Technologies (Suzhou) Co. Ltd., Suzhou, China PR	100%
Teleplan Electronic Technology (Shanghai) Co. Ltd., Shanghai, China PR	100%
Teleplan Macau Limitada, Macau SAR., China PR	100%
Teleplan Hong Kong Limited, Hong Kong, China PR	100%
PT. Teleplan Indonesia, Jakarta, Indonesia	100%
Teleplan APAC Holding PTE Ltd., Singapore	100%

Dormant companies and companies in liquidation:

Name	Equity participation
Teleplan Communications Holding B.V., Zoetermeer, Netherlands	100%
NATI EURL, France	100%
Teleplan & K'Litex Sarl, France	100%
Teleplan Ireland Ltd., Ireland	100%
RFJ Industries, Inc., California, USA	100%
Teleplan Technology (Thailand) Ltd., Thailand	100%
Teleplan Taiwan Ltd., Taiwan	85%

The following dormant subsidiary companies were liquidated during 2008:

Name	Equity participation
ANTA Servicepartner AB, Sweden	100%
Teleplan Technologies KK, Japan	70%

Remuneration of the Management Board and Supervisory Board

The remuneration including pension costs of present and former members of the Management Board amounted to 1.3 million Euro (2007: 1.4 million Euro). In the financial year, no additional stock option rights were allocated to the members of the Management Board (2007: 1,550,000). At 31 December 2008 present and former members of the Management Board held 1,980,000 stock option rights at a weighted average exercise price of 1.24 Euro (see note 18) for further information on stock options).

At 31 December 2008 members of the Management Board held 535,000 ordinary shares of Teleplan International N.V. (at 31 December 2007: 535,000 shares).

In accordance with their employment contracts, members of the Managing Board are entitled to receive a cash bonus and stock options for exceeding the performance targets set by the Supervisory Board. All members of the Management Board have a company car at their disposal or may choose a car allowance.

The summary of salaries, bonuses accrued, and other amounts paid to the members of the Management Board are as follows:

Amounts in thousands of Euro	2008	2007
M. Twaalfhoven	781	753
G. Haug	523	655
Total	**1,304**	**1,408**

The breakdown of the compensation of the Management Board is as follows:

Amounts in thousands of Euro	2008	2007
Short-term employment benefits	1,304	1,408
Post-employment pension benefits	–	–
Share-based payments	155	1,011
Total compensation paid to key management personnel	**1,459**	**2,419**

The remuneration of the members of the Supervisory Board amounted to 369,000 Euro (2007: 229,000 Euro). At 31 December 2008 members of the Supervisory Board held a total of 160,000 ordinary shares in Teleplan International N.V.

The summary below indicates the remuneration of the members of the Supervisory Board:

Amounts in thousands of Euro	2008	2007
A. Schmassmann [1]	100	76
D. Goulandris [2]	57	38
R. Huber [2]	68	31
R. Westerhof [3]	70	44
F. van der Zee	70	40
G. Kellinghusen [4]	–	–
M. Pedrazzini [5]	2	–
H. Visser [6]	2	–
Total	**369**	**229**

[1] On 23 March 2007, the Supervisory Board elected Mr. A. Schmassmann as the new chairman.
[2] Mr. D. Goulandris and Mr. R. Huber were appointed as members of the Supervisory Board effective 23 March 2007.
[3] On 18 May 2006, Mr. R. Westerhof was appointed as a member of the Supervisory Board. He acted as Supervisory Board Chairman from 9 November 2006 to 23 March 2007.
[4] On 21 March 2007, Mr. G. Kellinghusen resigned from the Supervisory Board.
[5] On 17 December 2008, the shareholders appointed Mr. M. Pedrazzini as a member of the Supervisory Board.
[6] On 17 December 2008, the shareholders appointed Mr. H. Visser as a member of the Supervisory Board.

The summary below provides information on the option holdings of individual members of the Management Board, and the Supervisory Board as of 31 December 2008.

	M. Twaalfhoven	G. Haug	Supervisory Board	Former Board Members	Total
Outstanding as of 1 January 2008	1,300,000	500,000	150,000	280,000	2,230,000
Granted stock options					
Granted phantom options					
Forfeited				– 100,000	– 100,000
Cancelled					
Outstanding as of 31 December 2008	1,300,000	500,000	150,000	180,000	2,130,000
Average exercise price	1.17	1.08	1.29	2.50	1.27
Last year of expiration	2014	2014	2014	2010	2014

Pursuant to a settlement agreement between Mr. M. Twaalfhoven and the Company in connection with termination of his employment, entered into on 27 February 2009, Mr. Twaalfhoven's stock and phantom options will be exercisable until 30 June 2011, when, if not exercised, they will lapse.

Compensation of Key Management Members of the Group

The compensation of key management personnel of the Group, excluding the members of the Management Board and Supervisory Board is as follows:

Ordinary shares	2008	2007
Short-term employment benefits [1]	3,188	2,331
Post-employment pension benefits	41	37
Share-based payments	35	46
Total compensation paid to key management personnel	**3,264**	**2,414**

[1] Includes total termination payments of 106,000 Euro (2007: 317,000 Euro) related to two (2007: three) individuals

NOTE 25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial Risk Factors

The Group's principal financial liabilities are comprised of bank loans and trade payables. The Group has various financial assets such as trade receivables and cash, which arise directly from its operations.

The Group has entered into interest rate swaps and currency option contracts. The purpose is to manage the interest rate and currency risks arising from the Group's operations and its sources of finance.

Throughout 2008 and 2007, it was the Group's policy that no speculative trading in derivatives shall be undertaken.

The main risks arising from the Group's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk and credit risk. The Management Board reviews and agrees policies for managing each of these risks, which are summarized below.

Interest Rate Risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations. The Group's policy is to hedge its interest risk exposure using a mix of derivative contracts. To manage this, the Group enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed-upon notional principal amount. The Group has also entered into an interest rate cap covering 100% of the Euro 15 million bank loan (A) for which it pays a premium for protection against the EURIBOR rate increasing above a given maximum level. At 31 December 2008, after taking into account the effect of interest rate swaps, approximately 75% of the Group's borrowings are at a fixed rate of interest (2007: 71%).

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax.

2008	Increase/ decrease in basis points	Effect on profit before tax
Euro	+ 25	– 38
	+ 50	– 75
	– 25	38
	– 50	75
2007		
Euro	+ 25	– 50
	+ 50	– 50
	– 25	50
	– 50	100

Foreign Currency Risk

As a result of significant operations in the United States, the Group's balance sheet can be affected significantly by movements in the USD/EUR exchange rates. The Group seeks to mitigate the effect of its structural currency exposure by borrowing in USD.

The Group also has transactional currency exposures. Such exposure arises from sales or purchases by operating units in currencies other than the units' functional currency.

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Group's profit before tax and it's equity.

	Strengthening/ weakening of US dollar versus Euro	Effect on profit before tax	Effect on equity
2008	Stronger by 10%	– 1,096	809
	Weaker by 10%	897	– 662
2007	Stronger by 10%	– 1,280	621
	Weaker by 10%	1,045	– 508

Credit Risk

The Group trades only with recognized, credit worthy third parties. Due to the nature of the Group's customer portfolio, there is a concentration of trade receivables with approximately ten large customers representing 62% of trade receivables at 31 December 2008 (2007: 55%). Continuous customer contact and the monitoring of receivable balances on an ongoing basis have resulted in insignificant exposure to bad debt. The maximum exposure is the carrying amount as disclosed in note 13.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying value of these instruments.

Liquidity Risk

The Group monitors its risk of a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of its financial assets (e.g. accounts receivables and short-term cash deposits) and projected cash flows from operations. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of the revolving credit facility. As at 31 December 2008, 4% of the Group's debt will mature in less than one year (2007: 3%).

The table below summarizes the maturity profile of the Group's financial liabilities at 31 December 2008 based on contractual undiscounted payments.

Amounts in thousands of Euro

Year ended 31 December 2008	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total
Interest bearing loans and borrowings		3,178	4,217	56,106	66,242	129,743
Trade and other payables	11,874	25,503	900	–	–	38,277
	11,874	**28,681**	**5,117**	**56,106**	**66,242**	**168,020**

Amounts in thousands of Euro

Year ended 31 December 2007	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total
Interest bearing loans and borrowings	–	1,750	3,175	27,825	100,758	133,508
Trade and other payables	12,507	17,949	8,735	–	–	39,191
	12,507	**19,699**	**11,910**	**27,825**	**100,758**	**172,699**

Capital Management

The Group monitors capital using a net debt leverage ratio, which is the net debt divided by EBITDA. The Group's policy is to keep the net debt leverage ratio between 2 and 3. The Group's net debt includes interest bearing loans less cash and cash equivalents.

Amounts in thousands of Euro	**2008**	**2007**
Long-term borrowings	57,067	65,768
Short-term borrowings	2,097	2,000
Less cash and cash equivalents	– 15,757	– 15,455
Net debt	43,407	52,313
EBITDA	21,790	22,060
Net debt leverage	**2.0**	**2.4**

NOTE 26 FINANCIAL INSTRUMENTS

Fair Value of Financial Statements

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

	Carrying amount		Fair value	
Amounts in thousands of Euro	**2008**	**2007**	**2008**	**2007**
Financial Assets				
Cash	15,757	15,455	15,757	15,455
Trade and other receivables	50,543	50,390	50,543	50,390
Prepayment Expenses	3,517	3,579	3,517	3,579
Financial Liabilities				
Long-term borrowings	57,067	65,768	57,067	65,768
Derivative financial instruments	2,049	720	2,049	720
Trade & Other Payables	38,277	39,191	38,277	39,191
Short-term borrowings	2,097	2,000	2,097	2,000

The fair value of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidated sale.

The following methods and assumptions were used to estimate the fair values:

- Cash and short-term deposits, trade receivables, trade payables, and other current liabilities approximate their carrying amount largely due to the short-term maturities of these instruments
- Long-term borrowings have been calculated by discounting the expected cash flows at prevailing interest rates
- Derivative financial instruments relate to interest rate contracts are estimated by discounting expected future cash flows using market interest rates and yield curve over the remaining term of the instrument.

Hedging Activities

The objective of the Group entering purchasing or holding financial derivative instruments is purely to manage its currency and interest rate risks.

As of 31 December 2008, the Group had an outstanding EUR/USD currency call option with a total notional amount of 36 million US dollar to hedge the USD translation exposure on net income for the financial year 2009. There were no outstanding currency forward contracts as of this date.

As of 31 December 2008, the Group had two interest rate swap agreements in place with notional amounts of 20 million Euro and 34.3 million US dollar respectively whereby it receives variable interest rates equal to EURIBOR and USD LIBOR of 5.38% and 4.39% on the notional amounts and pays fixed interest rates of 4.50% and 4.88%, respectively. On 30 December 2008, the notional amount of the 42.1 million US dollar interest rate swap agreement was reduced to 34.3 million US dollar to match the underlying outstanding USD bank loan following a voluntary repayment of 9.5 million US dollar.

NOTE 27 EVENTS AFTER THE BALANCE SHEET DATE

On 27 February 2009, Teleplan announced that Mr. Twaalfhoven had decided not to present himself for re-appointment as CEO during the upcoming Annual General Meeting of Shareholders in May 2009. Pursuant to an agreement reached between Mr. Twaalfhoven and the Company, Mr. Twaalfhoven will be awarded a gross settlement payment of 636,000 Euro.

Zoetermeer, 1 April 2009
Teleplan International N.V.
The Management Board

Auditor's Report

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements 2008 which are part of the financial statements of Teleplan International N.V., Amsterdam, which comprise the consolidated balance sheet as at 31 December 2008, the profit and loss account, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility

Management of the company is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Opinion

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

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 consolidated financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Rotterdam, 1 April 2009

Ernst & Young Accountants LLP

Signed by: W.T. Prins

“Safe Harbor” Statement for the Private Litigation Act of October 1995

This document contains certain forward-looking statements with respect to the financial condition, results of operations and business of Teleplan International N.V. and certain of the plans and objectives of Teleplan International N.V. with respect to these items. By their nature, forward-looking statements involve risk and uncertainty because they relate to events in the future and depend on circumstances that are then valid. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, levels of consumer and business spending in major economies, changes in consumer tastes and preferences, the levels of marketing and promotional expenditures by Teleplan International N.V. and its competitors, raw materials and employee costs, changes in future exchange and interest rates, changes in tax rates and future business combinations, acquisitions or dispositions and the rate of technical changes. Market share estimates contained in this report are based on outside sources such as specialized research institutes, industry and dealer panels, etc. in combination with Management estimates. The Company assumes no obligation to update any information contained herein.

Financial Calendar 2009
Teleplan International N.V.

27 February	Release of preliminary results 2008
2 April 2009 10:00 a.m. (CET)	Release of final (audited) results 2008 Conference call with analysts and investors
23 April 2009	Release of first quarter figures 2009 Release of three-month-report 2009
7 May 2009	Annual General Shareholders Meeting (AGM) – Amsterdam
30 July 2009	Release of half-year figures 2009 Release of six-month-report 2009
22 October 2009	Release of nine-month-report 2009
9-11 November 2009	Analysts` meeting at the German Equity Forum, Frankfurt/Main

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