

Company Number: 3796396

WANADOO LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED

31 DECEMBER 2008

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WANADOO LIMITED

ANNUAL REPORT FOR THE YEAR ENDED
31 DECEMBER 2008

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WANADOO LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2008.

Principal activities, business review, future developments and risks and uncertainties

The principal activity of the company is to act as a holding company for its subsidiary undertakings. The director does not expect any risks or uncertainties to affect the company in the future.

The company changed its status from a public limited company to a private limited company on 17 June 2008.

Results, dividends and transfer to reserves

The loss for the year was £29,456,000 (2007: loss £84,884,000) and has been transferred to reserves.

No dividends were paid during the year (2007: £nil). The directors do not recommend the payment of a final dividend (2007: £nil).

Directors

The directors of the company who held office during the period, and up to the date of the signature, are given below:

date appointed

Michael Newnham

Gavin Moore (Alternate director to Michael Newnham) 17 October 2008
Orange Limited

There were no directors with interests in the shares of the company.

The ultimate parent is France Telecom S.A., a body corporate incorporated outside of Great Britain. As such, the directors are not required to disclose their interest in shares in, or debentures of, that or any other body corporate incorporated outside of Great Britain.

Disclosure of information to the auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

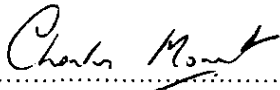
WANADOO LIMITED

DIRECTORS' REPORT (continued)

Re-appointment of auditor

The auditor, Ernst & Young LLP, has indicated its willingness to continue in office.

By order of the board



.....
Charles Mowat
Company Secretary

Date: 13th July 2009
Registered Office:
St. James Court
Great Park Road
Almondsbury Park
Bradley Stoke
Bristol, BS32 4QJ

WANADOO LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

WANADOO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WANADOO LIMITED

We have audited the company's financial statements for the year ended 31 December 2008 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

The directors' responsibilities for preparing the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

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

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

WANADOO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WANADOO LIMITED (Continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008, and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Ernst & Young LLP

Ernst & Young LLP
Registered auditor
1 More London Place
London
SE1 2AF

14 July 2009

WANADOO LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2008

	<u>Notes</u>	<u>2008</u> <u>£'000</u>	<u>2007</u> <u>£'000</u>
Impairment release / (charge) of fixed asset investment		43,500	(84,884)
Exceptional items	5	<u>(72,956)</u>	<u>-</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(29,456)	(84,884)
Tax on loss on ordinary activities	6	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR	11	<u>(29,456)</u>	<u>(84,884)</u>

The company has no recognised gains or losses other than the loss above and therefore no separate statement of total recognised gains and losses has been presented.

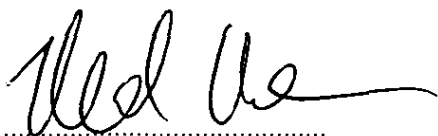
There is no difference between the loss on ordinary activities before taxation and the loss for the financial year stated above and their historical cost equivalents.

WANADOO LIMITED

BALANCE SHEET AT 31 DECEMBER 2008

	<u>Notes</u>	<u>2008</u> £'000	<u>2007</u> £'000
FIXED ASSETS			
Investments	7	299,500	-
CURRENT ASSETS			
Debtors :			
Amounts falling due within one year	8	-	1,054,847
Amounts falling due after one year	8	-	72,957
		-	1,127,804
CREDITORS : Amounts falling due within one year	9	-	(1,054,848)
NET CURRENT ASSETS		299,500	72,956
TOTAL ASSETS LESS CURRENT LIABILITIES		299,500	72,956
NET ASSETS		299,500	72,956
CAPITAL AND RESERVES			
Called up share capital	10	256,252	252
Share premium account		231,588	231,588
Profit and loss account	11	(188,340)	(158,884)
TOTAL EQUITY SHAREHOLDERS' FUNDS	12	299,500	72,956
Attributable to equity shareholders		299,500	72,806
Attributable to non-equity shareholders		-	150
TOTAL EQUITY SHAREHOLDERS' FUNDS	12	299,500	72,956

The financial statements on pages 6 to 11 were approved by the board of directors on 13th July 2009 and are signed on its behalf by:



Neal Milsom
On behalf of Orange Limited

Date: 13th July 2009

WANADOO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

1. Accounting policies

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

In accordance with Financial Reporting Standard 18 ('FRS'): "Accounting Policies", the directors have reviewed the accounting policies set out below and are of the opinion that they are appropriate for the purpose of giving a true and fair view of the results of the company for the year ended 31 December 2008.

(b) Consolidation

The company is exempt from preparing Group financial statements under Section 228 of the Companies Act 1985 as it is a wholly owned subsidiary undertaking. Accordingly, these financial statements present information about the company and not its Group.

(c) Foreign currencies

Transactions in foreign currencies are recorded at the exchange rates ruling on the dates of those transactions, adjusted for the effects of any hedging arrangements. Foreign currency monetary assets and liabilities are translated into sterling at year end rates.

(d) Deferred taxation

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no binding commitment to sell the asset, or on the unremitted earnings of subsidiaries, associates and joint ventures where there is no binding agreement to distribute these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

(e) Investments

Investments, held as fixed assets, comprise equity shareholdings and are stated at cost less provision for any diminution in value. Income is recognised upon receipt of dividends when receivable.

(f) Impairment

If a significant indicator of a possible impairment is noted, the need for any fixed asset impairment provision is assessed by comparison of the carrying value of the asset against the higher of net realisable value and value in use. The value in use is determined from estimated discounted future cash flows. Discount rates are based on the circumstances applicable in each case.

2. Cash flow statement and related party disclosures

The results of the company are included in the consolidated financial statements of France Telecom S.A., which are publicly available. Consequently the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996).

The company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the France Telecom S.A. group, the ultimate parent company, or investees of the France Telecom S.A. group.

WANADOO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

3. Employees and directors' remuneration

The emoluments and pension contributions of Michael Newnham are disclosed in the accounts of Orange Home UK Limited.

The corporate director received no remuneration.

Gavin Moore did not receive any emoluments for his services as an alternate director to Michael Newnham.

The company had no other employees during the year (2006: nil) and as a result no employee related costs have been incurred (2006: £nil).

4. Auditor's remuneration

The auditor's remuneration of £4,000 (2007: £3,000) has been borne and paid for by Orange Home UK Plc, a wholly owned subsidiary.

5. Exceptional items

The company held a meeting dated 30 October 2008, at which it resolved to waive its loan to Orange Home (UK) Plc of £72,956,713.

6. (a) Tax on loss on ordinary activities

The tax charge for the year is £nil (2007: £nil).

(b) Factors affecting the current tax charge

The tax assessed for the year is different from the UK standard rate of corporation tax of 28.5% (2007: 30%). The differences are explained as follows:

	2008 £'000	2007 £'000
Loss on ordinary activities before taxation	(29,456)	(84,884)
Loss on ordinary activities multiplied by the UK standard rate of corporation tax of 28.5% (2007: 30%)	(8,395)	(25,465)
Factors affecting the charge / (credit) :		
Non-taxable loan waiver	20,793	-
(Non-taxable reversal of) / non-deductible investment impairment	(12,398)	25,465
Corporation tax charge for the year	-	-

(c) Factors that may affect the current tax charge

The standard rate of corporation tax in the UK changed from 30% to 28% with effect from 1 April 2008. Accordingly, the company's losses for the year ended 31 December 2008 have been taxed at an average rate of 28.5%.

(d) Deferred taxation

There is no unprovided deferred taxation.

WANADOO LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2008**

7. Investments

	Shares in Subsidiary Undertakings £'000
Cost	
At 1 January 2008	158,884
Additions	256,000
At 31 December 2008	<u>414,884</u>
Amounts provided	
At 1 January 2008	158,884
Impairment provision release during the year	(43,500)
At 31 December 2008	<u>115,384</u>
Net book value	
At 31 December 2008	<u>299,500</u>
At 31 December 2007	<u>-</u>

Details of subsidiary undertakings in which the company has an interest in 20% or more of the nominal value of the ordinary issued share capital are as follows :

Name of company	Country of incorporation and operation	Principal activity	Percentage shareholding
Orange Home UK Plc	England	Other computer related activities	100%
Freeserve Limited	England	Holding company	100%

8. Debtors

	2008 £'000	2007 £'000
Loan receivable from Orange Home UK Plc	-	72,957
Loan receivable from Freeserve Limited	-	290,730
Loan receivable from Icircle Limited	-	764,117
	<u>-</u>	<u>1,127,804</u>

Amounts due from group undertakings include £nil (2007: £72,957,000) which are due to the company after more than one year.

9. Creditors: Amounts falling due within one year

	2008 £'000	2007 £'000
Loan payable to Smartgroups.com Limited	<u>-</u>	<u>1,054,848</u>

WANADOO LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2008**

10. Share capital

	2008	2007
	£'000	£'000
Authorised:		
1,500,000,000 ordinary shares of 0.01 pence each	-	150
400,000,000 ordinary shares of £1 each	400,000	-
150,000 preference shares of £1 each	-	150
	<u>400,000</u>	<u>300</u>
Called up, allotted and fully paid:		
1,024,452,379 ordinary shares of 0.01 pence each	-	102
256,252,446 ordinary shares of £1 each	256,252	-
150,000 preference shares of £1 each	-	150
	<u>256,252</u>	<u>252</u>

On 30 October 2008 the company increased its nominal capital by £399,700,000. On the same date the company consolidated its 1,500,000,000 authorised 0.01 pence ordinary shares in to £1 ordinary shares. The £1 ordinary shares rank pari passu with the 0.01 pence ordinary shares. At the same time it converted its £1 preference shares into £1 ordinary shares. It then issued 256,000,000 £1 ordinary shares at par to its immediate parent company, Atlas Services Belgium SA. The company used the £256,000,000 proceeds to subscribe at par for 256,000,000 £1 ordinary shares in its subsidiary company Orange Home UK Plc.

11. Profit and Loss Account

	Profit and Loss Account £'000
Balance at 1 January 2008	(158,884)
Loss for the financial year	(29,456)
Balance at 31 December 2008	<u>(188,340)</u>

12. Reconciliation of movements in shareholders' funds

	2008	2007
	£'000	£'000
Shareholders' funds as at 1 January	72,956	157,840
Share capital increase	256,000	-
Loss for the financial year	(29,456)	(84,884)
Shareholders' funds as at 31 December	<u>299,500</u>	<u>72,956</u>

13. Ultimate parent undertaking

The immediate parent undertaking is Atlas Services Belgium SA, a company incorporated in Belgium.

The ultimate parent undertaking and controlling party at 31 December 2008 is France Telecom S.A., which is the parent undertaking of the smallest and largest group to consolidate these financial statements. France Telecom S.A. is a company incorporated in France. Copies of France Telecom S.A. consolidated financial statements can be obtained from the General Counsel at 6 place d'Alleray, 75505 Paris Cedex 15, France.