

Company Number: 3796396

WANADOO LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED

31 DECEMBER 2009



WANADOO LIMITED

ANNUAL REPORT FOR THE YEAR ENDED **31 DECEMBER 2009**

CONTENTS

	PAGE NO
DIRECTORS' REPORT	1 - 2
STATEMENT OF DIRECTORS' RESPONSIBILITIES	3
INDEPENDENT AUDITOR'S REPORT	4 - 5
PROFIT AND LOSS ACCOUNT	6
BALANCE SHEET	7
NOTES TO THE FINANCIAL STATEMENTS	8 - 11

WANADOO LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2009

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 undertaking. The directors intend to sell its subsidiary to a fellow group company during 2010. From that point the company will be dormant and therefore the directors do not expect any risks or uncertainties to affect the company in the future.

Going concern review

After making enquiries, the directors have a reasonable expectation that as the company will not trade in the foreseeable future, and it has no liabilities, it will not require any further resources to continue in existence. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Results, dividends and transfer to reserves

The loss for the year was £344,600,000 (2008: loss £29,456,000) and has been transferred to reserves.

No dividends were paid during the year (2008: £nil). The directors do not recommend the payment of a final dividend (2008: £nil).

Directors

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

Michael Newnham
Gavin Moore (Alternate director to Michael Newnham)
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.

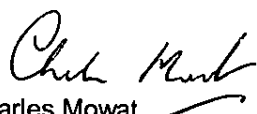
WANADOO LIMITED

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 11/3/10
Registered Office
St James Court
Great Park Road
Almondsbury Park
Bradley Stoke
Bristol, BS32 4QJ

WANADOÓ LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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, and
- 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 are sufficient to show and explain the company's transactions and 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 2006. 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 financial statements of Wanadoo Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 11. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

WANADOO LIMITED

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Ernst & Young LLP

Naresh Alimchandani (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

11 March 2010

WANADOO LIMITED

PROFIT AND LOSS ACCOUNT - 3796396 **FOR THE YEAR ENDED 31 DECEMBER 2009**

	<u>Notes</u>	<u>2009</u> <u>£'000</u>	<u>2008</u> <u>£'000</u>
Impairment (charge) / release of fixed asset investment		(344,600)	43,500
Exceptional items	5	-	(72,956)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(344,600)	(29,456)
Tax on loss on ordinary activities	6	-	-
LOSS FOR THE FINANCIAL YEAR	9	<u>(344,600)</u>	<u>(29,456)</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 - 3796396 AT 31 DECEMBER 2009

	<u>Notes</u>	<u>2009</u> £'000	<u>2008</u> £'000
FIXED ASSETS			
Investments	7	-	299,500
NET ASSETS		<u>-</u>	<u>299,500</u>
CAPITAL AND RESERVES			
Called up share capital	8	301,352	256,252
Share premium account		231,588	231,588
Profit and loss account	9	(532,940)	(188,340)
TOTAL EQUITY SHAREHOLDERS' FUNDS	10	<u>-</u>	<u>299,500</u>

The financial statements on pages 6 to 11 were approved by the board of directors on 11/3/10 and are signed on its behalf by



Neal Milsom
For and on behalf of Orange Limited, Director

Date 11/3/10

WANADOO LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2009**

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 2009

(b) Consolidation

The company is exempt from preparing Group financial statements under Section 400 of the Companies Act 2006 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) 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

(e) 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 2009

3. Employees and directors' remuneration

The corporate director received no remuneration

Michael Newnham and Gavin Moore did not receive any emoluments for their services as director and alternate director

The company had no other employees during the year (2008 nil) and as a result no employee related costs have been incurred (2008 £nil)

4. Auditor's remuneration

The auditor's remuneration of £4,000 (2008 £4,000) has been borne and paid for by Orange Home UK Limited, a wholly owned subsidiary

5. Exceptional items

In the prior year the company held a meeting dated 30 October 2008, at which it resolved to waive its loan to Orange Home UK Limited of £72,956,713

6. (a) Tax on loss on ordinary activities

The tax charge for the year is £nil (2008 £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% (2008 28 5%) The differences are explained as follows

	2009 £'000	2008 £'000
Loss on ordinary activities before taxation	(344,600)	(29,456)
Loss on ordinary activities multiplied by the UK standard rate of corporation tax of 28% (2008 28 5%)	(96,488)	(8,395)
Factors affecting the charge / (credit)		
Non-taxable loan waiver	-	20,793
Non-deductible / (non-taxable reversal of) investment impairment	96,488	(12,398)
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 2009 have been taxed at 28% (2008 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 2009

7. Investments

	Shares in Subsidiary Undertakings £'000
Cost	
At 1 January 2009	414,884
Additions	45,100
At 31 December 2009	<u>459,984</u>
Amounts provided	
At 1 January 2009	(115,384)
Impairment provision charged during the year	(344,600)
At 31 December 2009	<u>(459,984)</u>
Net book value	
At 31 December 2009	<u>-</u>
At 31 December 2008	<u>299,500</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 Limited	England	Other computer related activities	100%
Freeserve Investments Limited	England	Dormant	Ψ 100%

Ψ Freeserve Investments Limited was held indirectly via Orange Home UK Limited at the year end
Orange Home UK Limited sold its investment in Freeserve Investments Limited on 15 January 2010

8. Share capital

	2009 £'000	2008 £'000
Authorised:		
400,000,000 ordinary shares of £1 each	<u>400,000</u>	<u>400,000</u>
	<u>400,000</u>	<u>400,000</u>
Called up, allotted and fully paid.		
301,351,446 ordinary shares of £1 each	301,352	-
256,252,446 ordinary shares of £1 each	-	256,252
	<u>301,352</u>	<u>256,252</u>

On 15 July 2009 the company issued 45,100,000 £1 ordinary shares at par to its immediate parent company, Atlas Services Belgium SA. The company used the £45,100,000 proceeds to subscribe at par for 45,100,000 £1 ordinary shares in its subsidiary company Orange Home UK Limited

WANADOO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

9. Profit and Loss Account

	Profit and Loss Account £'000
Balance at 1 January 2009	(188,340)
Loss for the financial year	(344,600)
Balance at 31 December 2009	<u>(532,940)</u>

10 Reconciliation of movements in shareholders' funds

	2009 £'000	2008 £'000
Shareholders' funds as at 1 January	299,500	72,956
Share capital increase	45,100	256,000
Loss for the financial year	<u>(344,600)</u>	<u>(29,456)</u>
Shareholders' funds as at 31 December	<u>-</u>	<u>299,500</u>

11. 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 2009 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