

COLT Telecom Finance Limited

Annual Report

For the year ended 31 December 2007

Registered number: 4150069



COLT Telecom Finance Limited

Directors' report For the year ended 31 December 2007

The Directors present the report and audited financial statements of the Company for the year ended 31 December 2007

Business review

The Company's principal activity is to act as a finance company within the group comprising COLT Telecom Group Limited and its subsidiaries ("the Group"). COLT Telecom Group Limited is a company incorporated in England and Wales. The results of the Company are included in the consolidated financial statements of COLT Telecom Group Limited for the year ended 31 December 2007.

The Company has not traded on its own account during the period and, in the opinion of the Directors, this situation is unlikely to change in the foreseeable future.

The principal risks and uncertainties facing the Company are integrated with the principal risks and uncertainties facing the Group and are not managed separately. Details of the risks and uncertainties facing the Group and an analysis of the performance of the Group, including key performance indicators, can be found in the consolidated Group annual report which does not form part of this report. The Group annual report is available from the Company's registered office, as set out in note 9 to the financial statements.

For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the Company.

Results and dividends

The loss on ordinary activities before taxation was £nil (2006: £3,489). The Directors do not recommend the payment of a dividend (2006: £nil).

Directors

The Directors of the Company who held office during the period were:

C Griffin Pain
P Price (resigned 9 August 2007)
C Staveley (resigned 31 August 2007)
P Smee (resigned 31 March 2008)
D Spang (appointed 13 August 2007)
C Jarvis (appointed 21 August 2007)
M Harrison (appointed 17 March 2008)
L Patmore (appointed 14 January 2008)

The Company Secretary who held office during the period was:

S Hornbuckle

COLT Telecom Finance Limited

Directors' report (continued) For the year ended 31 December 2007

Statement of directors' responsibilities in respect of the Annual Report and the financial statements

The directors are responsible for preparing the Annual 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). 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

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.

Disclosure of information to auditors

Each person who is a director at the date of approval of this report confirms that

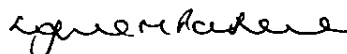
- so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 234ZA of the Companies Act 1985.

Auditors

The Company has passed an Elective Resolution in accordance with the Companies Act 1985 to dispense with the holding of annual general meetings, the laying of accounts and reports before general meetings and the annual reappointment of Auditors. PricewaterhouseCoopers LLP will, accordingly, continue in office as Auditors of the Company pursuant to Section 386 of the Companies Act 1985. However, pursuant to Section 253 (2) of the Companies Act 1985, any member or the Auditors of the Company may require the accounts and reports to be laid before a general meeting by depositing a notice to that effect at the registered office of the Company not later than 28 days after the despatch of the accounts to the members.

By order of the board



L Patmore
Director

5 September 2008

COLT Telecom Finance Limited

Independent auditors' report to the members of COLT Telecom Finance Limited

We have audited the financial statements of COLT Telecom Finance Limited for the year ended 31 December 2007, which comprise the Profit and Loss account, Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom 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). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been 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 judgements 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.

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 2007 and of its result 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.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

5 September 2008

COLT Telecom Finance Limited

Profit and loss account For the year ended 31 December 2007

	Notes	2007 £	2006 £
Administrative expenses	2	--	(3,489)
Loss on ordinary activities before taxation		<u>--</u>	<u>(3,489)</u>
Taxation	4	--	--
Loss for the year	7	<u>--</u>	<u>(3,489)</u>

All activities are regarded as continuing. The Company has no recognised gains and losses other than as 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 retained loss for the period stated above, and their historical cost equivalent.

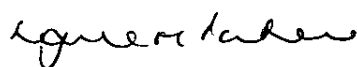
The accompanying notes are an integral part of the financial statements.

COLT Telecom Finance Limited

Balance sheet As at 31 December 2007

	Notes	2007 £	2006 £
Current assets			
Debtors	5	<u>9,144,544</u>	<u>9,177,331</u>
Total assets		<u>9,144,544</u>	<u>9,177,331</u>
Capital and reserves			
Called up share capital	6	2	2
Profit and loss account	7	<u>9,144,542</u>	<u>9,144,542</u>
Shareholders' funds	7	<u>9,144,544</u>	<u>9,144,544</u>
Creditors			
Amounts falling due within one year	8	--	32,787
Total liabilities, capital and reserves		<u>9,144,544</u>	<u>9,177,331</u>

The financial statements on pages 4 to 8 were approved by the board on 5 September 2008 and signed on its behalf by



L Patmore
Director

COLT Telecom Finance Limited

Notes to the financial statements For the year ended 31 December 2007

1. Principal accounting policies

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. The Directors believe that it is appropriate for the financial statements to be prepared on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future. The principal accounting policies which have been applied consistently throughout the year are set out below.

Financial instruments presentation

The Company has taken advantage of the exemption provided by FRS 25 for subsidiary undertakings of which 90% or more of the voting rights are controlled within the group of an ultimate parent that publishes consolidated financial statements which comply with the disclosure requirements of the standard, and therefore the disclosure requirements of the standard have not been adopted in these financial statements.

Debtors

Debtors are shown at their book value less any provision for bad or doubtful debts.

Related party disclosures

The Company has taken advantage of the exemption provided by FRS 8 for subsidiary undertakings of which 90% or more of the voting rights are controlled within the group of the ultimate parent which publishes its consolidated financial statements and has not disclosed transactions with other group companies.

Cash flow statements

The Company has taken advantage of the exemption offered by FRS 1 (revised) and has not produced a cash flow statement as it is a more than 90% owned subsidiary of a parent publishing consolidated financial statements.

2. Loss on ordinary activities before taxation

Tax fees of £nil (2006: £3,489) were paid to the Company's auditors in the year. The Company's audit fees of £2,750 (2006: £2,407) have been paid by a group company.

The Company had no employees during the years ended 31 December 2006 and 31 December 2007.

3. Directors' emoluments

No Director received emoluments in respect of services provided to the Company during the year (2006: £nil).

COLT Telecom Finance Limited

Notes to the financial statements For the year ended 31 December 2007

4. Taxation

a) Analysis of charge in period

There is no tax charge arising in the years ended 31 December 2007 and 2006 due to the Company having no taxable profits for the period. Losses are surrendered to other group companies as group relief. No payment is required for the group relief surrendered.

b) Factors affecting tax charge for period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2007 £	2006 £
Loss on ordinary activities before tax	--	(3,489)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2005: 30%)	--	(1,047)
Effects of:		
Surrender of tax losses under a claim for group relief	--	1,047
Current tax charge for the year	--	--

Factors that may affect future tax charges:

The standard rate of Corporation Tax in the UK changes to 28% with effect from 1 April 2008.

5. Debtors

	At 31 December 2007 £	At 31 December 2006 £
Amounts due from immediate parent company	9,144,544	9,177,331

Amounts due from immediate parent company are unsecured, interest free and due within less than one year.

6. Called up share capital

	At 31 December 2007 £	At 31 December 2006 £
Authorised		
100 (2006: 100) ordinary shares of £1 each	100	100
Allotted, called up and fully paid		
2 (2006: 2) ordinary shares of £1 each	2	2

COLT Telecom Finance Limited

Notes to the financial statements For the year ended 31 December 2007

7. Reconciliation of movement in Shareholders' funds

	Share Capital	Profit and loss account	Total
	£	£	£
At 1 January	2	9,144,542	9,144,544
Loss for the year	--	--	--
At 31 December	<u>2</u>	<u>9,144,542</u>	<u>9,144,544</u>

8. Creditors

	At 31 December 2007 £	At 31 December 2006 £
Amounts due to immediate parent company	<u>--</u>	<u>32,787</u>

Amounts due to immediate parent company are unsecured, interest free and due within less than one year

9. Ultimate parent company and controlling party

The ultimate parent company and controlling party is COLT Telecom Group S A , which is the parent undertaking of the largest group to consolidate these financial statements and is registered in Luxembourg. The immediate parent company and smallest group to consolidate these financial statements is COLT Telecom Group Limited, a company incorporated in the UK and registered in England and Wales.

Copies of COLT Telecom Group Limited consolidated financial statements for years ended 31 December 2007 are available from the Company's registered office at Beaufort House, 15 St Botolph Street, London EC3A 7QN. Copies of COLT Telecom Group S A 's financial statements are available from its registered office at K2 Building, Forte 1, 2a rue Albert Borschette, L-1246 Luxembourg, or from the Company's registered office as set out above.