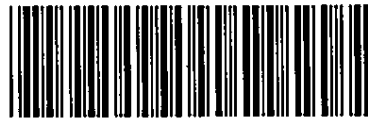


VANCO NET DIRECT LIMITED

Report and Financial Statements

For the period ended 31 January 2007

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REPORT AND FINANCIAL STATEMENTS 2007

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REPORT AND FINANCIAL STATEMENTS 2007

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M J Thompson	(appointed 10 December 2007)
E A Timpany	(appointed 16 August 2006, resigned 5 May 2008)
W W Churchill	(appointed 16 August 2006)
P D Johnston	(appointed 3 September 2007)
S J Hargreaves	(appointed 16 August 2006, resigned 5 December 2007)

SECRETARY

S D Dyde	(appointed 16 August 2006)
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REGISTERED OFFICE

Great West Plaza
Units 1 & 2 Riverbank Way
Brentford
Middlesex
TW8 9RE

SOLICITORS

Ashurst
Broadwalk House
5 Appold Street
London
EC2A 2HA

DIRECTORS' REPORT

The directors present their report and the accounts for the period ended 31 January 2007

ACTIVITIES

The company was incorporated on 16 August 2006. The Company was dormant throughout the period.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The Company is a dormant subsidiary of Reliance Vanco Group Limited (which changed its name from Vanco Group Limited on 6 June 2008), which was a subsidiary of Vanco plc for the financial period ended 31 January 2007. A full description of the group and its activities can be found in the Vanco plc accounts.

The Company commenced trading on 1 February 2007 and its principal activities include the provision of telecommunication services. The directors expect the Company to continue to trade for the foreseeable future.

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the period, the company made no political or charitable contributions.

LIABILITY INSURANCE

During the period the ultimate parent undertaking, Vanco plc, held a directors' and officers liability insurance covering the directors and officers of its subsidiary undertakings.

POST BALANCE SHEET EVENTS

On 26 May 2008, Vanco Group Limited (as it was called on that date) and its subsidiaries including Vanco Net Direct Limited were acquired by Flag Telecom Group Services Limited.

DIRECTORS AND THEIR INTERESTS

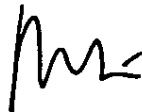
The directors who served during the period are set out below:

E A Timpany	appointed 16 August 2006 and resigned 5 May 2008
W W Churchill	appointed 16 August 2006
S J Hargreaves	appointed 16 August 2006 and resigned 5 December 2007
P D Johnston	appointed 3 September 2007

None of the directors have any interest in the share capital of the company. As at 31 January 2007 Mr E A Timpany, Mr S J Hargreaves, Mr P D Johnston and Mr W W Churchill are also directors of the immediate parent company, Reliance Vanco Group Limited and the former ultimate parent company, Vanco plc. Their interests in the shares of these companies as at 31 January 2007 are shown in those accounts.

By Order of the Board on 13 June 2008

P D Johnston
Director



STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report including the financial statements. The directors have chosen to prepare the financial statements for the company in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP).

Company law requires the directors to prepare such financial statements for each financial period which give a true and fair view, in accordance with UK GAAP, of the state of affairs of the company and of the profit or loss for that period and comply with UK GAAP and the Companies Act 1985. In preparing those financial statements, the directors are required to

- (a) select suitable accounting policies and then apply them consistently,
- (b) make judgements and estimates that are reasonable and prudent,
- (c) state whether applicable accounting standards have been followed, and
- (d) 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PROFIT AND LOSS ACCOUNT
Period ended 31 January 2007

The Company did not trade during the current period and has made neither profit nor loss, nor any other recognised gain or loss

BALANCE SHEET
As at 31 January 2007

	Note	2007 £
CURRENT ASSETS	5	<u>1</u>
CAPITAL AND RESERVES		
Called up share capital	7	<u>1</u>

For the period ended 31 January 2007, the Company was entitled to exemption under section 249AA(1) of the Companies Act 1985 (as amended) relating to dormant companies and no members have required the Company to obtain an audit of these accounts in accordance with section 249B(2)

The Directors acknowledge their responsibilities for ensuring that the Company keeps accounting records that comply with section 221 of the Companies Act 1985. The Directors also acknowledge their responsibilities for preparing accounts which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of its profit and loss account for the financial period in accordance with section 226 of the Companies Act 1985 and which otherwise comply with the requirements of the Act relating to accounts, so far as applicable to the Company.

These financial statements were approved by the Board of Directors and authorised for issue on 13 June 2008

Signed on behalf of the Board of Directors


P D Johnston

Director

NOTES TO THE ACCOUNTS**Period ended 31 January 2007****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below, and have been applied consistently throughout the current period.

Accounting convention

The financial statements are prepared under the historical cost convention.

Cash flow statement

Under the requirements of Financial Reporting Standard 1 (revised) 'Cash Flow Statements', the company is exempt from the requirement to prepare a cash flow statement, as 90 per cent or more of the voting rights are controlled within the Group.

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

During the period the Company had no direct employees.

The Directors did not receive remuneration for their services to the company during the period. They are executives of and remunerated by the ultimate parent company Vanco plc.

3. DEBTORS

	2007
	£
Amounts owed by group undertakings	1

4. CALLED UP SHARE CAPITAL

	2007	
	No. of shares	£
Authorised		
Ordinary shares of £1 each	100	100
	100	100
Called up, allotted and fully paid		
Ordinary shares of £1 each	1	1

5. DIRECTORS' LOANS AND TRANSACTIONS

No loans or transactions are outstanding with Directors of the Company at the end of the period which need to be disclosed in accordance with the requirements of Schedule 6 to the Companies Act 1985.

6. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in Financial Reporting Standard 8 'Related Party Disclosures' not to disclose related party transactions as 90 per cent or more of the voting rights are controlled within the Group.

NOTES TO THE ACCOUNTS

Period ended 31 January 2007

7. ULTIMATE PARENT COMPANY AND CONTROLLING ENTITY

The Company's immediate parent company and controlling entity is Reliance Vanco Group Limited (which changed its name from Vanco Group Limited on 6 June 2008). The ultimate parent company and controlling entity as at 31 January 2007 was Vanco plc. Both companies are incorporated in Great Britain and registered in England and Wales. Copies of these companies' financial statements are available from the Company Secretary, Great West Plaza, Units 1&2 Riverbank Way, Brentford, Middlesex, TW8 9RE. Vanco plc, the parent undertaking of the only group that includes the Company and for which group financial statements are prepared.