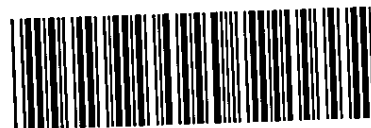


MISTRAL INTERNET GROUP LIMITED

**Annual Report and Financial Statements
for the year ended 31 March 2012**

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MISTRAL INTERNET GROUP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
MARCH 2012

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MISTRAL INTERNET GROUP LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTOR

P Simpson

SECRETARY

K Smith

REGISTERED OFFICE

37 Carr Lane

Hull

HU1 3RE

BANKERS

National Westminster Bank PLC

P O Box No 76

19 Silver Street

Hull

HU1 1JQ

MISTRAL INTERNET GROUP LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2012

The director presents the annual report and the audited financial statements of the company for the year ended 31 March 2012

PRINCIPAL ACTIVITY

The principal activity of the company used to be that of an Internet Service Provider. The company did not trade during the year and is not expected to trade in the future.

DIRECTORS

The interests of the directors in the shares of the ultimate parent company KCOM Group PLC are disclosed in its consolidated financial statements.

The directors did not have any interest in the share capital of the company. As at 31 March 2012, the directors were also directors of the ultimate parent company, KCOM Group PLC, in whose accounts their interests in that company are shown.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 these financial statements, the director is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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 director is responsible for keeping adequate 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. He is 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.

On behalf of the board



K Smith
Company Secretary

18 December 2012

MISTRAL INTERNET GROUP LIMITED
PROFIT AND LOSS ACCOUNT
For the year ended 31 March 2012

	Note	2012 £	2011 £
Loss on disposal of subsidiary undertakings		-	(875)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		-	(875)
Tax on loss on ordinary activities	2	-	-
LOSS FOR THE FINANCIAL YEAR	6	-	(875)

The above results are all derived from continuing operations

There are no material differences between the loss on ordinary activities before taxation and the loss for the financial years stated above and their historical cost equivalents

The company has no recognised gains or losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented

MISTRAL INTERNET GROUP LIMITED
BALANCE SHEET
As at 31 March 2012

	Note	2012 £'000	2011 £'000
FIXED ASSETS			
Investments	3	-	-
CURRENT ASSETS			
Debtors amounts falling due after more than one year	4	6,206	6,206
NET CURRENT ASSETS		6,206	6,206
NET ASSETS		6,206	6,206
CAPITAL AND RESERVES			
Called-up share capital	5	6,578	6,578
Share premium account	6	404	404
Profit and loss account	6	(776)	(776)
TOTAL SHAREHOLDERS' FUNDS	6	6,206	6,206

For the year ending 31 March 2012 the Company was entitled to exemption from audit under section 480 of the Companies Act 2006 relating to dormant companies

The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476

The director acknowledges his responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts

These financial statements on pages 3 to 7 were approved by the director on 18 December 2012



P Simpson
Director

Mistral Internet Group Limited

Company Registration No. 4272612

MISTRAL INTERNET GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2012

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year.

Basis of preparation

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Cashflow and related party disclosures

As at 31 March 2012, the company was a subsidiary undertaking where 100% of the voting rights were controlled within the KCOM Group PLC and was included in the consolidated financial statements of that group, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1. The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the KCOM Group PLC or investees of that group.

Consolidation

The company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 400 of the Companies Act 2006 because its immediate parent undertaking is incorporated within the European Union and it is included and consolidated within the group accounts of KCOM Group PLC, which are publicly available.

Investments

Fixed asset investments are shown at cost less provision for any permanent diminution in value.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

MISTRAL INTERNET GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2012

2. TAX ON LOSS ON ORDINARY ACTIVITIES

a) The tax charge comprises

	2012 £'000	2011 £'000
Current tax		
Tax on loss on ordinary activities	-	-

b) The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows

	2012 £'000	2011 £'000
Loss on ordinary activities before tax	-	(875)
Tax on loss on ordinary activities at standard UK corporation tax rate of 26% (2011 28%)	-	(245)
Effects of Non taxable disposal of investments	-	245
Current tax charge for year	-	-

3. INVESTMENTS

	Subsidiary undertakings £'000
Cost	
At 1 April 2011 and 31 March 2012	9,586
Impairment	
At 1 April 2011 and 31 March 2012	9,586
Net book value	
At 1 April 2011 and 31 March 2012	-

4. DEBTORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2012 £'000	2011 £'000
Amounts due to group undertakings	6,206	6,206

Amounts owed by group undertakings are unsecured. There are no formal arrangements for the repayment of amounts owed by group undertakings greater than one year. Repayment of this balance will not be required within one year. Interest at market rates is charged on amounts due to group undertakings due after more than one year, except for amounts owed by dormant entities where nil interest is charged.

MISTRAL INTERNET GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2012

5 CALLED UP SHARE CAPITAL

	2012	2011
	£'000	£'000
Authorised		
6,750,000 (2011 6,750,000) ordinary shares of £1 each	6,750	6,750
Allotted, called up and fully paid		
6,578,558 (2011 6,578,558) ordinary shares of £1 each	6,578	6,578

6 RECONCILIATION OF MOVEMENTS IN TOTAL SHAREHOLDERS' FUNDS AND MOVEMENTS IN RESERVES

	Share capital	Share premium	Profit and loss account	Total equity shareholders' funds
	£'000	£'000	£'000	£'000
As at 1 April 2011 and 31 March 2012	6,578	404	(776)	6,206

7. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The company's immediate parent undertaking is Kingston Communications Limited. Copies of Kingston Communications Limited's accounts can be obtained from 37 Carr Lane, Hull, HU1 3RE.

The parent undertaking of the only group of undertakings for which group accounts are drawn up and of which the company is a member is KCOM Group PLC, registered in England and Wales. KCOM Group PLC is also the company's ultimate controlling party. Copies of KCOM Group PLC's accounts can be obtained from 37 Carr Lane, Hull, HU1 3RE.