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TO ALL KNOWN CREDITORS

15 December 2009

Ref. SG/CG/LR
When telephoning please ask for Chris Hogg:
Direct Line: 020 3077 0531
Direct Fax: 020 3077 0599

Dear Sir/Madam

Euphony Communications Limited
Euphony Holdings Limited
(all in Administration) together ("the Companies")

I am writing to advise that Simon Granger and I were appointed Joint Administrators of the Companies on 14 December 2009. Attached is the formal notice of our appointments – Forms 2.12B.

Claims

I also enclose a Statement of Claims form so that you may provide details of the amount owing to you as at the date of appointment. Please provide copy invoices or other relevant supporting documentation with your claim form.

If you believe that you may have a retention of title claim please contact Chris Hogg on 0203 077 0531 to advise of your claim.

Please note that debts incurred by the Companies, will rank as unsecured claims against the Companies. Certain debts due from the Companies may be preferential in accordance with section 386 of the Act. If you consider that you have a claim in this category, please advise us immediately.

Proposals

In accordance with paragraph 49(5) of Schedule B1 to the Insolvency Act 1986 ("the Act"), we are currently formulating our proposals which will be sent to creditors in due course and if appropriate, details of a creditors' meeting. This report will be made available to all creditors within eight weeks and will give an indication of likely dividend prospects.

Disposals

Immediately following our appointment we sold the UK business and the shares in the Czech, Spanish, German and Portuguese companies to Euphony Telecommunications Limited ("the Purchaser"), a Company controlled by Giles Redpath, a director of the Companies. Additionally Euphony Ireland has been sold to the Purchaser. The attached report which is prepared in accordance with the Statement of Insolvency Practice 16 (SIP16) sets out further details on this transaction.

Please note that Euphony Benelux is not in Administration and continues to trade as normal. It is our intention to sell Euphony Benelux shortly.

Ongoing Orders

Please note that with effect from the date of my appointment the Companies will not be responsible for any payment for goods or services delivered to the Companies except against orders which are approved by the Joint Administrators or one of our representatives on behalf of us.

If you are providing goods or services to the purchaser, Euphony Telecommunications Limited then all invoices will need to be addressed to that Company. Please contact the purchaser on +44 (0)1256 857 100 or Euphony Telecommunications Limited, Belvedere, Basingstoke, Hampshire RG21 4HG should you wish to confirm any orders or continued services.

VAT Bad Debt Relief

Creditors registered for VAT may be able to claim VAT bad debt relief in accordance with Section 36 of the Value Added Tax Act 1994. Relief is available when the debt is six months old and "written off" by the creditor entering it on his VAT refunds-for-bad-debts-account. Insolvency Practitioners have no role in administering VAT bad debt relief. Creditors who are uncertain how to claim should contact their VAT office or take professional advice.

Other Matters

As Joint Administrators, we have a duty to consider the conduct of those who have been directors of the Company at any time during the last three years. We also have a duty to consider whether any civil proceedings should be taken against the directors or others for the recovery of, or contributions to, the Company's assets.

If you are aware of any matters in connection with the director's conduct, which you think may be relevant to our investigations, please advise us in writing. This request forms part of the Joint Administrators' usual investigation procedures and does not imply any criticism of the director.

Should you have any queries in regards to the above, please do not hesitate to contact Chris Hogg on the above number.

Yours faithfully
For and on behalf of
the Companies



Chad Griffin
Joint Administrator
Enc.

The Insolvency Act 1986

Notice of administrator's appointment

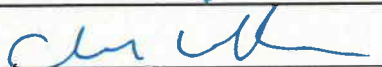
| | |
|---|---------------------------------|
| Name of Company EUPHONY HOLDINGS LIMITED | Company number 05072623 |
| In the HIGH COURT OF JUSTICE, CHANCERY DIVISION COMPANIES COURT | Court case number 21863/2009 |

(a) Insert full name(s) and address(es)

We (a) CHAD GRIFFIN and SIMON JOHN GRANGER both of FTI CONSULTING LIMITED, MIDTOWN, 322 HIGH HOLBORN, LONDON, WC1V 7PB

give notice that ~~I was~~ / we were appointed as administrator(s) of the above company on:

(b) 14 DECEMBER 2009

Signed 
 Dated 14/12/09

(b) Insert date

CHAD GRIFFIN
IP NO. 9528 (ICAEW)

Contact Details:

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record

| | |
|---------------------------|-------------------|
| FTI CONSULTING LIMITED | |
| MIDTOWN, 322 HIGH HOLBORN | |
| LONDON WC1V 1PB | Tel 0203 077 0500 |
| DX Number | DX Exchange |

Companies House receipt date barcode

When you have completed and signed this form please send it to the Registrar of Companies at:

Companies House, Crown Way, Cardiff, CF14 3UZ

DX 33050 Cardiff

The Insolvency Act 1986

Notice of administrator's appointment

| | |
|---|---------------------------------|
| Name of Company EUPHONY COMMUNICATIONS LIMITED | Company number 03295967 |
| In the HIGH COURT OF JUSTICE, CHANCERY DIVISION COMPANIES COURT | Court case number 21478/2009 |

(a) Insert full name(s) and address(es)

We (a) CHAD GRIFFIN and SIMON JOHN GRANGER both of FTI CONSULTING LIMITED, MIDTOWN, 322 HIGH HOLBORN, LONDON, WC1V 7PB

give notice that ~~*I was~~ / we were appointed as administrator(s) of the above company on:

(b) 14 DECEMBER 2009

Signed Chad Griffin

Dated 14/12/09

(b) Insert date

CHAD GRIFFIN
IP NO. 9528 (ICAEW)

Contact Details:

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record

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DX 33050 Cardiff

CREDITOR'S STATEMENT OF CLAIM

Euphony Communications Limited - in Administration
Euphony Holdings Limited - in Administration

(Please tick the box corresponding to the company you are making a claim in)

Name and address of creditor: _____

Amount claimed in the Administration:
(Including VAT) £ _____

Signature of creditor: _____

Name of creditor: _____

Telephone: _____

Fax: _____

E-mail: _____

Date: _____ / _____ / _____

Please provide appropriate documentation in support of your claim.
If you are registered for VAT the amount claimed should include VAT even if VAT bad debt relief has been claimed under the Value Added Tax Act 1994.

Please return this form when you have completed it to Luda Wang at FTI Consulting Limited, Midtown, 322 High Holborn, London WC1V 7PB.

Creditors registered for VAT may be able to claim VAT bad debt relief in accordance with Section 36 Value Added Tax Act 1994. In broad terms relief is available when the debt is six months old and "written off" by the creditor entering it on his VAT refunds-for-bad-debts-account.

Claims lodged in the Administration should be gross, including any VAT element. If/when dividends are paid, creditors who have claimed VAT bad debt relief must apportion the dividend between VAT and the net element of their claim and account to HM Customs and Excise for the VAT element through their VAT return.

Insolvency Practitioners have no role in administering VAT bad debt relief under the Value Added Tax Act 1994. Creditors who are uncertain how to claim should contact their VAT office or take professional advice.

