

Company Number: 1809960

**HUTCHISON PAGING (UK) LIMITED**

**REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED**

**31 DECEMBER 2000**



HUTCHISON PAGING (UK) LIMITED

REPORT AND ACCOUNTS FOR THE YEAR ENDED  
31 DECEMBER 2000

CONTENTS

	PAGE NO
DIRECTORS' REPORT	1 – 2
STATEMENT OF DIRECTORS' RESPONSIBILITIES	3
AUDITORS' REPORT TO THE SHAREHOLDERS	4
PROFIT AND LOSS ACCOUNT	5
BALANCE SHEET	6
NOTES TO THE FINANCIAL STATEMENTS	7 – 12

# HUTCHISON PAGING (UK) LIMITED

## DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2000.

### Principal activities, business review and future developments

The principal activity of the Company is the operation of a national messaging network and a financial information network.

In December 2000, the directors announced their intention to close down the Company's paging operations. The network will be terminated on 30 June 2001.

### Results for the year

The loss for the year, before other appropriations, was £8,296,000 (1999 - £5,205,000 profit) on a turnover of £4,000,000 (1999 - £5,969,000).

Detailed results for the year are shown in the profit and loss account on page 5.

### Dividends and transfer to reserves

No dividends were paid during the year (1999 - £nil). The directors do not recommend the payment of a final dividend (1999 - £nil).

Appropriations on non-equity preference shares of £270,000 have been made during the year (1999: £270,000). The loss for the year of £8,566,000 (1999 - £4,935,000 profit) has been transferred to reserves.

### Research and development

There were no research and development activities undertaken by the Company during the year.

### Directors and their interests

The directors who held office during the year are given below:

The Rt Honorable Lord Derwent LVO DL	(resigned 31 January 2000)
Graham E Howe *	
Robert Fuller	(resigned 24 November 2000)
Ian C Gibson	(resigned 20 March 2001)
Mark A Paterson*	(resigned 26 March 2001)
Mark E Wollner	
Philippe McAllister*	(appointed 26 March 2001)

Interests of the directors at the year end, who are also directors of Orange plc, denoted with an asterisk, are shown in the annual report of that company, except as described below. No other directors of the company at year end had any beneficial interest in the shares or debentures of the Company or its immediate holding company or its subsidiaries during the year.

# HUTCHISON PAGING (UK) LIMITED

## DIRECTORS REPORT continued:

	At 31 December 2000	At 31 December 1999
	Orange plc ordinary shares	Orange plc ordinary shares
Ian Gibson	-	19,635
Mark E Wollner	-	208

The following directors were granted options over Orange plc shares on 4 May 2000 under the Orange plc unapproved Executive Share Plan:

	Number of options granted
Ian Gibson	40,625
Mark Wollner	49,218

Following the change of ownership of Orange plc on 22 August 2000 (see note 22), the Orange plc unapproved Executive Share Plan was terminated. The options outstanding at this date were cancelled and following an offer made by France Telecom S.A. to participants under the plan, a payment was made to participants in two instalments in September 2000 and February 2001.

### Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office.

BY ORDER OF THE BOARD



Alan Shedden  
Company Secretary

Date: 15 June 2001

Registered Office:  
St James Court  
Great Park Road  
Almondsbury Park  
Bradley Stoke  
Bristol BS32 4QJ

**HUTCHISON PAGING (UK) LIMITED**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which 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.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2000 and that applicable accounting standards have been followed.

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 safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**HUTCHISON PAGING (UK) LIMITED**

**AUDITORS' REPORT TO THE SHAREHOLDERS**  
**FOR THE YEAR ENDED 31 DECEMBER 2000**

We have audited the financial statements on pages 5 to 12, which have been prepared under the historical cost convention, and the accounting policies set out on page 7.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the Annual Report, including as described on page 3, the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

**Basis of opinion**

We conducted our audit in accordance with Auditing Standards 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 of the state of the Company's affairs as at 31 December 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
London

Date: 15.06.01

# HUTCHISON PAGING (UK) LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2000

	Notes	2000 £'000	1999 £'000
<b>TURNOVER</b>			
Cost of sales	1, 2	4,000 <u>(3,344)</u>	5,969 <u>(5,124)</u>
<b>GROSS PROFIT</b>		656	845
Distribution costs		(636)	(690)
Administrative expenses		<u>(2,325)</u>	<u>(6,295)</u>
<b>OPERATING LOSS</b>	3	(2,305)	(6,140)
Provision for operations to be discontinued	14	(5,991)	-
Interest receivable and similar income	4	<u>-</u>	<u>11,345</u>
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(8,296)	5,205
Tax on (loss)/profit on ordinary activities	7	<u>-</u>	<u>-</u>
<b>(LOSS)/PROFIT FOR THE YEAR</b>	16	(8,296)	5,205
Other appropriations	8	<u>(270)</u>	<u>(270)</u>
<b>RETAINED (LOSS)/PROFIT FOR THE YEAR</b>		<u>(8,566)</u>	<u>4,935</u>

All operations referred to above are continuing.

There are no recognised gains or losses other than the reported profit shown in the profit and loss account.

The notes on pages 7 to 12 form an integral part of these financial statements.

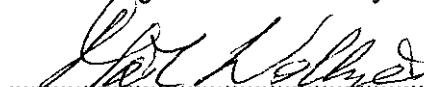
# HUTCHISON PAGING (UK) LIMITED

## BALANCE SHEET AT 31 DECEMBER 2000

	Notes	2000 £'000	1999 £'000
<b>FIXED ASSETS</b>			
Tangible assets	9	-	-
Investments	10	-	-
		-	-
<b>CURRENT ASSETS</b>			
Debtors	11	876	1,351
Cash at bank and in hand		450	40
		1,326	1,391
<b>CREDITORS: Amounts falling due within one year</b>	12	(2,728)	(3,556)
<b>NET CURRENT LIABILITIES</b>		(1,402)	(2,165)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		(1,402)	(2,165)
<b>CREDITORS: Amounts falling due in more than one year</b>	13	(8,740)	(5,672)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	14	(5,991)	-
<b>NET LIABILITIES</b>		(16,133)	(7,837)
<b>CAPITAL AND RESERVES</b>			
Preference share capital	15	3,000	3,000
Called up ordinary share capital	15	45,208	45,208
Profit and loss account	16	(64,341)	(56,045)
		(19,133)	(10,837)
<b>TOTAL SHAREHOLDERS' FUNDS</b>	17	(16,133)	(7,837)
<b>SHAREHOLDERS' FUNDS ALLOCATED TO NON-EQUITY</b>			
Non-equity share capital		3,000	3,000
Cumulative dividend not yet declared		2,723	2,453
		5,723	5,453
<b>SHAREHOLDERS FUNDS ALLOCATED TO EQUITY</b>		(21,856)	(13,290)

The notes on pages 7 to 12 form an integral part of these accounts.

The accounts set out on pages 5 to 12 were approved by the board of directors on 15 June 2001 and were signed on its behalf by:

  
 .....  
 Mark Wollner  
 Director



## HUTCHISON PAGING (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000

#### 1. Accounting policies

##### (a) Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

##### (b) Consolidation

The Company is exempt from preparing Group financial statements under Section 228 of the Companies Act 1985 as it is a wholly owned subsidiary undertaking (Note 20). Accordingly, these financial statements present information about the Company and not its Group.

##### (c) Turnover

Turnover represents the amounts invoiced and to be invoiced for goods and services supplied to third parties within the year, excluding amounts billed in advance and value added tax.

##### (d) Tangible fixed assets

Tangible fixed assets are stated at historical cost less depreciation and any provision for impairment. Depreciation is calculated using the straight line method to write off the cost of each asset over its estimated useful life according to the following rates:

Freehold land .....	Nil
Freehold buildings .....	2%
Network .....	10%
Fixtures, fittings and equipment .....	15 - 20%

##### (e) Deferred taxation

Deferred taxation is determined using the liability method in respect of the taxation effects of all timing differences to the extent that it is probable that liabilities will crystallise, or assets will be realised, in the foreseeable future.

##### (f) Leased assets

Where the Company has substantially all the risk and rewards of ownership of an asset subject to lease, the lease is treated as a finance lease with the equivalent of cost recorded as a fixed asset and a liability. Depreciation is provided in line with the Company accounting policy for the underlying asset. Finance charges in respect of the underlying liability are included in interest.

Other leases are classified as operating leases and lease payments are charged to profit and loss account in the periods during which they are payable.

##### (g) Pension and other post retirement obligations

The Company operates a defined contribution plan, part of a group wide scheme, for its eligible employees. The Company's contributions to the pension plan are charged to the profit and loss account in the year to which they relate.

##### (h) Investments

Investments, held as fixed assets, comprise equity shareholdings, partnership interests and long term loans and are stated at cost less provision for any permanent diminution in value. Income is recognised upon receipt of dividends or interest when receivable.

##### (i) Cashflow statement

The Company has taken advantage of the exemption in Financial Reporting Standard 1: "Cash Flow Statements (Revised 1996)" for a subsidiary undertaking (where 90% or more of the voting rights are controlled within a group) not to publish its own cashflow statement.

# HUTCHISON PAGING (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000

### 2. Turnover

Turnover represents sales to third parties of goods and services within the UK and excludes VAT.

### 3. Operating loss

	2000 £'000	1999 £'000
Operating loss is stated after charging:		
Auditors' remuneration -audit services	7	12
Depreciation of tangible fixed assets	-	4,905
Employee costs (note 5)	2,552	2,114
Operating lease rentals - land and buildings	50	34
- other	1,504	1,570

### 4. Interest receivable and similar income

	2000 £'000	1999 £'000
Exceptional reversal of prior years intercompany interest charge	-	11,345

### 5. Employees

The average number of persons employed by the Company during the year was as follows:

	2000 Number	1999 Number
Telecommunications	64	143

The aggregate payroll costs of these persons were as follows:

	2000 £'000	1999 £'000
Wages and salaries	2,245	1,901
Social security costs	204	145
Other pension costs	103	68
	2,552	2,114

### 6. Directors' emoluments

The directors did not receive any emoluments from the Company in respect of their services to the Company. The directors received emoluments from a fellow subsidiary undertaking in respect of their services to Group companies including the Company. Consequently, an allocation has been made of their emoluments for services to the Company. The aggregate allocated emoluments excluding pension contributions for the year ended 31 December 2000 amounted to £420,774 (1999 - £22,450). The aggregate allocation of pension contributions was £5,862 (1999 - £2,056). The aggregate allocated emoluments excluding pension contributions of the highest paid director was £192,639 (1999 - £15,451). The aggregate allocation of pension contributions of the highest paid director was £3,870 (1999 - £1,523). During the year five directors (1999: five) participated in the Orange plc defined contribution pension scheme.

On 22 August 2000 the Orange plc unapproved Executive Share Plan was terminated following the change of ownership of Orange plc. The options outstanding at this date were cancelled and following an offer made by France Telecom S.A. to participants under the plan, a payment was made to five directors in two instalments in September 2000 and February 2001. The payment made in September 2000 has been included in the emoluments disclosed above. In 1999 six directors exercised options over ordinary 20p shares of Orange plc and six directors awards under the Orange plc Long Term Incentive Plan vested.

# HUTCHISON PAGING (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000

### 7. Tax on (loss)/profit on ordinary activities

The corporation tax charge for the year is £nil (1999 - £nil). At 31 December 2000 the Company had significant losses available to carry forward to offset against future taxable profits.

The directors estimate that the Company did not have any deferred tax assets or liabilities at 31 December 2000. In 1999 the Company had unrecognised deferred tax assets of approximately £4,900,000 calculated at the corporation tax rate of 30% attributable to timing differences.

### 8. Dividends and other appropriations

	2000 £'000	1999 £'000
Other appropriations:		
Cumulative 9% preference dividends not paid	270	270

The Company has arrears of unpaid preference dividends of £2,722,500 (1999 - £2,452,500) accumulated since 28 November 1990.

### 9. Tangible fixed assets

	Freehold Property £'000	Network £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost:				
1 January 2000 and 31 December 2000	1,835	8,556	6,195	16,586
Depreciation:				
1 January 2000 and 31 December 2000	1,835	8,556	6,195	16,586
Net book value:				
31 December 2000 and 31 December 1999	-	-	-	-

### 10. Investments

	2000 £'000
Cost:	
1 January 2000 and 31 December 2000	262
Amounts provided:	
1 January 2000 and 31 December 2000	(262)
Net book value:	
31 December 1999 and 2000	-

Details of subsidiary undertakings in which the company holds 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 activities	Percentage of equity held
Hutchison Euromessage Limited	England	Paging service provider	100%

**HUTCHISON PAGING (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2000**

**11. Debtors**

	<u>2000</u> <u>£'000</u>	<u>1999</u> <u>£'000</u>
Trade debtors	634	578
Other debtors	242	235
Prepayments and accrued income	-	538
	<u>876</u>	<u>1,351</u>

**12. Creditors: Amounts falling due within one year**

	<u>2000</u> <u>£'000</u>	<u>1999</u> <u>£'000</u>
Bank loans and overdrafts	-	2
Trade creditors	-	147
Amounts owed to fellow subsidiary undertakings	178	528
Other creditors	4	4
Accruals and deferred income	2,546	2,875
	<u>2,728</u>	<u>3,556</u>

**13. Creditors: Amounts falling due in more than one year**

	<u>2000</u> <u>£'000</u>	<u>1999</u> <u>£'000</u>
Amount owed to parent undertaking	8,740	5,672

There is no fixed repayment plan on the remaining amount owed

**14. Provision for liabilities and charges**

	<u>2000</u> <u>£'000</u>	<u>1999</u> <u>£'000</u>
At 1 January	-	-
Charged to profit and loss account	5,991	-
At 31 December	<u>5,991</u>	<u>-</u>

The provision for closure costs relates to direct costs to be incurred on the termination of the Company's paging operations.

# HUTCHISON PAGING (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000

### 15. Share capital

	2000		1999	
	Number	£'000	Number	£'000
Authorised ordinary shares of £1	<u>45,208,220</u>	<u>45,208</u>	<u>45,208,220</u>	<u>45,208</u>
Allotted, called up and fully paid ordinary shares of £1	<u>45,208,220</u>	<u>45,208</u>	<u>45,208,220</u>	<u>45,208</u>
Authorised 9% cumulative redeemable preference shares of £1	<u>5,000,000</u>	<u>5,000</u>	<u>5,000,000</u>	<u>5,000</u>
Allotted, called up and fully paid 9% cumulative redeemable preference shares of £1	<u>3,000,005</u>	<u>3,000</u>	<u>3,000,005</u>	<u>3,000</u>

The preference shares carry an entitlement to a fixed cumulative preferential dividend of 9% per annum. They are redeemable at any time by giving not less than 30 days prior notice in writing. On a winding up they carry a priority entitlement to the assets of the Company available for distribution. They carry no voting rights.

### 16. Reserves

	Profit and loss account £'000
1 January 2000	(56,045)
Loss for the year	<u>(8,296)</u>
31 December 2000	<u>(64,341)</u>

Goodwill of £340,000 has been written off to the profit and loss account in respect of previous periods.

### 17. Reconciliation of movements in shareholders' funds

	2000 £'000	1999 £'000
Retained (loss)/profit for the year	(8,566)	4,935
Cumulative 9% preference dividends not paid	270	270
Increase in allotted ordinary share capital	-	39,208
Opening deficit of shareholders' funds	<u>(7,837)</u>	<u>(52,250)</u>
Closing deficit of shareholders' funds	<u>(16,133)</u>	<u>(7,837)</u>

## HUTCHISON PAGING (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000

#### 18. Financial commitments

Operating lease payments payable within one year of the balance sheet date were in respect of leases expiring:

	Land and buildings 2000 £'000	Other 2000 £'000	Land and buildings 1999 £'000	Other 1999 £'000
Within one year	50	1,003	50	23
One to five years	-	-	-	369
After five years	-	-	-	1,149
	<u>50</u>	<u>1,003</u>	<u>50</u>	<u>1,541</u>

#### 19. Related party transactions

The Company has taken advantage of the exemption in FRS 8: 'Related Party Transactions' relating to subsidiaries. Accordingly, the Company does not disclose transactions with Group members.

#### 20. Financial support

It is the current intention of Orange plc to make available sufficient funds to allow the Company to meet its obligations as they fall due.

#### 21. Contingent liabilities

The immediate parent undertaking has, under a bank facility agreement, secured substantially all the assets of the Company.

#### 22. Ultimate parent undertaking

The immediate parent undertaking is Orange Holdings (UK) Limited, a company incorporated in the United Kingdom, which is the smallest group to consolidate these financial statements. The ultimate parent undertaking and controlling party at 31 December 2000 is France Telecom S.A. which is the parent undertaking of the largest group to consolidate these financial statements.

The ultimate parent undertaking was previously Mannesmann A.G. until 12 April 2000 when Vodafone Group plc completed its acquisition of Mannesmann A.G. At this time Vodafone Group plc became the ultimate parent undertaking. On 30 May 2000, France Telecom S.A. made an offer to acquire Orange plc from Vodafone Group plc. This offer was accepted and the acquisition was completed on 22 August 2000 after regulatory approval was obtained. As a result France Telecom S.A. became the ultimate parent undertaking.

Copies of France Telecom S.A. consolidated financial statements can be obtained from the Company Secretary at 6 place d'Alleray, 75505 Paris Cedex 15, France.