

Registered No. 2604355

O2 Mobiles Limited

Annual Report and Financial Statements for the ten months ended 31 January 2006



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O2 Mobiles Limited

Directors

J Campbell
R Harwood

Secretary and registered office

O2 Secretaries Limited

Wellington Street
Slough
Berkshire
SL1 1YP

O2 Mobiles Limited

Directors' Report

The Directors present their annual report and the unaudited financial statements for the ten months ended 31 January 2006.

Corporate structure

O2 Mobiles Limited ("the Company") is a private limited company registered in England and Wales under the number 2604355. The registered address is Wellington Street, Slough, Berkshire SL1 1YP. It is a wholly owned subsidiary of O2 plc, a company incorporated in England and Wales.

On 31 October 2005, the Boards of Telefónica and O2 jointly announced that they had agreed the terms of a recommended cash offer to be made on behalf of Telefónica for the entire issued and to be issued share capital of O2. Shareholders were offered £2 cash or a Loan Note Alternative for every one O2 Share which they held in the Company. The Telefónica Offer was declared wholly unconditional on 23 January 2006 at which time Telefónica became the Company's ultimate holding company.

Review of activities

The Company has not traded during the ten months ended 31 January 2006 and has made neither profit nor loss. The Directors do not anticipate any changes in the foreseeable future.

Directors and secretary

The Directors who held office during the period were as follows:

P Bramwell	(resigned 31 October 2006)
J Campbell	(appointed 31 October 2006)
R Harwood	

The Secretary who held office during the period was O2 Secretaries Limited.

Directors' indemnities

On 19 July 2005, O2 plc granted an indemnity to directors of its subsidiary companies and the Directors of the Company are accordingly covered by this indemnity. The indemnity remains in place during the period from the date of grant to 31 January 2006 and continues until such time as any relevant limitation periods for bringing claims (as defined in the indemnity) against the director has expired, or for so long as the past director, where relevant, remains liable for any Losses (as defined in the indemnity).

Beneficial interests

P Bramwell is a director of O2 Holdings Limited, a parent of the Company, and his interests are disclosed in the directors' report of that company. R Harwood is a director of O2 Networks Limited, a parent of the Company, and his interests are disclosed in the directors' report of that company.

Political and charitable contributions

The Company made no political contributions during the period (2005: nil).

Statement of Directors' responsibilities

A statement by the Directors of their responsibilities for preparing the financial statements is included on page 5.


O2 Mobiles Limited

Directors' Report

Auditors

The Company has been dormant within the meaning of Section 249AA, Companies Act 1985, throughout the period, and has remained dormant to this date. Consequently, no auditors have been appointed.

By Order of the Board



Authorised signatory
for and on behalf of O2 Secretaries Limited
Company Secretary
16 November 2006

O2 Mobiles Limited

Balance Sheet at 31 January 2006

	<i>Note</i>	31 January 2006 £'000	31 March 2005 £'000
Fixed assets			
Investments	2	<u>75,281</u>	<u>75,281</u>
Equity			
Called up share capital	3	107,000	107,000
Profit and loss account		<u>(31,719)</u>	<u>(31,719)</u>
Total Equity		<u>75,281</u>	<u>75,281</u>

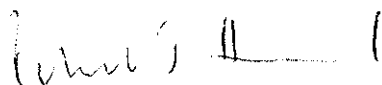
The notes on page 6 form part of these financial statements.

The Company does not trade and therefore has no profit, loss or cash flows for the ten months ended 31 January 2006. There were no other recognised gains or losses in the period.

For the ten months ended 31 January 2006, the Company was entitled to exemption under section 249AA(1) of the Companies Act 1985. No members have required the Company to obtain an audit of its accounts for the period in question in accordance with section 249b(2). The directors acknowledge their responsibility for:

- (i) ensuring the Company keeps accounting records which comply with section 221; and
- (ii) preparing accounts which give a true and fair view of the state of affairs of the Company as at the end of its financial period, and of its profit and loss for the financial period in accordance with section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the Company.

These financial statements were approved by the board of directors on 16 November 2006 and were signed on its behalf by R Harwood.



Director

Notes to the Financial Statements

1. Accounting policies

The Company has adopted International Financial Reporting Standards ("IFRS") as its primary basis of accounting for the 10 months ending 31 January 2006 in place of UK Generally Accepted Accounting Principles ("UK GAAP"). Up to and including 31 March 2005, the Company had prepared and presented its financial statements in accordance with UK GAAP.

The adoption of IFRS has had no effect on the financial statements of the Company.

These financial statements have been prepared in accordance with IFRS and IFRIC interpretations and with those parts of the Companies Act, 1985 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

	31 January 2006 £'000	31 March 2005 £'000
2. Investments		
Shares in subsidiary undertakings at cost	<u>75,281</u>	<u>75,281</u>
3. Called up share capital		
<i>Authorised</i>		
Ordinary shares of £1 each	<u>107,000</u>	<u>107,000</u>
<i>Issued</i>		
Ordinary shares of £1 each	<u>107,000</u>	<u>107,000</u>

The Company has one class of authorised and issued share capital, comprising ordinary shares of £1 each. Subject to the Company's articles of association, and applicable law, the Company's ordinary shares confer on the holder the right to receive notice of and vote at general meetings of the Company, the right to receive any surplus assets on a winding up of the Company and an entitlement to receive any dividend declared on ordinary shares.

4. Parent company and controlling party

At the end of the period, the immediate parent company was O2 plc. The ultimate parent company and controlling party was Telefónica, S.A., a company incorporated in Spain.

Until 23 January 2006, O2 plc was the ultimate parent company.

On 31 October 2005, the Boards of Telefónica, and O2 plc jointly announced that they had agreed the terms of recommended cash offer to be made on behalf of Telefónica for the entire issued and to be issued share capital of O2. Shareholders were offered £2 cash or a loan note alternative for every one O2 share which they held in O2 plc. The Telefónica offer was declared wholly unconditional on 23 January 2006 at which time Telefónica became the Company's ultimate holding Company.

Therefore at the end of the period, the ultimate parent company and controlling party was Telefónica, S.A., a company incorporated in Spain. Copies of the financial statements of Telefónica, S.A. may be obtained from Calle Gran Vía 28, Madrid, Spain.