

Registered No. 2604355

**O2 Mobiles Limited**

**Annual Report and Financial Statements  
for the year ended 31 December 2008**

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## **O2 Mobiles Limited**

### **Company information**

#### **Directors**

Kate Jarvis  
Robert Harwood  
David Melcon Sanchez-Friera

#### **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 year ended 31 December 2008.

### **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 Telefónica Europe plc, its ultimate UK parent, incorporated in England and Wales, which is itself a wholly owned subsidiary of Telefónica S. A., a company incorporated in Spain.

### **Business review and future developments**

The Company has not traded during the year to 31 December 2008 and has made neither profit nor loss. The Directors do not anticipate any changes in the foreseeable future.

### **Risk and uncertainties**

From the perspective of the Company, the principal risk and uncertainties are integral to the principal risk and uncertainties of the Telefónica Europe plc group of companies and are not managed separately. Accordingly, the principal risk and uncertainties of Telefónica Europe plc which include those of the Company are discussed on pages 4 to 6 of the annual report of Telefónica Europe plc for the year ended 31 December 2008 which does not form part of this report.

### **Dividend**

The Directors do not recommend the payment of a dividend for the year ended 31 December 2008 (nil: year ended 31 December 2007).

### **Directors and secretary**

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

Justine Campbell            (resigned 29 December 2008)  
Robert Harwood  
David Melcon Sanchez-Friera

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

### **Political and charitable contributions**

The Company made no political or charitable contributions during the year (year ended 31 December 2007: nil).

## **O2 Mobiles Limited Directors' Report**

### **Post balance sheet events**

Kate Jarvis as appointed as a director to the company on 6 January 2009

On 23 June 2009, the nominal value of the company's ordinary shares was reduced, thereby reducing the share capital of the company to £1.

On 30 June 2009, the company received dividends from subsidiaries: O2 Solutions Limited paid the Company a dividend of £18,954,846 and Call Connections paid the company £56,643,707. Following this, a process to simplify the group companies' structure was begun leading to a reduction in the carrying values of the Company's investments in its subsidiaries.

On 30 June 2009, the company declared a dividend of £75,595,510 to the shareholders.

### **Directors' liability insurance and indemnity**

Telefónica Europe plc, the Company's ultimate UK parent company, has granted an indemnity in the form permitted by the Qualifying Third Party Indemnity Provisions of the Companies Act 1985 to directors of its subsidiary companies and the Directors of the Company are accordingly covered by this indemnity. This indemnity remains in place 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).

### **Statement of Directors' responsibilities**

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

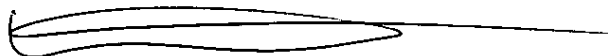
### **Auditors**

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

### **Basis of preparation**

The directors' report has been prepared in accordance with the small companies' regime of the Companies Act 1985.

By Order of the Board



Authorised signatory  
for and on behalf of O2 Secretaries Limited  
Company Secretary  
2 October 2009

# O2 Mobiles Limited

## Balance Sheet at 31 December 2008

|                           | <i>Note</i> | 31 December 2008<br>£'000 | 31 December 2007<br>£'000 |
|---------------------------|-------------|---------------------------|---------------------------|
| <b>Non-Current assets</b> |             |                           |                           |
| Investments               | 3           | <u>75,281</u>             | <u>75,281</u>             |
| <b>Net Assets</b>         |             | <u>75,281</u>             | <u>75,281</u>             |
| <b>Equity</b>             |             |                           |                           |
| Ordinary share capital    | 4           | 107,000                   | 107,000                   |
| Retained earnings         |             | <u>(31,719)</u>           | <u>(31,719)</u>           |
| <b>Total Equity</b>       |             | <u>75,281</u>             | <u>75,281</u>             |

The notes on pages 6 to 9 form part of these financial statements.

The Company does not trade and therefore has no profit, loss or cash flows for the year ended 31 December 2008. There were no other recognised gains or losses in the year.

For the year ended 31 December 2008, 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 year 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 year, and of its profit and loss for the financial year 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 2 October 2009 and were signed on its behalf by;



**David Melcon**  
Director

## **O2 Mobiles Limited**

### **Notes to the Financial Statements**

#### **1. Accounting policies**

##### **Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations, as adopted for use in the EU. In addition, the financial statements have been prepared in accordance 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.

The principal accounting policies of the Company applied in the preparation of these financial statements are set out below. The IFRS accounting policies have been applied consistently to all periods presented.

##### **Consolidated financial statements**

In accordance with s228 of the Companies Act 1985, consolidated financial statements have not been prepared as the Company and its subsidiaries are included in the group financial statements of the ultimate parent company, Telefónica S.A. (note 7).

##### **Investments**

Investments are stated at cost less provision for impairment. An impairment loss is recognised for the amount by which the investments carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an investment's fair value less costs to sell and value in use.

##### **New IFRS and interpretations of the International Financial Reporting Interpretations Committee (IFRIC)**

New IFRS and IFRICs adopted during the year did not have any impact on the Company's financial position in the initial period of application. Full details of new IFRS and IFRICs adopted during the year and those that have been published, but their application is not mandatory, are included in the financial statements of the parent company O2 Holdings Limited.

#### **2. Directors emoluments and employees**

None of the Directors received any emoluments in respect of their services to the Company for the year ended 31 December 2008 (year ended 31 December 2007: £nil). The Company had no employees in the current or prior year.

## O2 Mobiles Limited

### Notes to the Financial Statements

#### 3. Investment in subsidiary undertakings

|  | Shares in subsidiary undertakings<br>£'000s |
|--|---|
| <b>Cost</b>                            |   |
| At 1 January 2007 and 31 December 2007 | 75,281                                      |
| Additions                              | -   |
| Disposals                              | -   |
| <b>At 31 December 2008</b>             | <b>75,281</b>                               |

|  |          |
|--|----------|
| <b>Impairment</b>                      |          |
| At 1 January 2007 and 31 December 2007 | -        |
| Charge for the period                  | -        |
| <b>At 31 December 2008</b>             | <b>-</b> |

|                            |               |
|----------------------------|---------------|
| <b>Net book value</b>      |               |
| <b>At 31 December 2008</b> | <b>75,281</b> |
| At 31 December 2007        | 75,281        |

The principal subsidiary undertakings are detailed below.

| Name                     | Country of incorporation and operation | Activity    | Portion of ordinary shares held % |
|--------------------------|--|-------------|-----------------------------------|
| O2 Solutions Limited     | England and Wales                      | Dormant     | 50%                               |
| O2 Transactions Limited  | England and Wales                      | Non-trading | 99%                               |
| Call Connections Limited | England and Wales                      | Non-trading | 99%                               |

The accounting reference date of the principal subsidiary undertakings is 31 December.



## O2 Mobiles Limited

### Notes to the Financial Statements

| 4.                | Called up share capital                | 31 December 2008<br>£'000 | 31 December 2007<br>£'000 |
|-------------------|--|---------------------------|---------------------------|
| <i>Authorised</i> |  |                           |                           |
|                   | 107,000,000 Ordinary shares of £1 each | <u>107,000</u>            | <u>107,000</u>            |
| <i>Issued</i>     |  |                           |                           |
|                   | 107,000,000 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

#### Capital management

The Company's capital comprises share capital and retained earnings.

The Company's objectives when managing capital are to safeguard the Company's ability to continue to operate as a going concern, to maintain optimal capital structure commensurate with risk and return and to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may pay dividends to its shareholder, return capital to its shareholder, issue new shares or sell assets to reduce debt or draw down more debt.

#### 5. Financial risk factors and management

The Company's operations expose it to a variety of financial risks including, credit risk, liquidity risk and risk related to the fair value of financial instruments.

The principal financial risks of the Company and how the Company managed these risks are discussed below.

##### *Credit risk*

The Company does not have a significant exposure to credit risk. All of the Company's credit balances are held with group companies within the Telefónica S.A. group.

##### *Liquidity risk*

Management of the Company's liquidity risk is achieved mostly through being a part of the larger Telefónica group, which operates group wide policies in this area. The Company also maintains its own committed borrowing facilities, and holds financial assets primarily in short-term deposits with a central Telefónica group company that are readily convertible to known amounts of cash. These measures help keep liquidity risk low.

##### *Fair value of financial instruments*

The carrying value and fair value of the Company's financial assets and financial liabilities are not deemed to be materially different at 31 December 2008 and 31 December 2007.

## **O2 Mobiles Limited**

### **Notes to the Financial Statements**

#### **6. Post balance sheet events**

On 24 June 2009, the nominal value of the company's ordinary shares was reduced, thereby reducing the share capital of the company to £1.

On 30 June 2009, the company received dividends from subsidiaries: O2 Solutions Limited paid the Company a dividend of £18,954,846 and Call Connections paid the company £56,643,707. Following this, a process to simplify the group companies' structure was begun leading to a reduction in the carrying values of the Company's investments in its subsidiaries.

On 30 June 2009, the company declared a dividend of £75,595,510 to the shareholders.

#### **7. Parent company and controlling party**

At the end of the year, the immediate parent company was O2 Holdings Limited. 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 its registered office at Gran Via 28, Madrid, Spain.