

Registered No 3066790

Cellphones Direct (Investments) Limited

**Annual Report and Financial Statements
Year ended 31 December 2009**

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Cellphones Direct (Investments) Limited
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Cellphones Direct (Investments) Limited
Company information

Registered No 3066790

Directors

Robert Harwood
David Melcon Sanchez-Frera

Secretary and registered office

O2 Secretaries Limited

260 Bath Road
Slough
Berkshire
SL1 4DX

Cellphones Direct (Investments) Limited Directors' Report

Registered No 3066790

The Directors present their annual report and the unaudited financial statements for the year ended 31 December 2009

Corporate structure

Cellphones Direct (Investments) Limited is a private limited company registered in England and Wales under the number 3066790. The registered address is 260 Bath Road, Slough, Berkshire SL1 4DX. It is a wholly owned subsidiary of Telefónica Europe plc, the 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 2009 and has made neither profit nor loss. The Directors do not anticipate any changes in the foreseeable future.

Principal risks and uncertainties

From the perspective of the Company, the principal risk and uncertainties are integral to the principal risk and uncertainties of the Group and are not managed separately. A comprehensive analysis of the principal risks and uncertainties which impact the Group are disclosed in the consolidated Annual Report and financial statements of mmO2 plc, the Company's intermediate parent Company.

Going Concern

The Directors believe that the Company is well placed to manage its business risk successfully despite the current uncertain economic outlook.

The Directors have a reasonable expectation that the Company has adequate resources to continue in existence for the foreseeable future thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Dividend

The Directors do not recommend the payment of a dividend for the year ended 31 December 2009 (31 December 2008: £nil).

Directors and Secretary

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

Robert Harwood
David Melcon Sanchez-Frera

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

Cellphones Direct (Investments) Limited Directors' Report

Registered No 3066790

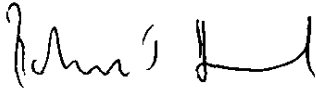
Directors' liability insurance and indemnities

Telefónica Europe plc, the Company's ultimate UK parent company, has granted an indemnity in the form permitted by UK Company Law to Directors appointed to subsidiary companies. 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).

Political and charitable contributions

The Company made no political or charitable contributions during the year (31 December 2008 £nil)

By Order of the Board



Robert Harwood
Authorised signatory
for and on behalf of O2 Secretaries Limited
Company Secretary
6 September 2010

Statement of Directors Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards (IFRSs) adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are 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 Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable IFRSs, as adopted by the European Union 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 Directors are 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. 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Cellphones Direct (Investments) Limited
Statement of comprehensive income

Registered No 3066790

Year ended 31 December 2009

The Company did not trade in the year ended 31 December 2009 or the year ended 31 December 2008 and accordingly no statement of comprehensive income or statement of cash flow is presented

Cellphones Direct (Investments) Limited
Statement of changes in equity
Year ended 31 December 2009

Registered No 3066790

	<i>Note</i>	31 December 2009 £	31 December 2008 £
Non-current assets			
Investments	3	14,294	14,294
Current assets			
Trade and other receivables – amounts owed by subsidiaries		8,618	8,618
Current liabilities			
Trade and other payables – amounts owed to subsidiaries		(22,975)	(22,975)
Net current liabilities		<u>(14,357)</u>	<u>(14,357)</u>
Net liabilities		<u>(63)</u>	<u>(63)</u>
Equity			
Ordinary share capital	4	100	100
Retained Earnings		<u>(163)</u>	<u>(163)</u>
Total Equity		<u>(63)</u>	<u>(63)</u>

The accompanying notes are an integral part of these financial statements

For the year ending 31 December 2009 the company was entitled to exemption from audit under section 480 of the Companies Act 2006 relating to dormant companies

Directors' responsibilities

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476, and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts

These financial statements were approved by the Board of Directors on 6 September 2010 and were signed on its behalf by,



David Melcon
Director

Cellphones Direct (Investments) Limited
Statement of changes in equity
Year ended 31 December 2009

Registered No 3066790

	Share Capital £	Retained Earnings £	Total Equity £
At 1 January 2008	100	(163)	(63)
Total comprehensive income for year	-	-	-
At 31 December 2008	100	(163)	(63)
Total comprehensive income for year	-	-	-
At 31 December 2009	100	(163)	(63)

The accompanying notes are an integral part of these 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 2006 applicable to companies reporting under IFRS. The financial statements have been prepared using historical cost principles except that, as disclosed in the accounting policies below, certain items are measured at fair value.

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 s400 of the Companies Act 2006, consolidated financial statements have not been prepared as the Company and its subsidiaries are included in the group financial statements of Telefónica S.A.

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.

Trade and other receivables

Trade and other receivables are carried at original invoice amount less provision for doubtful debts. A provision for doubtful debts is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Provisions are made based on an analysis of balances by age, previous losses experienced, disputes and ability to pay. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows. Changes in the provision against receivables are recognised in the income statement within cost of goods sold.

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 an intermediate 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 2009 (31 December 2008: £nil). The Company had no employees in the current or prior year.

Cellphones Direct (Investments) Limited
Notes to the Financial Statements

Registered No 3066790

3. Investments in subsidiary undertakings

	Shares in subsidiary undertakings £
Cost	
At 1 January 2008 and 31 December 2008	14,294
Additions	-
Disposals	-
At 31 December 2009	14,294
Impairment	
At 1 January 2008 and 31 December 2008	-
Charge for the period	-
At 31 December 2009	-
Net book value	
At 31 December 2009	14,294
At 31 December 2008	14,294

The principal subsidiary undertaking is detailed below

Name	Country of incorporation and operation	Activity	Portion of ordinary shares held %
Cellphone Direct Limited	England and Wales	Non-trading	33%

The accounting reference date of the principal subsidiary undertaking is 31 December

4. Called up share capital

	31 December 2009 £	31 December 2008 £
<i>Authorised</i>		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<i>Issued</i>		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</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 Called up share capital (continued)

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 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

6. Parent company and controlling party

At the end of the year, the immediate parent company was Cellphones Direct (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 Vía 28, Madrid, Spain.