Company Number: 2412603

ORANGE HOLDINGS (UK) LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED

31 DECEMBER 2002

ORANGE HOLDINGS (UK) LIMITED

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2002

CONTENTS

ORANGE HOLDINGS (UK) LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of the group and the company for the year ended 31 December 2002.

Principal activities, business review and future developments

The Orange Holdings (UK) Limited group ("the group") provides a comprehensive range of communications services.

The group's principal activities during 2002 were the operation and continuing development of a national digital wirefree personal communications network.

The national digital cellular personal communications network, launched under the brand name Orange in 1994, provided both coverage of data and voice services to over 99% of the population on 31 December 2002 (2001: 99%). The Orange Personal Communications Services Limited subscriber base grew from 12.4 million at 31 December 2001 to 13.3 million at 31 December 2002. Turnover from Orange Personal Communications Services Limited increased from £3,397 million in 2001 to £3,918 million in 2002.

The group continues to invest in the development of digital mobile communications technology.

On 26 March 2002, the UMTS licence held by Orange 3G Limited, a subsidiary company, was cancelled by the Radiocommunications Agency and reissued for the same spectrum to Orange Personal Communications Services Limited, another subsidiary company.

The results for the year

The group profit for the year was £182 million (2001 as restated: £58 million) on turnover of £3,845 million (2001: £3,358 million).

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 (2001: £nil). The directors do not recommend the payment of a final dividend (2001: £nil).

The retained profit of £182 million (2001 as restated: £58 million) has been transferred to reserves.

Directors

The directors who held office during the year, and up to the date of signature, are given below:

	Date appointed:	Date resigned:
Charles J Allwood		17 February 2003
Philippe McAllister		17 February 2003
Michael D Newnham		17 February 2003
Mark E Wollner		20 December 2002
Orange plc	17 February 2003	

No personal director had any interest in the share capital of the company or any Orange plc group companies.

DIRECTORS' REPORT (continued)

Research and development

The group is active in the forums which are developing the standards for future mobile communications services, with group representatives holding key positions. Orange is ensuring that group policy is in keeping with policies and strategies evolved from these forums.

Equal opportunities and disabled employees

The group does not discriminate between employees or potential employees on grounds of race, colour, ethnic or national origin, sex, marital status or religious beliefs.

The group gives full consideration to applications for employment from disabled persons and is a member of the UK Employers' Forum on Disability to improve its understanding of the needs and potential of disabled people.

Where employees become disabled, it is the group's policy, wherever practicable, to provide continuing employment under normal terms and conditions and to provide training, career development and promotion wherever appropriate.

Employee involvement

The group has ensured that employees are fully informed and involved in the business, through the use of various communication methods. As well as the distribution of a regular employee magazine and an intranet site, regular meetings are held between local management and employees to allow a free flow of information and ideas.

The group's ultimate parent company, France Telecom is in the process of establishing a European Works Council in which Orange is participating. During 2002, elections and nominations took place in all majority owned Orange companies operating in the European Union for representatives on the Special Negotiating Body. This will meet with management during 2003 to negotiate and set the constitution of the future France Telecom European Works Council. It is anticipated that the works council will be constituted and have its first meeting during 2004.

Creditor payment policy

The group's policy concerning the payment of its trade creditors is to reflect local practice in the United Kingdom. Standard payment terms may be varied by negotiation with individual suppliers.

For all trade creditors, it is the group's policy to;

- agree the terms of payment at the start of business with that supplier,
- ensure that suppliers are aware of the terms of payment,
- pay in accordance with its contractual and other legal obligations whenever it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions.

At 31 December 2002, the group's trade creditors represented 39 days (2001: 35 days) equivalent of aggregate amounts invoiced by suppliers during the year. The company did not have any trade creditors during the year (2001: £nil).

DIRECTORS' REPORT (continued)

Political and charitable donations

The group has made charitable donations of £48,083 during the year (2001: £41,096).

The group has made no political donations during the year (2001: £nil).

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the group and of the profit or loss of the group for that period. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the group will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently with the exception of the changes arising on the adoption of new accounting standards in the year as explained under note 1 "Accounting policies". They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2002 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 group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Following the conversion of our auditors, PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned and the directors appointed its successor, PricewaterhouseCoopers LLP as auditors. PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

By order of the board

Philippe McAllister
For and on behalf of Orange plc, director

Date: 26 MAY 2003

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ORANGE HOLDINGS (UK) LIMITED

We have audited the financial statements which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheets, the cash flow statement and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in whose hands it may come save where expressly agreed by our prior consent in writing.

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 1985. 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.

Basis of audit 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 affairs of the company and the group as at 31 December 2002 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
1 Embankment Place
London
WC2N 6RH

Date: 28 May 2003

ORANGE HOLDINGS (UK) LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2002

	Notes	2002 £m	2001 As restated £m
TURNOVER	1,3	3,845	3,358
Cost of sales		(2,468)	(2,275)
GROSS PROFIT		1,377	1,083
Distribution costs		(412)	(431)
Administrative expenses		(409)	(303)
Provision for surplus property	21	(14)	-
Provision for group restructure	21	(6)	-
OPERATING PROFIT	5	536	349
Release of provision for closure	21	2	2
Profit on sale of subscriber base	6	-	2
PROFIT BEFORE INTEREST AND TAXATION		538	353
Interest receivable and similar income	8	5	6
Interest payable and similar charges	9	(213)	(281)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		330	78
Tax on profit on ordinary activities	12	(148)	(20)
PROFIT FOR THE YEAR	24	182	58

All activities relate to continuing operations.

The comparative profit and loss account has been restated to take account of the prior year adjustment arising from the adoption of FRS 19 (see note 1).

The 2002 and 2001 profit and loss accounts include the results of Orange Paging (UK) Limited and Orange Cellular Services Limited which are classified as discontinued in the individual entity accounts. The results of these entities are not considered material to the results of the Orange Holdings (UK) Limited group.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2002

	Notes	2002 £m	2001 £m
Profit for the year, as previously stated		182	78
Total recognised gains and losses in the year		182	
Prior year adjustment	1	288	
Total recognised gains and losses since last annual report		470	

ORANGE HOLDINGS (UK) LIMITED

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2002

	Notes	2002 £m	2001 As restated £m
FIXED ASSETS			
Intangible assets	13	4,097	4,097
Tangible assets	14	2,411	2,190
		6,508	6,287
CURRENT ASSETS			
Stocks	16	83	69
Debtors	17	453	935
Debtors subject to financing arrangements:			
- Gross debtors	18	350	-
- Less: non-returnable amounts received	18	(187)	-
Cash at bank and in hand		42	69
		741	1,073
CREDITORS: Amounts falling due within one year	19	(1,539)	(1,136)
NET CURRENT LIABILITIES		(798)	(63)
TOTAL ASSETS LESS CURRENT LIABILITIES		5,710	6,224
CREDITORS: Amounts falling due after more than one year	20	(6,548)	(7,261)
PROVISIONS FOR LIABILITIES AND CHARGES	21	(23)	(6)
NET LIABILITIES		(861)	(1,043)
CAPITAL AND RESERVES			
Called up equity share capital	23	31	31
Profit and loss account	24	(892)	(1,074)
TOTAL EQUITY SHAREHOLDERS' FUNDS	25	(861)	(1,043)

The comparative balance sheet has been restated to take account of the prior year adjustment arising from the adoption of FRS 19 (see note 1).

These financial statements on pages 5 to 32 were approved by the board of directors on 28 May 2003 and are signed on its behalf by:

Michael D Newnham
For and on behalf of Orange plc, director

ORANGE HOLDINGS (UK) LIMITED

COMPANY BALANCE SHEET AT 31 DECEMBER 2002

	Notes	2002 £m	2001 As restated £m
FIXED ASSETS			
Tangible assets	14	-	-
Investments	15	33	149
		33	149
CURRENT ASSETS			
Debtors	17	5,425	6,003
Cash at bank and in hand		-	52
		5,425	6,055
CREDITORS: Amounts falling due within one year	19	(457)	(296)
NET CURRENT ASSETS		4,968	5,759
TOTAL ASSETS LESS CURRENT LIABILITIES		5,001	5,908
CREDITORS: Amounts falling due after more than one year	20	(5,397)	(6,123)
PROVISIONS FOR LIABILITIES AND CHARGES	21	(1)	(1)
NET LIABILITIES		(397)	(216)
CAPITAL AND RESERVES			
Called up equity share capital	23	31	31
Capital reserve	24	3	3
Profit and loss account	24	(431)	(250)
TOTAL EQUITY SHAREHOLDERS' FUNDS	25	(397)	(216)

The comparative balance sheet has been restated to take account of the prior year adjustment arising from the adoption of FRS 19 (see note 1).

These financial statements on pages 5 to 32 were approved by the board of directors on 28 May 2003 and are signed on its behalf by:

MDN

Michael D Newnham
For and on behalf of Orange plc, director

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2002

	Notes	2002 £m	2001 £m
Cash flow from operating activities	26	1,375	1,027
Return on investments and servicing of finance	27	(84)	(119)
Taxation		-	-
Capital expenditure and financial investment	27	(688)	(749)
Acquisitions and disposals	27	-	14
Financing	27	(761)	(154)
(Decrease)/ increase in cash in the year	28	(158)	19

Reconciliation of net cash flow to movement in net debt (note 28)	2002 £m	2001 £m
(Decrease)/ increase in cash in the year	(158)	19
Cash outflow from decrease in debt and lease financing	761	154
Change in net debt resulting from cash flows	603	173
Other non cash movements	(169)	(200)
Movement in net debt in the year	434	(27)
Opening net debt	(7,400)	(7,373)
Closing net debt	(6,966)	(7,400)

1. Accounting policies

(a) Accounting convention

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

In accordance with Financial Reporting Standard 18 "Accounting Policies", the directors have reviewed the accounting policies set out below and are of the opinion that they are appropriate for the purpose of giving a true and fair view of the results of Orange Holdings (UK) Limited for the year ended 31 December 2002.

(b) Principles of consolidation

The consolidated financial statements incorporate the financial statements of the company and its subsidiary undertakings. Intercompany transactions and balances have been eliminated. Acquisitions made by the group are included under the acquisition method of accounting and the consolidated financial statements include the results of subsidiary undertakings from the relevant date of acquisition.

(c) Turnover

Turnover includes:

- Amounts invoiced for airtime and related services supplied to subscribers, together with airtime income earned but not invoiced;
- Amounts invoiced for interconnect in respect of calls terminating on the Orange network, together with interconnect income earned but not invoiced;
- Connected handsets and related accessories supplied to both subscribers and intermediaries within the period;
- Income from pre-paid customers which is deferred in the balance sheet on purchase by the customer and released to the profit and loss account as calls are made;
- Amounts invoiced for brand licence fees from other group companies who have signed a brand licence agreement. The income includes brand licence income earned but not invoiced and excludes value added tax.

Turnover excludes airtime income billed in advance and value added tax.

(d) Cost of sales

Cost of sales includes:

- Amortisation of capitalised network costs over the useful economic life of the asset;
- The difference between the cost of Orange handsets connected in the period to the group and the lower amount recoverable from sales to intermediaries, if any, together with any additional commission payments;
- Costs of leasing lines from other telecommunications operators;
- Interconnect costs of terminating calls on other networks;
- Costs of day to day network operation and maintenance.

1. Accounting policies (continued)

(e) Stocks

Stocks comprise handsets and other goods for resale. Stocks of new handsets are held at the lower of average cost and net realisable value.

Any provision required to reduce stock from average cost to net realisable value is estimated by management on the basis of projected future sales of handsets into the distribution channels.

(f) Tangible fixed assets

Tangible fixed assets are stated at historical cost less depreciation.

The cost of the Orange network comprises network assets purchased at cost, together with direct construction and enhancement costs. Estimates of the level of overhead cost relating directly to network build or enhancement are made on a percentage basis at the cost centre level.

Costs of maintaining the network are charged to the profit and loss account as incurred.

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	50 years
Short term leasehold improvements	Term of lease
Networks	4 - 20 years
Computer equipment	3 - 5 years
Motor vehicles	4 years
Fixtures, fittings and equipment	5 - 6 years

The weighted average useful life of the network is 8.8 years.

The group selects its depreciation rates carefully and reviews them regularly to take account of any change in circumstances. When setting useful economic lives, the principal factors the group takes into account are the expected rate of technological developments, expected market requirements for the equipment and the intensity at which the assets are expected to be used.

(g) Impairment

If a significant indicator of a possible impairment is noted, the need for any fixed asset impairment provision is assessed by comparison of the carrying value of the asset against the higher of net realisable value and value in use. The value in use is determined from estimated discounted future cash flows. Discount rates are based on the circumstances applicable in each case.

(h) Intangible assets

Licences to operate mobile networks are recorded within intangible assets. They are recorded at cost of acquisition and are amortised on a straight-line basis over the period over which the group expects to benefit from use of the licence, taking into account the likelihood of licence renewal as appropriate. They are amortised from the date of commercialisation of services.

1. Accounting policies (continued)

(i) Capitalisation of interest

Interest costs arising from indebtedness incurred to finance construction and development of network assets up to launch in April 1994 were capitalised as part of the construction of the network and amortised over ten years. Following launch, interest has been charged to the profit and loss account as incurred.

(j) Research and development costs

Research and development costs are charged to the profit and loss account as incurred.

(k) Advertising costs

All advertising costs are charged to the profit and loss account as incurred.

(l) Gain on defeasance of finance leases

Gains, net of accruals for future variations in interest and tax rates raised by the group, resulting from the in-substance early extinguishment (defeasance) of obligations under finance leases entered into in 1995 and 1997 are deferred and released to the profit and loss account over the term of the lease.

Management's estimates of the accruals required for future movements in long term interest and tax rate variation are made on a 3 yearly basis using current available market predictions and in consultation with external experts.

(m) Finance costs

Finance costs represent interest charges on inter-company borrowings and external overdraft facilities and are charged to the profit and loss account as incurred.

(n) Deferred taxation

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at dates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries and associates where there is no commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

(o) Leased assets

Where the group has substantially all the risks and rewards of ownership of an asset subject to lease, that lease is treated as a finance lease with the equivalent of cost recorded as both a fixed asset and a liability. Depreciation is provided in line with the group accounting policy for the underlying assets. Finance charges, included in interest, are allocated over each lease to produce a constant rate of charge on the outstanding balance.

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

1. Accounting policies (continued)

(p) Pension and other post retirement obligations

The group operates two defined contribution schemes for its eligible employees and directors. The group's contributions to the pension schemes are charged to the profit and loss account in the year to which they relate.

(q) Foreign currencies

Transactions in foreign currencies are recorded at the exchange rates ruling on the dates of those transactions, adjusted for the effects of any hedging arrangements. Foreign currency monetary assets and liabilities are translated into sterling at year end rate.

(r) Goodwill

Goodwill arising on the acquisition of subsidiary undertakings, being the difference between the cost and fair value of the group's share of net tangible assets acquired, is recognised as an asset in the group's balance sheet and amortised over a period not exceeding 20 years. Goodwill arising on businesses acquired prior to 1 January 1998 has been charged against reserves in the year of acquisition. In the event of a disposal of a business so acquired, any associated goodwill that had been charged directly against reserves is included in determining the profit or loss on such disposal. Where management considers there has been a permanent diminution in the value of goodwill previously charged against reserves, this element of the goodwill is transferred from reserves and charged to the profit and loss account.

(s) Derivatives

The group limits its exposure to movements in interest rates through entering into interest rate swap agreements on a selective basis to increase and extend the amount of borrowings subject to fixed rates of interest.

Interest expense reflects the underlying cost of borrowing. Net payments and receipts made under interest rate swap contracts are accrued over the period to which they relate and applied against or added to interest expense. On maturity of the swap, the net interest payment or receipt is settled in cash. No accounting entries are required for the principal amount of interest rate swaps, since it is purely a notional figure and does not represent an asset, a liability or a contingency. Where there are interest rate swaps with forward start dates, no accounting entries are made until the start of the contract, at which point the interest payable or receivable will be accrued as stated previously. Upon termination of a derivative prior to maturity, any resulting gain or loss will be taken to the profit and loss account at that time.

Net payments and receipts under forward rate agreements are settled in cash at the commencement of the contract and are accrued over the period to which they relate and applied against or added to interest expense. No accounting entries are required for the principal amount of forward rate agreements, since it is purely a notional figure and does not represent an asset, a liability or a contingency.

Principal amounts exchanged under a cross currency swap contract are recorded as an asset and a liability for the term of the contract. Interest payments under such contracts are accrued over the period to which they relate. Receipts are netted off against the interest expense on the currency loan to which the swap contracts have been applied. Any gain or loss on termination of a cross currency swap prior to the agreed expiry date is taken to the profit and loss account and allocated against the total interest charge on the borrowing to which the swap relates.

Costs incurred in the origination of borrowings are deferred upon entering into the borrowing facility and charged against the profit and loss account over the term of the facility on a straight line basis. Costs in relation to refinancing are charged to interest as incurred.

1. Accounting policies (continued)

(t) 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.

(u) Share option and share purchase plans

The Orange Holdings (UK) Limited group operates several share option and share purchase plans for its eligible employees and directors. The amount recognised in the profit and loss account in respect of share awards is charged over the period to which the employee's performance relates.

Changes in accounting policies

In December 2000, the Accounting Standards Board issued FRS 19 "Deferred Tax".

The group has adopted FRS 19 "Deferred Tax" in the financial statements. The adoption of this new standard represents a change in accounting policy and the comparative figures have been restated accordingly.

The effect on the group of the change in accounting policy to adopt FRS 19 was to increase tax on profit on ordinary activities by £148 million (2001: £20 million) and to increase the value of group reserves by £140 million (2001: £288 million).

The effect on the company of the change in accounting policy to adopt FRS 19 was to increase the value of company reserves by £3 million (2001: £3 million).

2. Related party disclosures

The company is exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Orange S.A. group, an intermediate parent company, or investees of the Orange S.A. group. Other related party transactions are shown in note 32.

3. Turnover

Turnover represents sales to third parties of goods and services principally within the United Kingdom, sales of goods and services made to the rest of the world are highly immaterial to the results of the Orange Holdings (UK) Limited group.

4. Segmental analysis

The group is principally engaged in one class of activity, being telecommunications, comprising the operation of telecommunications networks and the supply of a range of mobile voice and data communications services and products.

In prior years, segmental analysis was disclosed, distinguishing between the principal services and products offered under the Orange brand and other services comprising of the paging and service provider activities of the group. In 2001, all of these other services were discontinued and the 2002 results and assets associated with these other services are now highly immaterial to the Orange Holdings (UK) Limited group, therefore, this segmental analysis is no longer disclosed.

5. Operating profit

Operating profit is stated after charging:		2002 £m	2001 £m
Auditors' remuneration	- audit services	-	-
	- non audit services	1	1
Depreciation of tangible fixed assets	- owned	403	330
	- leased	103	104
Employee costs (note 10)		341	295
Research and development costs		-	1
Operating lease rentals	- land and buildings	33	22
	- other	111	113
Loss on sale of fixed assets		2	1

A subsidiary undertaking, Orange Personal Communications Services Limited bore the audit fees on behalf of Orange Holdings (UK) Limited and all its subsidiary companies.

Audit fees charged in respect of the company were £62,000 (2001: £10,000).

6. Profit on sale of subscriber base

In 2001, other income of £2 million relates to the disposal of the customer database by Orange Cellular Services Limited. This represents a profit of £13 million recorded by Orange Cellular Services Limited less £11 million goodwill which was previously written off directly against reserves.

7. Profit attributable to the parent company

As permitted by Section 230 of the Companies Act 1985, the parent company's profit and loss account has not been included in these financial statements. Its loss for the financial year amounted to £181 million (2001 as restated: loss of £36 million).

8. Interest receivable and similar income

	2002 £m	2001 £m
Bank interest receivable	1	2
Defeased lease gain amortised	4	4
	5	6

9. Interest payable and similar charges

	2002 £m	2001 £m
Bank loans and overdrafts	87	124
Finance leases	2	1
Interest paid to parent undertaking	124	136
Defeased lease interest	-	20
	213	281

10. Employees

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

	2002 Number	2001 Number
Telecommunications	11,524	10,706

The aggregate payroll costs of these persons were as follows:

	2002 £m	2001 £m
Wages and salaries	298	260
Social security costs	31	24
Other pension costs	12	11
	341	295

The group operates several employee share option and share ownership plans that allows employees to purchase shares in Orange S.A. In accordance with Urgent Issues Task Force Abstract 17 "Employee Share Schemes", the group has taken advantage of the exemptions contained therein in respect of accounting for discounts arising on the grant of options in the company's Inland Revenue approved share option and share ownership schemes.

Employers' National Insurance and similar taxes arise on the exercise of certain share options. In accordance with Urgent Issues Task Force Abstract 25 "National Insurance contributions on share option gains" a provision is made, calculated using the market price at the balance sheet date, pro-rated over the vesting period of the options.

The share option and share ownership plans are described below:

Share Option Plans

Orange Sharesave Plan – The Sharesave Plan is designed for employees and executive directors of the Orange Holdings (UK) Limited group. The options, which may be options to subscribe for new shares or to acquire existing shares, can be exercised after an eligible employee has agreed to save a fixed monthly amount for three or five years, the maximum monthly saving being £250. In the United Kingdom, this plan is operated with Inland Revenue approval.

Orange International Share Option Plan – This plan has been set up to facilitate the holding of shares in Orange S.A. by eligible bona fide employees and executive directors of subsidiaries of any group company who are not residents of France, as of the allocation date. This plan is partly approved by the Inland Revenue. United Kingdom residents have been granted options under the approved part of the plan up to approved limits, allocations above these limits have been granted in the unapproved part of the plan. Options have been allocated under five tranches, each having different vesting periods, depending on the employees.

10. Employees (continued)

Share Ownership Plans

Orange Sharepurchase Plan – The Sharepurchase Plan, which is established under a trust in an approved statutory form, was put in place for eligible employees in the United Kingdom. Voting rights attributable may not be directly exercisable while shares are held in the trust. However, the participants may be allowed to direct the trustees as to how to direct those voting rights. This plan is fully approved by the Inland Revenue. Employees can purchase shares via:

- Partnership Shares- Eligible employees can acquire the company's "partnership shares", via the trust, up to £1,500 or to 10% of annual pre-tax salary each year.
- Matching Shares- One free share is offered for every two partnership shares purchased by the employees, up to an annual limit of £750 worth of matching shares.
- Free shares- The company may grant free shares up to £3,000 per employee per year. The group will not be operating this part of the plan.

Matching and free shares must be held in the trust for three years (if an employee withdraws partnership shares before this time, the matching and free shares are forfeited). At 31 December 2002, the trust held 438,942 matching shares (2001: 108,467) with a market value of 7.12 Euros (2001: 9.98 Euros) per share (based on the average share price for December 2002 as quoted on Euronext Paris).

Dividends paid on the partnership, matching or free shares will either be paid to the participants or re-invested in the purchase of additional shares to be held in the Sharepurchase plan for a period of three years.

Restricted Share Plan – This plan was established at the beginning of the public offering process and was designed for certain key employees, principally in the United Kingdom. Participants were allocated a number of shares which will vest in three equal tranches, as long as the participant is an employee of the group at the relevant vesting date. During the restricted period, shares are held offshore by the Orange Employee Benefit Trust. Employees are not required to contribute to the cost of these shares. The Orange Holdings (UK) Limited group is not required to contribute to the cost of these shares.

Senior Managers' Long Term Bonus Plan - This plan is designed for certain key employees. Participants are allocated a number of shares which will vest in accordance with their agreed vesting schedule as long as the participant is an employee of the group at the relevant vesting date. During the restricted period, shares are held offshore by the Orange Employee Benefit Trust. Employees are not required to contribute to the cost of these shares. The Orange Holdings (UK) Limited group has not contributed to the cost of these shares but will bear the cost of employers' National Insurance on vesting.

11. Directors' emoluments

The emoluments of the directors of the group were as follows:	2002 £	2001 £
Aggregate emoluments (including benefits)	1,547,204	1,840,321
Contributions to defined contribution pension scheme	145,688	70,304
	1,692,892	1,910,625
Highest paid director:		
Aggregate emoluments (including benefits)	438,225	736,125
Contributions to defined contribution pension scheme	45,600	33,480
	483,825	769,605

The Orange Holdings (UK) Limited group is managed on a unified basis. Orange Personal Communications Services Limited pays the directors' emoluments on behalf of Orange Holdings (UK) Limited and all of its subsidiary companies. The details above represent the directors' emoluments for the whole Orange Holdings (UK) Limited group.

During the year four directors (2001: seven) participated in the two group defined contribution pension schemes.

During the year two directors of the Orange Holdings (UK) Limited group companies received shares in parent companies through long term incentive schemes.

12. Tax on profit on ordinary activities

	2002 £m	2001 As restated £m
Corporation tax		
Corporation tax charge for the year	-	-
Deferred tax		
Timing differences, origination and reversal	148	20
Tax on profit on ordinary activities	148	20

The comparative figures have been restated to take account of the prior year adjustment arising from the adoption of FRS 19 (see note 1).

12. Tax on profit on ordinary activities (continued)

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2002 £m	2001 £m
Profit on ordinary activities before tax	330	78
Profit on ordinary activities multiplied by standard rate in the UK (30%) (2001: 30%)	99	23
Factors affecting the charge:		
Disallowable expenses	19	3
Capital allowances for period in excess of depreciation	(65)	(87)
Prior year adjustments	20	(10)
Unrelieved tax losses	18	65
Utilisation of tax losses brought forward	(84)	-
Other	(7)	6
Corporation tax charge for the year	-	-

The elements of deferred taxation are shown in note 22.

13. Intangible assets – Group

	UMTS Licence £m
Cost and net book value	
At 1 January and 31 December 2002	4,097

On 26 March 2002, the UMTS licence held by Orange 3G Limited, a subsidiary company, was cancelled by the Radiocommunications Agency and reissued for the same spectrum to Orange Personal Communications Services Limited, another subsidiary company. The consideration for the licence was settled between Orange 3G Limited and Orange Personal Communications Services Limited. On 27 March 2002, Orange Holdings (UK) Limited loaned £4,096,603,891 to Orange Personal Communications Services Limited. Orange Personal Communications Services Limited paid Orange 3G Limited the cash equivalent to the balance sheet value of the licence. Orange 3G Limited used this money to repay up to £4,096,603,891 of its creditor to Orange Holdings (UK) Limited.

The UMTS licence, acquired by the group in 2000 to operate mobile services in the United Kingdom, provides an allocation of frequency spectrum and the right to deliver mobile services for 20 years commencing 1 January 2002 until 31 December 2021.

The cost of the licence includes acquisition costs. The licence will be amortised from the date at which telecommunication services related to the licence become operational.

In accordance with United Kingdom Financial Reporting Standards 10 and 11, the company has reviewed the carrying value of its UMTS licence and related infrastructure fixed assets by reference to the net present value of future cash flows expected to arise from the provision of services utilising this spectrum. Factors considered in the review include; the demand for and speed of take up of UMTS services, the availability and functionality of network infrastructure and mobile devices, operating cost and capital expenditure requirements and the behaviour of competitors and regulatory authorities, all of which are, by their nature, subject to uncertainty which consequently affects estimations of future profits and cash flows. The directors have concluded that no impairment charge is required at 31 December 2002.

14. Tangible assets – Group

	Freehold land and buildings £m	Short term Leasehold Improvements £m	Networks £m	Fixtures, Fittings and Equipment £m	Total £m
Cost					
1 January 2002	34	40	2,973	469	3,516
Reclassifications	-	-	(94)	94	-
Additions	-	4	567	159	730
Disposals	(2)	-	(70)	(41)	(113)
31 December 2002	32	44	3,376	681	4,133
Depreciation					
1 January 2002	5	11	1,086	224	1,326
Reclassifications	-	-	(45)	45	-
Charged in the year	1	4	396	105	506
Disposals	(2)	-	(70)	(38)	(110)
31 December 2002	4	15	1,367	336	1,722
Net book amount					
31 December 2002	28	29	2,009	345	2,411
31 December 2001	29	29	1,887	245	2,190

Networks include assets held under finance leases with a cost of £964 million at 31 December 2002 (2001: £925 million). The accumulated depreciation on these assets was £552 million at 31 December 2002 (2001: £451 million). Network assets include capitalised interest of £18 million (2001: £18 million) with a net book value of £2 million (2001: £6 million).

Fixtures, fittings and equipment include assets held under finance leases of £17 million (2001: £17 million) at 31 December 2002. Such assets had accumulated depreciation of £6 million (2001: £4 million) at 31 December 2002.

Tangible assets – Company

	Short term Leasehold Improvements £m	Fixtures, Fittings and Equipment £m	Total £m
Cost			
1 January 2002 and 31 December 2002	4	2	6
Depreciation			
1 January 2002 and 31 December 2002	4	2	6
Net book amount			
31 December 2002 and 31 December 2001	-	-	-

15. Investments – Company

Shares in subsidiary companies:

	£m
Cost	
At 1 January 2002 and 31 December 2002	220
Amounts provided	
At 1 January 2002	(71)
Charge in the year	(116)
At 31 December 2002	(187)
Net book value	
31 December 2002	33
31 December 2001	149

Details of the principal subsidiary undertakings at 31 December 2002, all of which are wholly owned either directly or indirectly, are as follows:

Name of company	Country of incorporation and operation	Principal activities
Orange Personal Communications Services Limited	England	Mobile communications network operator
Orange Retail Limited	England	Operator of retail outlets
Orange Paging (UK) Limited	England	Not trading
Orange Cellular Services Limited	England	Not trading
Orange 3G Limited	England	Not trading
The Point Telecommunications Limited	England	Not trading
Orange Mobile Services Limited	England	Dormant
Orange Euromessage Limited	England	Dormant
Orange Mobile Data (UK) Limited	England	Dormant
Orange Information Services (UK) Limited	England	Dormant
Orange Communications Services Limited	England	Dormant
Orange Direct Limited	England	Dormant
Orange Personal Communications Limited	England	Dormant
Orange World Limited	England	Dormant
Wirefree Communications Limited	England	Dormant
Orangedot Limited	England	Dormant
The Point (Paddington Basin) Limited	England	Dormant

All the above companies have been included in the group consolidated financial statements.

16. Stocks – Group

	2002 £m	2001 £m
Finished goods and goods for resale	83	69

Stocks principally comprise handsets for use with the Orange network.

17. Debtors

	2002		2001 As restated	
	Group £m	Company £m	Group £m	Company £m
Trade debtors	73	-	256	-
Amounts due from parent undertaking	105	84	134	84
Amounts due from subsidiary undertakings	-	5,330	-	5,916
Other debtors	35	8	98	-
Deferred taxation (note 22)	140	3	288	3
Prepayments and accrued income	100	-	159	-
	453	5,425	935	6,003

Amounts due from subsidiary undertakings include £5,330 million (2001: £5,916 million) which is due to the company after more than one year. Other debtors include £nil (2001: £1 million) which is due to the group after more than one year.

The comparative figures have been restated to take account of the prior year adjustment arising from the adoption of FRS 19 (see note 1).

18. Debtors subject to financing arrangements

The following are included in debtors within the group's working capital facilities:

	2002 Group £m	2001 Group £m
Gross debts	350	-
Non-returnable proceeds	(187)	-
	163	-

Within the group's working capital facilities, certain trade debtors have been assigned as security against the advance of cash. This security is represented by the assignment of a pool of trade debtors, held by Orange Personal Communications Services Limited, to the providers of this working capital facility. The financing provided against this pool takes into account the risks that may be attached to individual debtors and the expected collection period.

The group is not obliged (and does not intend) to support any credit related losses arising from the assigned debts against which cash has been advanced.

£31,886,306 of the financing has certain recourse and returnable terms so it does not qualify for linked presentation and is included in creditors (note 19).

Financing costs of £5,043,131 have been incurred in the period; these are included in administrative expenses.

19. Creditors: amounts falling due within one year

	2002 Group £m	2002 Company £m	2001 Group £m	2001 Company £m
Bank overdrafts	155	102	24	12
Working capital financing (note 18)	32	-	-	-
Obligations under finance leases	33	-	21	-
Trade creditors	169	-	183	-
Amounts owed to group companies	61	-	1	-
Senior debt facility borrowings	346	346	260	260
Other creditors	187	-	151	-
Taxation and social security	77	1	39	7
Defeased lease deferred income	4	-	4	-
Accruals and deferred income	475	8	453	17
	1,539	457	1,136	296

Other creditors include a pension scheme creditor of £2 million (2001: £2 million).

20. Creditors: amounts falling due after more than one year

	2002 Group £m	2002 Company £m	2001 Group £m	2001 Company £m
Senior debt facility borrowings	490	490	1,278	1,278
Loan owed to parent undertaking	5,945	4,907	5,877	4,845
Obligations under finance leases	7	-	9	-
Defeased lease deferred income	61	-	64	-
Accruals and deferred income	45	-	33	-
	6,548	5,397	7,261	6,123

There is no fixed repayment plan on the parent undertaking loan.

The debt falling due after more than one year is repayable as follows:

	2002 Group £m	2002 Company £m	2001 Group £m	2001 Company £m
Between one and two years	423	398	356	346
Between two and three years	96	92	482	476
Between three and four years	4	-	471	467
Between four and five years	4	-	4	-
After five years	6,021	4,907	5,959	4,845
Less : term loan facility fee	-	-	(11)	(11)
Total due for repayment after more than one year	6,548	5,397	7,261	6,123

20. Creditors: amounts falling due in more than one year (continued)

Senior debt

In December 1997, the company entered into a revised senior debt facility, which provides for a secured term loan facility of up to £1,350 million with repayments due in instalments commencing in 2001, a revolving secured credit facility of up to £350 million and an overdraft facility of up to £50 million.

Borrowings were made under the term loan facility until 31 December 2000 and are repayable in quarterly instalments from 31 March 2001 to 31 December 2005. Borrowings bear interest at a rate linked to LIBOR plus a margin of between 1.0% and 0.4% and Bank of England reserve asset costs. Commitment fees were incurred of 0.35% or half the margin on the unutilised balance of the facility. The senior debt facility contains restrictive covenants including financial related covenants. The company was in compliance with all covenants at 31 December 2002.

Defeased leases

In December 1995, Orange Personal Communications Services Limited, a wholly owned subsidiary of the company, entered into a sale and leaseback transaction whereby a significant portion of its digital network equipment and certain related licensed software, worth £450 million were sold. This arrangement was concluded in 1996, with two further drawdowns.

In December 1997, Orange Personal Communications Services Limited entered into a series of agreements in which it agreed to purchase as agent on behalf of certain entities (the Lessors) and the Lessors agreed to lease to it, network equipment and certain related licensed software worth £431 million. Drawdowns under these lease arrangements commenced in 1998 and continued throughout 1999, with a final drawdown in March 2000.

Orange Personal Communications Services Limited has deposited amounts equal to the present value of its rental obligations under its 1995 and 1997 leases with United Kingdom financial institutions ("the deposit banks") to secure letters of credit issued by these institutions to the Lessors in order to secure its rental obligations. These funds, which totalled £753 million at 31 December 2002 (2001: £759 million) together with the interest earned thereon, will be used to settle its rental obligations under the leases.

This in-substance early extinguishment (defeasance) of each drawdown under the 1995 and 1997 finance leases result in the offset of the deposit amount and the proceeds received from the lessors, and the gain that results (net of provisions raised) has been reflected in the balance sheet as defeased lease deferred income that will be amortised to the profit and loss account as interest income over the lease term on a straight-line basis.

The rentals payable under the leases will vary if interest rates or tax rates change. Orange Personal Communications Services Limited has made provisions, based on management's assessment of likely outcomes, for possible future costs arising from such variations. This provision of £30 million (2001: £32 million) has been reflected in the balance sheet as accruals and deferred income.

21. Provisions for liabilities and charges – Group

	Closure provision £m	Property provision £m	Restructuring provision £m	Total £m
At 1 January 2002	4	2	-	6
Charged to the profit and loss	-	14	6	20
Utilisation	(1)	-	-	(1)
Released to the profit and loss	(2)	-	-	(2)
At 31 December 2002	1	16	6	23

Closure provision

In 2000, direct costs of £6 million to be incurred on the termination of the group's paging business were provided for. In both 2002 and 2001, £2 million of this provision was released against operating losses.

Property provision

This represents the rent and rates for surplus leasehold properties less any anticipated income from sub-letting the properties. The future obligation under the lease contracts, being the difference between rentals paid and the sublease rentals received, has been provided for at its net present value. The provisions relate to property leases expiring between 2018 and 2021.

Restructuring provision

This represents the anticipated costs of the planned group restructure, which the group is committed to. It is expected that these costs will all be incurred during the next financial year.

Provisions for liabilities and charges – Company

	Property provisions £m
At 1 January 2002 and 31 December 2002	1

Provisions for liabilities and charges relate to leased property that is sublet to third parties. Rental received from the subleases is lower than that paid under the head leases for the same properties. The future obligation under the lease contracts, being the difference between rentals paid and the sublease rentals received, has been provided for at its net present value.

22. Deferred taxation - Group

	£m
At 1 January 2002	-
Prior year adjustment	288
At 1 January 2002, as restated	288
Movement in the year (note 12)	(148)
At 31 December 2002	140

The deferred tax asset in the financial statements is analysed as follows:

	2002 £m	2001 As restated £m
Tax losses	131	218
Capital Allowances	(29)	33
Other timing differences	38	37
	140	288

A deferred asset of £140 million has been recognised at 31 December 2002 (2001 as restated: £288 million). This asset principally relates to tax losses, accelerated capital allowances and other timing differences. The directors are of the opinion, based on recent and forecast trading, that the level of profits in the current and future years make it more likely than not that the asset will be recovered.

A deferred tax asset of £22 million (2001: £23 million) has not been recognised in respect of the group's unrelieved tax losses. Currently, these losses are restricted as to usage.

Deferred taxation – Company

	£m
At 1 January 2002	-
Prior year adjustment	3
At 1 January 2002, as restated	3
Movement in the year	-
At 31 December 2002	3

The deferred taxation asset in the financial statements is analysed as follows:

	2002 £m	2001 As restated £m
Accelerated capital allowances	2	2
Other timing difference	1	1
	3	3

22. Deferred taxation – Company (continued)

A deferred asset of £3 million has been recognised at 31 December 2002 (2001 as restated: £3 million). This asset principally relates to accelerated capital allowances and other timing differences. The company is a member of a UK tax group and the directors are of the opinion, based on recent and forecast trading, that the level of profits generated by the group in the current and future years make it more likely than not that the asset will be recovered.

A deferred tax asset of £11 million (2001: £11 million) has not been recognised in respect of the company's unrelieved tax losses. Currently, these losses are restricted as to usage.

23. Share capital

	2002		2001	
	Number	£m	Number	£m
Authorised 'A' ordinary shares of £1	1	-	1	-
Allotted, called up and fully paid 'A' ordinary shares of £1	1	-	1	-
Authorised 'B' ordinary shares of £1	20,975,793	21	20,975,793	21
Allotted, called up and fully paid 'B' ordinary shares of £1	20,975,793	21	20,975,793	21
Authorised 'C' ordinary shares of £1	9,681,135	10	9,681,135	10
Allotted, called up and fully paid 'C' ordinary shares of £1	9,681,135	10	9,681,135	10

24. Reserves – Group

	Profit and loss account £m
At 1 January 2002, as previously stated	(1,362)
Prior year adjustment (note 22)	288
At 1 January 2002, as restated	(1,074)
Profit for the year	182
At 31 December 2002	(892)

The cumulative net amount of goodwill at 31 December 2002 resulting from acquisitions to date which has been written off directly to reserves, is £2 million (2001: £2 million).

24. Reserves – Company (continued)

	Capital reserve £m	Profit and loss account £m	Total £m
At 1 January 2002, as previously stated	3	(253)	(250)
Prior year adjustment (note 22)	-	3	3
At 1 January 2002, as restated	3	(250)	(247)
Loss for the year	-	(181)	(181)
At 31 December 2002	3	(431)	(428)

The capital reserve represents the excess of net liabilities over the cost of an acquisition in 1990.

25. Reconciliation of movements in equity shareholders' funds – Group

	2002 £m	2001 As restated £m
Profit for the year, as restated	182	58
Net increase in equity shareholders' funds	182	58
Opening deficit of equity shareholders' funds, as previously stated	(1,331)	(1,420)
Prior year adjustment (note 22)	288	308
Goodwill reinstated	-	11
Opening deficit of equity shareholders' funds, as restated	(1,043)	(1,101)
Closing deficit of equity shareholders' funds	(861)	(1,043)

Opening shareholders' funds have been increased by a prior year adjustment of £288 million as a result of the adoption of FRS 19 (note 1).

Reconciliation of movements in equity shareholder's funds – Company

	2002 £m	2001 As restated £m
Loss for the year, as restated	(181)	(36)
Net increase in equity shareholders' funds	(181)	(36)
Opening deficit of equity shareholders' funds, as previously stated	(219)	(183)
Prior year adjustment (note 22)	3	3
Opening deficit of equity shareholders' funds, as restated	(216)	(180)
Closing deficit of equity shareholders' funds	(397)	(216)

Opening shareholders' funds have been increased by a prior year adjustment of £3 million as a result of the adoption of FRS 19 (note 1).

26. Reconciliation of operating profit to operating cashflows

	2002 £m	2001 £m
Operating profit	536	349
Depreciation	506	434
(Increase)/ decrease in stocks	(14)	121
Decrease in debtors	171	79
Increase in creditors	155	48
Increase in provisions for liabilities and charges	19	(6)
Loss on disposal of tangible fixed assets	2	1
Other	-	1
	1,375	1,027

27. Analysis of cash flows for headings netted in the cash flow statement

	2002 £m	2001 £m
Returns on investments and servicing of finance:		
Interest received	2	3
Interest paid	(84)	(121)
Interest element of finance lease payments	(2)	(1)
Net cash outflow	(84)	(119)
Capital expenditure and financial investment:		
Expenditure on tangible fixed assets	(689)	(749)
Receipts on tangible fixed asset disposals	1	-
Net cash outflow	(688)	(749)
Acquisitions and disposals:		
Sale of customer database	-	14
Financing:		
Working capital financing advance	32	-
Long term bank loan repayments	(705)	(132)
Loans from parent undertaking repayments	(57)	-
Capital element of finance lease rental payments	(31)	(22)
Net cash outflow	(761)	(154)

28. Analysis of net debt

	At 1 January 2002 £m	Cash flow £m	Other non cash movements £m	At 31 December 2002 £m
Cash at bank and in hand	69	(27)	-	42
Overdrafts	(24)	(131)	-	(155)
	45	(158)	-	(113)
Debt due within 1 year	(260)	228	(346)	(378)
Debt due after 1 year	(7,155)	502	218	(6,435)
Finance leases	(30)	31	(41)	(40)
	(7,445)	761	(169)	(6,853)
	(7,400)	603	(169)	(6,966)

29. Financial commitments

Amounts due under operating leases – Group

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

	2002			2001		
	Land and buildings £m	Other £m	Total £m	Land and Buildings £m	Other £m	Total £m
Within one year	-	10	10	-	53	53
Between two and five years	3	53	56	3	17	20
After five years	31	38	69	21	31	52
	34	101	135	24	101	125

Amounts due under operating leases – Company

The company had no operating lease commitments at balance sheet date (2001: £nil).

Capital expenditure - Group

	2002 £m	2001 £m
Contracts placed for capital expenditure not provided for in the accounts	198	162

30. Financial support

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

31. Contingent liabilities

After reviewing available information relating to other contingent liabilities and consulting with the group's legal counsel, management considers that the outcome of each of these contingent liabilities is unlikely to have a material effect on the group's financial condition, results of operations or liquidity.

The company has, under a senior debt facility agreement, secured substantially all the assets of the group.

32. Related party transactions

Orange Personal Communications Services Limited, a subsidiary company, and the following companies are subject to a common controlling influence, Orange SA. The following balances, all transacted under normal commercial terms, are included in these financial statements:

	Sales £'m	Purchases £'m	Debtors £'m	Creditors £'m
Orange Cote d'Ivoire	1	-	-	-
Orange Slovensko	3	-	1	-
Mobistar SA	1	(6)	-	(3)
Orange Dominicana SA	1	-	1	-
Orange Romania SA	3	-	1	-

33. Post balance sheet events

On 22 January 2003, Oftel announced, as per the Competition Commission's recommendation, its intention to commence, in the near future, the process to modify the Telecommunications Act licences of each mobile operator to effect a 15% reduction in the termination charges of the four UK mobile operators before 25 July 2003. The second part of the Competition Commission's recommendation annual Retail Price Index reductions cannot be implemented by way of Telecommunications Act licence modifications. On 25 July 2003, the UK is expected to implement the new European regulatory framework (Directives adopted by the European Community on 7 March 2002). As a result, on 25 July 2003, all Telecommunications Act licences issued to telecommunications operators will be revoked and replaced by general conditions of entitlement in accordance with the requirements of the new European framework. In order to impose a price control on each of the mobile operators after 25 July 2003, Oftel must first conduct a market review and issue determinations that the individual operators possess significant market power in the relevant market. On 22 January 2003, the Director General of Telecommunications stated his intention to review the termination market afresh for the purpose of introducing the new European Telecoms framework with effect from 25 July 2003.

Consequently it is expected that Oftel will seek to implement the Competition Commission's recommendations in full. On 22 January 2003, Vodafone announced that it intends to seek a Judicial Review of the Competition Commission's decisions. Orange UK considers the Competition Commission's recommended remedy to be disproportionate. Orange UK has therefore also begun Judicial Review proceedings seeking a reversal of this decision, as has T-Mobile. The Judicial Review proceedings are due to begin on 9 June 2003.

34. Ultimate parent undertaking

The immediate parent undertaking is Orange plc. Orange plc is a company incorporated in the United Kingdom. The ultimate parent undertaking and controlling party at 31 December 2002 is France Telecom S.A. which is the parent undertaking of the largest group to consolidate these financial statements. France Telecom S.A. is a company incorporated in France.

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