

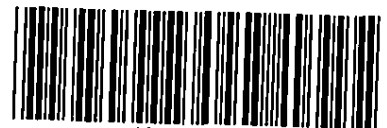
**ORANGE HOLDINGS (UK) LIMITED**

**ANNUAL REPORT**

**FOR THE YEAR ENDED**

**31 DECEMBER 2007**

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**ORANGE HOLDINGS (UK) LIMITED**  
**ANNUAL REPORT FOR THE YEAR ENDED**  
**31 DECEMBER 2007**

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**ORANGE HOLDINGS (UK) LIMITED**  
**DIRECTOR'S REPORT**

The sole director presents its annual report and the audited financial statements of the Company for the year ended 31 December 2007

Principal activities, business review and future developments

The principal activity of the Company is that of a holding Company. The Company's main activities are the provision of inter-company finance to group undertakings. During the forthcoming year the Company will continue to operate as it is.

Results for the year

The profit for the year was £2,320,000 (2006 loss £3,241,000) on turnover of £nil (2006 £nil).

Detailed results for the year are shown in the profit and loss account on page 4.

Dividends and transfer to reserves

No interim dividend was paid during 2007 (2006 £Nil). The director does recommend the payment of a final dividend (2006 £nil).

The retained profit of £2,320,000 (2006 loss £3,241,000) has been transferred to reserves.

Directors

The director who held office during the year, and up to the date of signature, is given below.

Orange Limited

There is no director's interest requiring disclosure under the Companies Act 1985.

Disclosure of information to the auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor and the Company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Re-appointment of auditor

The auditor, Ernst & Young LLP, has indicated its willingness to continue in office.



Charles Mowat  
Company Secretary

Date 29/4/08

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

## **ORANGE HOLDINGS (UK) LIMITED**

### **STATEMENT OF DIRECTOR'S RESPONSIBILITIES**

The directors are responsible for preparing 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 those financial statements, the directors are required to

- Select suitable accounting policies and then apply them consistently,
- Make judgements and estimates that are reasonable and prudent,
- State whether applicable UK Accounting Standards 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 proper accounting records that 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 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**ORANGE HOLDINGS (UK) LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE SOLE MEMBER OF ORANGE HOLDINGS (UK) LTD**

We have audited the company's financial statements for the year ended 31 December 2007, which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 17. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditor**

The director's responsibilities for preparing of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Director's Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 Companies Act 1985. We also report to you whether in our opinion the information given in the director's report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 director's remuneration and other transactions is not disclosed.

We read the director's report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007, and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the director's report is consistent with the financial statements.

Ernst & Young LLP  
Registered auditor  
1 More London Place  
London  
SE1 2AF

*Ernst & Young LLP*  
*1 May 2008*

**ORANGE HOLDINGS (UK) LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

	<i>Notes</i>	<u>2007</u> <u>£'000</u>	<u>2006</u> <u>£'000</u>
Release of provision		1,205	-
Operating profit		<u>1,205</u>	<u>-</u>
Interest receivable and similar income	4	102	34
Interest payable and similar charges	5	<u>(3,501)</u>	<u>(2,004)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(2,194)	(1,970)
Tax on loss on ordinary activities	7	4,514	(1,271)
<b>PROFIT / (LOSS) FOR THE FINANCIAL YEAR</b>	15	<u>2,320</u>	<u>(3,241)</u>

All activities relate to continuing operations

The Company has no recognised gains or losses other than the profit above and therefore no separate statement of total recognised gains and losses has been presented

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

**ORANGE HOLDINGS (UK) LIMITED**

**BALANCE SHEET AT 31 DECEMBER 2007**

	<i>Notes</i>	<u>2007 £'000</u>	<u>2006 £'000</u>
<b>FIXED ASSETS</b>			
Tangible assets	8	-	-
Investments	9	-	-
		-	-
<b>CURRENT ASSETS</b>			
Debtors Amount falling due within one year	10	842	1,348
Amount falling due after one year	10	1,941,603	1,899,639
Cash at bank and in hand		115	89
		<u>1,942,560</u>	<u>1,901,076</u>
<b>CREDITORS: Amounts falling due within one year</b>	11	<u>(6,058)</u>	<u>-</u>
<b>NET CURRENT ASSETS</b>		1,936,502	1,901,076
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,936,502	1,901,076
<b>CREDITORS. Amounts falling due after more than one year</b>	12	(36,178)	(1,867)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	13	<u>-</u>	<u>(1,205)</u>
<b>NET ASSETS</b>		<u>1,900,324</u>	<u>1,898,004</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	30,657	30,657
Profit and loss account	15	<u>1,869,667</u>	<u>1,867,347</u>
<b>TOTAL EQUITY SHAREHOLDER'S FUNDS</b>	16	<u>1,900,324</u>	<u>1,898,004</u>

These financial statements on pages 4 to 10 were approved by the director on 29 April 2008 and are signed on its behalf by



Neal Milsom  
For and on behalf of Orange Limited, Director

## **ORANGE HOLDINGS (UK) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 31 DECEMBER 2007**

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

##### *(a) Basis of preparation*

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 director has 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 2007

##### *(b) Consolidation*

The Company is exempt from preparing group financial statements under Section 228 of the Companies Act 1985 as it is a wholly owned subsidiary undertaking of France Telecom S A , whose accounts are publicly available Accordingly, these financial statements present information about the Company and not its group

##### *(c) 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

##### *(d) 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 rates 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

#### **2. Cash flow statement and related party disclosures**

The Company is a wholly owned subsidiary of France Telecom S A whose results are publicly available Consequently the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996), The Company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the France Telecom S A group, the ultimate parent company, or investees of the France Telecom S A group

#### **3. Auditor's remuneration**

The auditor's remuneration of £28,275 (2006 £27,720) has been borne and paid for by Orange Personal Communications Services Limited, a fellow subsidiary undertaking of the France Telecom S A group

#### **4. Interest receivable and similar income**

	2007 £'000	2006 £'000
Bank interest	32	-
Interest received from group undertakings	70	34
	<u>102</u>	<u>34</u>



**ORANGE HOLDINGS (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

**5 Interest payable and similar charges**

	2007 £'000	2006 £'000
Interest paid to parent undertaking	3,501	2,004
	<u>3,501</u>	<u>2,004</u>

**6. Employees and directors' remuneration**

The corporate director received no remuneration

The Company had no employees in 2007 (2006 nil) and as a result no employee related costs have been incurred (2006 £Nil)

**7 (a) Tax on loss on ordinary activities**

	2007 £'000	2006 £'000
<b>Corporation tax</b>		
UK Corporation tax on loss of the year	(658)	(591)
Adjustments in respect of previous years	(3,856)	-
Total current tax (note 7(b))	<u>(4,514)</u>	<u>(591)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	1,862
Tax (credit) / charge on loss on ordinary activities	<u>(4,514)</u>	<u>1,271</u>

**(b) Factors affecting the current tax charge**

The tax assessed for the year is equal to (2006 less than) the UK standard rate of corporation tax of 30% (2006 30%) The differences are explained as follows

	2007 £'000	2006 £'000
Loss on ordinary activities before tax	<u>(2,194)</u>	<u>(1,970)</u>
Loss on ordinary activities multiplied by the UK standard rate of corporation tax of 30% (2006 30%)	(658)	(591)
<b>Factors affecting the charge</b>		
Permanent differences	-	3,376
Utilisation of tax losses brought forward	-	(3,376)
Adjustments in respect of previous years	<u>(3,856)</u>	<u>-</u>
Current tax credit for the year (note 7(a))	<u>(4,514)</u>	<u>(591)</u>

**(c) Factors that may affect future tax charges**

The UK corporation tax rate will decrease from 30% to 28% from 1 April 2008 This rate change will affect the amount of future cash tax payments to be made by the Company

**(d) Deferred taxation**

There is no unprovided deferred tax

**ORANGE HOLDINGS (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007**

**8. Tangible fixed assets**

	Short term Leasehold Improvements £'000	Fixtures, Fittings and Equipment £'000	Total £m
<b>Cost</b>			
1 January 2007 and 31 December 2007	4,403	2,000	6,403
<b>Depreciation</b>			
1 January 2007 and 31 December 2007	4,403	2,000	6,403
<b>Net book amount</b>			
1 January 2007 and 31 December 2007	-	-	-

**9. Investments**

	Shares in subsidiary undertakings £'000
<b>Cost</b>	
1 January 2007 & 31 December 2007	48,208
<b>Amounts provided</b>	
1 January 2007 & 31 December 2007	48,208
<b>Net book value</b>	
1 January 2007 & 31 December 2007	-

Details of the principal subsidiary undertakings at 31 December 2007, all of which are wholly owned, are as follows:

Name of Company	Country of incorporation and operation	Principal activities	Percentage shareholding
Orange Retail Limited	England	Operator of retail outlets	100%
Orange Paging (UK) Limited	England	Not trading	100%
Orange 3G Limited	England	Not trading	100%

**10. Debtors**

	2007 £'000	2006 £'000
Amounts owed by group undertakings	1,941,603	1,899,639
Other debtors	326	326
Prepayments and accrued income	17	431
Corporation tax	499	591
	<u>1,942,445</u>	<u>1,900,987</u>

Amounts due from group undertakings include £1,941,603,000 (2006 £1,899,639,000) which is due to the Company after more than one year

**ORANGE HOLDINGS (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

**11. Creditors: amounts falling due within one year**

	<u>2007</u>	<u>2006</u>
	£'000	£'000
Amounts owed to group companies	<u>6,058</u>	<u>-</u>

**12. Creditors amounts falling due after more than one year**

	<u>2007</u>	<u>2006</u>
	£'000	£'000
Amounts owed to group companies	<u>36,178</u>	<u>1,867</u>

**13. Provision for liabilities and charges**

	<u>Property Provisions £'000</u>
At 1 January 2007	1,205
Credited to profit & loss in the year	<u>(1,205)</u>
At 31 December 2007	<u>-</u>

Provision for liabilities and charges related to leased property that is sublet to third parties. The provision was released to the profit and loss account during the year, as the obligation is now being provided for by Orange Personal Communications Services Limited.

**14. Share capital**

	<u>2007</u>		<u>2006</u>	
	Number	£'000	Number	£'000
Authorised 'A' ordinary shares of £1	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>
allotted, called up and fully paid 'A'				
ordinary shares of £1	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>
Authorised 'B' ordinary shares of £1	<u>20,975,793</u>	<u>20,976</u>	<u>20,975,793</u>	<u>20,976</u>
allotted, called up and fully paid 'B'				
ordinary shares of £1	<u>20,975,793</u>	<u>20,976</u>	<u>20,975,793</u>	<u>20,976</u>
Authorised 'C' ordinary shares of £1	<u>9,681,135</u>	<u>9,681</u>	<u>9,681,135</u>	<u>9,681</u>
allotted, called up and fully paid 'C'				
ordinary shares of £1	<u>9,681,135</u>	<u>9,681</u>	<u>9,681,135</u>	<u>9,681</u>

**15 Profit and Loss Account**

	<u>£'000</u>
At 1 January 2007	1,867,347
Profit for the financial year	<u>2,320</u>
At 31 December 2007	<u>1,869,667</u>

**ORANGE HOLDINGS (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

**16. Reconciliation of movements in equity shareholder's funds**

	2007 £'000	2006 £'000
Profit / (Loss) for the financial year	2,320	(3,242)
Net increase / (decrease) in equity shareholder's funds	2,320	(3,242)
Opening equity shareholder's funds	1,898,004	1,901,246
Closing of equity shareholder's funds	1,900,324	1,898,004

**17. Ultimate parent undertaking**

The immediate parent undertaking at 31 December 2007 was Orange Limited. Orange Limited is a company incorporated in the United Kingdom.

The ultimate parent undertaking and controlling party at 31 December 2007 was France Telecom S A, which is the parent undertaking of the smallest and 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.