Company Number. 2412603

ORANGE HOLDINGS (UK) LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED

31 DECEMBER 2010

ORANGE HOLDINGS (UK) LIMITED

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

CONTENTS

ORANGE HOLDINGS (UK) LIMITED
DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2010

Principal activities, business review, future developments and risks and uncertainties

The principal activity of the company is that of a holding company During the year the company ceased providing inter-company finance to group undertakings The company disposed of its investments in two subsidiaries during 2010 giving rise to a gain of £27,000,000

The directors expect the company to be dormant and do not expect any risks or uncertainties to affect the company for the foreseeable future

Going concern review

After making enquiries, the directors have a reasonable expectation that as the company will not trade in the foreseeable future, and it has no liabilities, it will not require any further resources to continue in existence Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts

Results for the year

The profit for the year was £9,073,000 (2009 £29,747,000) on turnover of £nil (2009 £nil)

Detailed results for the year are shown in the profit and loss account on page 6

Dividends and transfer to reserves

No dividends were paid during 2010 (2009 £1,845,000,000) The directors do not recommend the payment of a final dividend (2009 £nil)

The retained profit of £9,073,000 (2009 £29,747,000) has been transferred to reserves

Directors

The directors, who held office during the year, and up to the date of approval of the financial statements, are given below

	date appointed	*date resigned*
Johan Van den Cruijce	1 April 2010	
Sian Williams	1 April 2010	
Orange Limited		16 June 2011

There is no director's interest requiring disclosure under the Companies Act 2006

Events since the balance sheet date

On 23 March 2011 the Chancellor of the Exchequer announced further reductions in the corporation tax rate to 23% On the basis that there is no deferred taxation balance in the 31 December 2010 balance sheet, the company considers that the cumulative rate reductions to 23% will have no impact on deferred taxation in its reported figures However, the company estimates that the additional tax rate reductions from 27% to 23% would reduce the value of its unrecognised deferred tax asset by a further £109,000 to £630,000

DIRECTORS' REPORT (Continued)

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 company's auditor, the directors have taken all the steps that they are obliged to take as directors in order to make themselves 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

By order of the board

Charles Mowat
Company Secretary

Date 27th July 2011.

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

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) 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 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, and
- 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 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

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

We have audited the financial statements of Orange Holdings (UK) Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 17 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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 auditor's 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 auditors

As explained more fully in the Director's Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORANGE HOLDINGS (UK) LIMITED (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Ernst & Young LLP

Naresh Alimchandani (Senior statutory auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London

28 July 2011

ORANGE HOLDINGS (UK) LIMITED

PROFIT AND LOSS ACCOUNT - 2412603
FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	2010 £'000	2009 £'000
Administrative expenses		(4)	-
OPERATING LOSS		(4)	-
Gain on sale of investments	4	27,000	-
Interest receivable and similar income	5	559	66
Interest payable and similar charges	6	-	(8,385)
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		27,555	(8,319)
Tax on profit / (loss) on ordinary activities	8	(18,482)	38,066
PROFIT FOR THE FINANCIAL YEAR	15	9,073	29,747

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 profit 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 - 2412603
AT 31 DECEMBER 2010

	Notes	2010 £'000	2009 £'000
FIXED ASSETS			
Tangible assets	9	-	-
Investments	10	-	-
		-	-
CURRENT ASSETS			
Debtors Amount falling due within one year	11	103,433	228,051
Cash at bank and in hand		124	129
		103,557	228,180
CREDITORS Amounts falling due within one year	12	(20,831)	(154,527)
NET ASSETS		82,726	73,653
CAPITAL AND RESERVES			
Called up share capital	13	30,657	30,657
Profit and loss account	14	52,069	42,996
TOTAL EQUITY SHAREHOLDER'S FUNDS	15	82,726	73,653

These financial statements on pages 6 to 13 were approved by the board of directors on 27 July 2011 and are signed on its behalf by

S Williams

Sian Williams
Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

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 2010

(b) *Consolidation*

The company is exempt from preparing Group financial statements under Section 400 of the Companies Act 2006 as it is a wholly owned subsidiary undertaking 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 taxation is recognised in respect of all timing differences that have originated but not been reversed by the balance sheet date, where transactions or events that result in an obligation to pay more taxation in the future or a right to pay less taxation in the future have occurred at the balance sheet date Timing differences are differences between the company's taxable profits and its results as stated in the financial statements

Deferred taxation 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

A net deferred taxation asset is regarded as recoverable, and therefore recognised, only when, on the basis of all available evidence, it can be regarded as more likely then not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred taxation is measured at the average taxation rates that are expected to apply in the periods in which the timing differences are expected to reverse based on taxation rates or laws that have been enacted or substantially enacted by the balance sheet date Deferred taxation is measured on a non-discounted basis

2. Cash flow statement and related party disclosures

The results of the company are included in the consolidated financial statements of France Telecom S A , which 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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

3 Auditor's remuneration

The auditor's remuneration of £15,000 (2009 £15,000) has been borne and paid for by Orange Corporate Services Limited, a fellow subsidiary undertaking of the France Telecom S A group

4 Gain on sale of investments

On 15 January 2010 the investment in Orange Retail Limited was sold to a sister company, Orange Personal Communications Services Limited, for £27,000,000

On 17 December 2010 the investment in Orange Digital Limited (formerly Orange Paging (UK) Limited) was sold to a sister company, Orange Limited, for £1

5 Interest receivable and similar income

	2010 £'000	2009 £'000
Bank interest	-	1
Interest received from group undertakings	559	65
	559	66

6 Interest payable and similar charges

	2010 £'000	2009 £'000
Interest paid to parent undertaking	-	8,385
	-	8,385

7 Employees and directors' remuneration

The corporate director received no remuneration (2009 £nil)

The directors of the company are also directors of a number of subsidiaries of the ultimate parent undertaking The directors do not believe that it is practicable to apportion their remuneration between remuneration for services as directors of the company and their remuneration for services as directors of the fellow subsidiary companies

The company had no employees in 2010 (2009 nil) and, as a result, no employee related costs have been incurred (2009 £nil)

8 (a) Tax on profit on ordinary activities

	2010 £'000	2009 £'000
Current tax		
UK Corporation tax on profit / (loss) of the year	156	(18,790)
Adjustments in respect of previous years	18,326	(19,276)
Total current tax (note 8(b))	18,482	(38,066)
Tax charge / (credit) on profit / (loss) on ordinary activities	18,482	(38,066)

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

The current tax assessed for the year is different from the UK standard rate of corporation tax of 28% (2009 28%) The difference is explained as follows

	2010 £'000	2009 £'000
Profit / (Loss) on ordinary activities before tax	27,555	(8,319)
Profit / (Loss) on ordinary activities multiplied by the UK standard rate of corporation tax of 28% (2009 28%)	7,715	(2,329)
Factors affecting the charge		
Non-taxable gain on disposal	(7,561)	-
Disallowable expenses	2	-
Unrecognised tax losses utilised against unrecorded interest income	-	(16,461)
Adjustments in respect of previous years	18,326	(19,276)
Current tax charge / (credit) for the year (note 8(a))	18,482	(38,066)

(c) Factors that may affect future tax charges

Announcements were made during and after the year by the Chancellor of the Exchequer of proposed changes to corporation tax rates that will have an effect on future tax charges of the company The change in the corporation tax rate from 28% to 27% was substantively enacted on 20 July 2010, whereas further reductions to 23% have been announced but not substantively enacted

On the basis that there is no deferred taxation balance in the 31 December 2010 balance sheet, the company considers that the cumulative rate reductions to 23% will have no impact on deferred taxation in its reported figures However, the tax rate reduction from 28% to 27% has resulted in the value of the company's unrecognised deferred tax asset reducing by £27,000 to £739,000 The company estimates that the additional tax rate reductions from 27% to 23% would reduce the amount of its unrecognised deferred tax asset by a further £109,000 to £630,000

(d) Deferred taxation

During 2009, an agreement was reached with HMRC that reinstated brought forward non-trading tax losses with a tax value of £18,412,000 and capital tax losses with a tax value of £766,000 Non-trading losses with a tax value of £16,461,000 were utilised during 2009 During 2010 further changes were made to prior year tax returns which resulted in the remaining non-trading tax losses being utilised in prior years Consequently, at 31 December 2010, the company had an unrecognised deferred tax asset relating to capital tax losses of £739,000 (2009 £2,717,000 relating to capital losses and non-trading losses), measured using a tax rate of 27% (2009 28%)

These losses have not been recognised as the recognition criteria set out in FRS 19 have not been met

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

9. Tangible fixed assets

	Short term Leasehold Improvements £'000	Fixtures, Fittings and Equipment £'000	Total £'000
Cost			
At 1 January 2010 and 31 December 2010	4,403	2,000	6,403
Depreciation			
At 1 January 2010 and 31 December 2010	4,403	2,000	6,403
Net book amount			
At 1 January 2010 and 31 December 2010	-	-	-

10 Investments

	Shares in subsidiary undertakings £'000
Cost	
1 January 2010	48,208
Disposals	(48,208)
31 December 2010	-
Amounts provided	
1 January 2010	48,208
Released on disposals	(48,208)
31 December 2010	-
Net book value	
1 January 2010 and 31 December 2010	-

On 15 January 2010 the investment in Orange Retail Limited was sold to a sister company, Orange Personal Communications Services Limited, for £27,000,000

On 17 December 2010 the investment in Orange Digital Limited (formerly Orange Paging (UK) Limited) was sold to a sister company, Orange Limited, for £1

Details of the principal subsidiary undertaking at 31 December 2010, which is wholly owned, are as follows

Name of company	Country of incorporation and operation	Principal activities	Percentage shareholding
Orange 3G Limited	England	Not trading	100%

11. Debtors

	2010 £'000	2009 £'000
Amounts owed by group undertakings	103,433	188,655
Prepayments and accrued income	-	56
Corporation tax	-	39,340
	103,433	228,051

Amounts due from group undertakings include £nil (2009 £nil) which are due to the company after more than one year

12. Creditors: amounts falling due within one year

	2010 £'000	2009 £'000
Corporation tax	20,831	-
Amounts owed to group companies	-	154,527
	20,831	154,527

13. Share capital

	2010 Number	2010 £'000	2009 Number	2009 £'000
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	20,976	20,975,793	20,976
Allotted, called up and fully paid 'B' ordinary shares of £1	20,975,793	20,976	20,975,793	20,976
Authorised 'C' ordinary shares of £1	9,681,135	9,681	9,681,135	9,681
Allotted, called up and fully paid 'C' ordinary shares of £1	9,681,135	9,681	9,681,135	9,681

14. Profit and Loss Account

	£'000
At 1 January 2010	42,996
Profit for the financial year	9,073
At 31 December 2010	52,069

15 Reconciliation of movements in equity shareholders' funds

	2010 £'000	2009 £'000
Profit for the financial year	9,073	29,747
Dividends declared and paid during the year	-	(1,845,000)
Net increase / (decrease) in equity shareholders' funds	9,073	(1,815,253)
Opening equity shareholders' funds	73,653	1,888,906
Closing equity shareholders' funds	82,726	73,653

16. Ultimate parent undertaking

The immediate parent undertaking at 31 December 2010 was Orange Limited Orange Limited is a company incorporated in the United Kingdom

The ultimate parent undertaking and controlling party at 31 December 2010 is 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

17. Events since the balance sheet date

On 23 March 2011 the Chancellor of the Exchequer announced further reductions in the corporation tax rate to 23% On the basis that there is no deferred taxation balance in the 31 December 2010 balance sheet, the company considers that the cumulative rate reductions to 23% will have no impact on deferred taxation in its reported figures However, the company estimates that the additional tax rate reductions from 27% to 23% would reduce the value of its unrecognised deferred tax asset by a further £109,000 to £630,000