

ORANGE HOLDINGS (UK) LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED

31 DECEMBER 2009

THURSDAY



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ORANGE HOLDINGS (UK) LIMITED
ANNUAL REPORT FOR THE YEAR ENDED
31 DECEMBER 2009

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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 2009

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

The principal activity of the company is that of a holding company. From early 2010 the company will no longer provide inter-company finance to group undertakings. The director expects the company to be dormant and does not expect any risks or uncertainties for the foreseeable future.

Going concern review

After making enquiries, the sole director has 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 £29,747,000 (2008 loss £11,418,000) on turnover of £nil (2008 £nil).

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

Dividends and transfer to reserves

An interim dividend of £1,845,000,000 was paid during 2009 (2008 £nil). The director does not recommend the payment of a final dividend (2008 £nil).

The retained profit of £29,747,000 (2008 loss £11,418,000) 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 2006.

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 sole director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Post balance sheet events

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

On 18 January 2010 all amounts due to and from other UK sister entities were repaid.

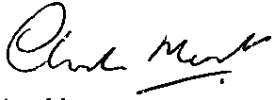
Re-appointment of auditor

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

ORANGE HOLDINGS (UK) LIMITED

DIRECTOR'S REPORT (Continued)

By order of the board



Charles Mowat
Company Secretary

Date 26/3/10

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 director is responsible for preparing the Director's 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.

ORANGE HOLDINGS (UK) LIMITED

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 2009 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 18. 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 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 (APB'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.

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 2009 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.

ORANGE HOLDINGS (UK) LIMITED

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 Director's 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

29 March 2010

ORANGE HOLDINGS (UK) LIMITED
PROFIT AND LOSS ACCOUNT - 2412603
FOR THE YEAR ENDED 31 DECEMBER 2009

	<i>Notes</i>	2009 <u>£'000</u>	2008 <u>£'000</u>
Operating profit		-	-
Exceptional item	4	-	(9,478)
Interest receivable and similar income	5	66	699
Interest payable and similar charges	6	<u>(8,385)</u>	<u>(3,412)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(8,319)	(12,191)
Tax on loss on ordinary activities	8	38,066	773
PROFIT /(LOSS) FOR THE FINANCIAL YEAR	15	<u>29,747</u>	<u>(11,418)</u>

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 2009

	<i>Notes</i>	2009 £'000	2008 £'000
FIXED ASSETS			
Tangible assets	9	-	-
Investments	10	-	-
CURRENT ASSETS			
Debtors Amount falling due within one year	11	228,051	1,510
Amount falling due after one year	11	-	1,895,293
Cash at bank and in hand		129	134
		<u>228,180</u>	<u>1,896,937</u>
CREDITORS: Amounts falling due within one year	12	<u>(154,527)</u>	<u>-</u>
NET CURRENT ASSETS		73,653	1,896,937
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>73,653</u>	<u>1,896,937</u>
CREDITORS: Amounts falling due after more than one year	13	-	(8,031)
NET ASSETS		<u>73,653</u>	<u>1,888,906</u>
CAPITAL AND RESERVES			
Called up share capital	14	30,657	30,657
Profit and loss account	15	<u>42,996</u>	<u>1,858,249</u>
TOTAL EQUITY SHAREHOLDER'S FUNDS	16	<u>73,653</u>	<u>1,888,906</u>

These financial statements on pages 6 to 12 were approved by the board of directors on 26 March 2010 and are signed on its behalf by



Neal Milsom
For and on behalf of Orange Limited, Director

26/3/10

ORANGE HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2009**

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 2009

(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 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 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

3 Auditor's remuneration

The auditor's remuneration of £15,000 (2008: £15,000) has been borne and paid for by Orange Personal Communications Services Limited, a fellow subsidiary undertaking of the France Telecom S A group

ORANGE HOLDINGS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

4. Exceptional item

In the prior year the company passed a resolution dated 12 June 2008, which resolved to waive the intercompany debt owed to it, by its subsidiary Orange Paging (UK) Limited of £9,477,600

No tax relief was attributable to the exceptional loan waiver

5 Interest receivable and similar income

	2009 £'000	2008 £'000
Bank interest	1	31
Interest received from group undertakings	65	668
	<u>66</u>	<u>699</u>

6. Interest payable and similar charges

	2009 £'000	2008 £'000
Interest paid to parent undertaking	8,385	3,412
	<u>8,385</u>	<u>3,412</u>

7. Employees and directors' remuneration

The corporate director received no remuneration

The company had no employees in 2009 (2008 nil) and as a result no employee related costs have been incurred (2008 £nil)

8 (a) Tax on loss on ordinary activities

	2009 £'000	2008 £'000
Corporation tax		
UK Corporation tax on loss of the year	(18,790)	(773)
Adjustments in respect of previous years	(19,276)	-
Total current tax (note 8(b))	<u>(38,066)</u>	<u>(773)</u>
Tax credit on loss on ordinary activities	<u>(38,066)</u>	<u>(773)</u>

(b) Factors affecting the current tax credit

The current tax assessed for the year is different from the UK standard rate of corporation tax of 28% (2008 28.5%) The difference is explained as follows

	2009 £'000	2008 £'000
Loss on ordinary activities before tax	<u>(8,319)</u>	<u>(12,191)</u>
Loss on ordinary activities multiplied by the UK standard rate of corporation tax of 28% (2008 28.5%)	(2,329)	(3,474)
Factors affecting the credit		
Non-deductible loan waivers	-	2,701
Unrecognised tax losses utilised against unrecorded interest income	(16,461)	
Adjustments in respect of previous years	<u>(19,276)</u>	<u>-</u>
Current tax credit for the year (note 8(a))	<u>(38,066)</u>	<u>(773)</u>

ORANGE HOLDINGS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

(c) Factors that may affect future tax charges

The standard rate of corporation tax in the UK changed from 30% to 28% with effect from 1 April 2008. Accordingly, the company's losses for the year ended 31 December 2009 have been taxed at 28% (2008 average rate of 28.5%).

(d) Deferred taxation

During the year, 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. £16,461,000 worth of the non-trading losses were realised during the year, leaving the company with an unrecognised deferred tax asset at year end of £2,717,000 (2008: £nil).

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

9. Tangible fixed assets

	Short term Leasehold Improvements £'000	Fixtures, Fittings and Equipment £'000	Total £'000
Cost			
1 January 2009 and 31 December 2009	4,403	2,000	6,403
Depreciation			
1 January 2009 and 31 December 2009	4,403	2,000	6,403
Net book amount			
1 January 2009 and 31 December 2009	-	-	-

10. Investments

	Shares in subsidiary undertakings £'000
Cost	
1 January 2009 & 31 December 2009	48,208
Amounts provided	
1 January 2009 & 31 December 2009	48,208
Net book value	
1 January 2009 & 31 December 2009	-

Details of the principal subsidiary undertakings at 31 December 2009, 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%

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

ORANGE HOLDINGS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

11. Debtors

	2009 £'000	2008 £'000
Amounts owed by group undertakings	188,655	1,895,293
Prepayments and accrued income	56	238
Corporation tax	39,340	1,272
	<u>228,051</u>	<u>1,896,803</u>

Amounts due from group undertakings include £nil (2008 £1,895,292,760) which are due to the company after more than one year

12. Creditors: amounts falling due within one year

	2009 £'000	2008 £'000
Amounts owed to group companies	<u>154,527</u>	<u>-</u>

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

	2009 £'000	2008 £'000
Amounts owed to group companies	<u>-</u>	<u>8,031</u>

14. Share capital

	2009		2008	
	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

	£'000
At 1 January 2009	1,858,249
Dividends declared and paid during the year	(1,845,000)
Profit for the financial year	<u>29,747</u>
At 31 December 2009	<u>42,996</u>

ORANGE HOLDINGS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

16. Reconciliation of movements in equity shareholder's funds

	2009 £'000	2008 £'000
Profit / (loss) for the financial year	29,747	(11,418)
Dividends declared and paid during the year	(1,845,000)	-
Net decrease in equity shareholder's funds	(1,815,253)	(11,418)
Opening equity shareholder's funds	1,888,906	1,900,324
Closing equity shareholder's funds	73,653	1,888,906

17. Ultimate parent undertaking

The immediate parent undertaking at 31 December 2009 was Orange Limited. Orange Limited is a company incorporated in the United Kingdom.

The ultimate parent undertaking and controlling party at 31 December 2009 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.

18. Post balance sheet events

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

On 18 January 2010 all amounts due to and from other UK sister entities were repaid.