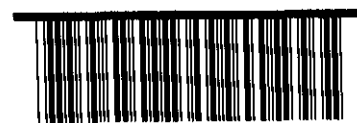


Registered number: 3065866

Cellphones Direct (Holdings) Limited

**Annual Report and Financial Statements
for the year ended 31 March 2003**



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Cellphones Direct (Holdings) Limited

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Cellphones Direct (Holdings) Limited

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Directors and adviser

Directors

D Borthwick
R Harwood

Secretary and registered office

O2 Secretaries Limited

Wellington Street
Slough
Berkshire SL1 1YP

Registered auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Cellphones Direct (Holdings) Limited

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Directors' Report

The Directors present their annual report and the audited financial statements for the year ended 31 March 2003.

Business review and future developments

Cellphones Direct (Holdings) Limited (the "Company") continues to operate as a holding company. The Company did not trade during the year, but did impair the carrying value of its investment in its subsidiary.

Results and proposed dividends

The Company recorded a loss of £4,500,000 for the year (2002: nil)

The Directors do not recommend the payment of a dividend for the year ended 31 March 2003 (2002: nil).

Directors and secretary

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

D Borthwick
R Harwood

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

Beneficial interests

Mr Borthwick is also a Director of Ever 1199 Limited, a parent of the Company, and his interests are shown in the Directors' report of that company. Mr Harwood is also a Director of O2 (UK) Limited, a parent of the Company, and his interests are shown in the Directors' report of that company.

Auditors

Following the transfer of substantially all of the business of the UK firm of PricewaterhouseCoopers, the Company's auditors, to a limited liability partnership on 1 January 2003, PricewaterhouseCoopers resigned on 27 February 2003 and the Directors appointed the new firm, PricewaterhouseCoopers LLP with effect from 28 February 2003. Pursuant to a shareholders' resolution under section 386 of the Companies Act 1985, the Company is not obliged to re-appoint its auditors annually and this is not affected by the Company's auditors' change of status.

Directors' Report - continued

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 Company and of the profit or loss of the Company 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 Company will continue in business.

The Directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 March 2003 and that applicable accounting standards have been followed.

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.

The auditors' responsibilities are stated in their report on page 6.

By order of the board



Authorised signatory
for and on behalf of O2 Secretaries Limited
Company Secretary

10 - 6 2003

Independent auditors' report to the members of Cellphones Direct (Holdings) Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

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 into 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 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.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Directors' report.

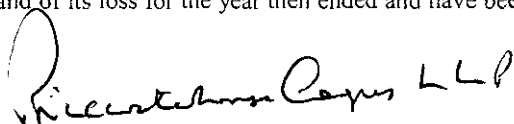
Basis of audit opinion

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 company's affairs at 31 March 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

 2003

Cellphones Direct (Holdings) Limited

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Profit and loss accounts for the year ended 31 March

	Notes	2003 £000	2002 £000
Impairment provision	6	<u>(4,500)</u>	<u>-</u>
Operating loss		(4,500)	-
Interest payable and similar charges		<u>-</u>	<u>-</u>
Loss on ordinary activities before taxation		(4,500)	-
Tax credit on loss on ordinary activities	5	<u>-</u>	<u>-</u>
Loss for the financial year	9	<u><u>(4,500)</u></u>	<u><u>-</u></u>

Loss on ordinary activities before taxation derives from continuing activities.

There have been no other recognised gains or losses other than the losses shown above.

There are no material differences between the loss on ordinary activities before taxation and retained loss for the year stated above and their historical cost equivalents.

The notes on pages 9 to 12 form an integral part of these financial statements.

Cellphones Direct (Holdings) Limited

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Balance sheets at 31 March

	Notes	2003 £'000	2002 £'000
Fixed assets			
Investments	6	<u>-</u>	<u>4,500</u>
 Creditors: amounts falling due within one year	7	<u>(2,343)</u>	<u>(2,343)</u>
Net current assets/(liabilities)		<u>(2,343)</u>	<u>2,157</u>
Net assets/(liabilities)		<u>(2,343)</u>	<u>2,157</u>
 Capital and reserves			
Called up share capital	8	2,083	2,083
Share premium account	9	394	394
Profit and loss account	9	<u>(4,820)</u>	<u>(320)</u>
Total equity shareholder's funds	10	<u>(2,343)</u>	<u>2,157</u>

These financial statements were approved by the board of Directors on
and were signed on its behalf by:


Director

10 June 2003

The notes on pages 9 to 12 form an integral part of these financial statements.

Cellphones Direct (Holdings) Limited

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Notes to the financial statements

I Principal accounting policies

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards, in the United Kingdom ("UK GAAP"). A summary of the more important accounting policies, which have been applied consistently, is set out below.

The financial statements present information about the Company as an individual undertaking, and not about its group. The Company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare and deliver group accounts.

I Fixed assets investments

Investments in subsidiary, associated undertakings and trade investments are stated at cost less provision for impairment.

II Asset impairment

Intangible and tangible fixed assets are tested for impairment when an event that might affect asset values has occurred, and at the end of the first full year following acquisition. Such events or changes in circumstances may include continuing operating losses, technological obsolescence or significant adverse changes in the business or the market. An impairment loss is recognised to the extent that the carrying amount cannot be recovered either by selling the asset or by the discounted future pre-tax earnings from operating the asset.

III Cash flow statement

The Company is a wholly-owned subsidiary of mmO2 plc. The cash flows of the Company are therefore included in the consolidated financial statements of mmO2 plc for the year ended 31 March 2003, 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 - "Cash Flow Statements (Revised)".

IV Deferred taxation

Deferred tax is provided in full on all timing differences which 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 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.

Cellphones Direct (Holdings) Limited

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Notes to the financial statements

2 Auditors' remuneration

Auditors' remuneration is borne by an intermediate holding company, O2 (UK) Limited.

3 Directors' emoluments

No emoluments were paid in the year ended 31 March 2003 to the Directors of Cellphones Direct (Holdings) Limited (2002: £nil). The Directors are employees of O2 Limited and are remunerated for their services to the group as a whole.

4 Employee information

The average monthly number of persons employed by the Company, including executive Directors, during the year was nil (2002 : nil).

5 Taxation

	2003 £'000	2002 £'000
Tax charge/(credit) on loss on ordinary activities:		
Current tax:		
United Kingdom corporation tax at 30% (2002: 30%)	-	-
Total tax charge/(credit) on loss on ordinary activities	<u>-</u>	<u>-</u>

The tax assessed for the year varied from the amount computed by applying the corporation tax rate to the loss on ordinary activities before taxation. The differences are attributable to the following factors:

	2003 £'000	2002 £'000
Loss on ordinary activities before tax	<u>(4,500)</u>	<u>-</u>
Loss on ordinary activities at the UK tax rate 30%	(1,350)	-
Impairment provision not tax deductible	1,350	-
Current tax charged/(credited) to profit and loss account	<u>-</u>	<u>-</u>

No tax loss has arisen as a consequence of the investment impairment amounting to £4,500,000 (note 6). It is possible that a loss may arise at some future date, however, the amount of the loss is unquantifiable and its recovery is uncertain and therefore no deferred tax asset has been recognised.

Cellphones Direct (Holdings) Limited

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Notes to the financial statements

6 Investments in subsidiary undertakings

	2003 £'000	2002 £'000
Cost at 1 April	4,500	4,500
Impairment	(4,500)	-
Net book value at 31 March	-	4,500

The Company's principal subsidiary undertakings are as follows:

Subsidiary name	Country of incorporation	Principal activity	Percentage of shares held	Class of shares
Cellphones Direct Limited	England	Non trading	67%	£1 ordinary
Cellphones Direct (Investments) Limited	England	Non trading	100%	£1 ordinary

7 Creditors: amounts falling due within one year

	2003 £'000	2002 £'000
Amounts owed to group undertakings	2,298	2,298
Accruals and deferred income	45	45
	2,343	2,343

Amounts owed to the group undertakings are unsecured, interest free and repayable on demand.

8 Called up share capital

	2003 £	2002 £
Authorised:		
A ordinary shares of £1 each	1,750,000	1,750,000
B ordinary shares of £1 each	333,000	333,000
Total shares	2,083,000	2,083,000
Allotted, called up and fully paid:		
A ordinary shares of £1 each	1,750,000	1,750,000
B ordinary shares of £1 each	333,000	333,000
Total shares	2,083,000	2,083,000

Cellphones Direct (Holdings) Limited

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Notes to the financial statements

9 Reserves

	Share premium account £'000	Profit and loss account £'000
At 1 April 2002	394	(320)
Loss for the financial year	-	(4,500)
At 31 March 2003	394	(4,820)

10 Reconciliation of movements in shareholder's funds

	2003 £'000	2002 £'000
Loss for the financial year	(4,500)	-
Opening shareholder's funds	2,157	2,157
Closing shareholder's funds	(2,343)	2,157

11 Related party disclosure

The results of the Company are included in the consolidated financial statements of mmO2 plc for the year ended 31 March 2003. Consequently the Company is exempt under the provisions of FRS 8 – "Related Party Disclosures" from disclosing details of transactions and balances with mmO2 plc, fellow subsidiaries and associated undertakings.

12 Ultimate parent company and controlling party

The Company's immediate parent company is Lumina Limited. The Company's ultimate parent company and controlling party is mmO2 plc. mmO2 plc has confirmed its intention to support the Company to enable it to meet its liabilities as they fall due.

Copies of the mmO2 plc financial statements may be obtained from The Secretary, mmO2 plc, Wellington Street, Slough, Berkshire SL1 1YP.