

Registered No 3065866

Cellphones Direct (Holdings) Limited

**Annual Report and Financial Statements
for the year ended 31 December 2007**

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Cellphones Direct (Holdings) Limited

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Cellphones Direct (Holdings) Limited

Directors

R Harwood
D Melcon Sanchez-Friera

Secretary and registered office

O2 Secretaries Limited

Wellington Street
Slough
Berkshire
SL1 1YP

Cellphones Direct (Holdings) Limited

Directors' Report

The Directors present their annual report and the unaudited financial statements for the year ended 31 December 2007

Corporate structure

Cellphones Direct (Holdings) Limited is a private limited company registered in England and Wales under the number 3065866. The registered address is Wellington Street, Slough, Berkshire SL1 1YP. It is a wholly owned subsidiary of Telefónica Europe plc, the UK parent, incorporated in England and Wales, which is itself a wholly owned subsidiary of Telefónica, S A, a company incorporated in Spain.

Business review and future developments

The Company has not traded during the year to 31 December 2007 and has made neither profit nor loss. The Directors do not anticipate any changes in the foreseeable future.

Directors and Secretary

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

R Harwood	
J Riches	(Resigned 31 August 2007)
D Melcon Sanchez-Friera	(Appointed 31 August 2007)

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

Directors' liability insurance and indemnities

Telefónica S A, the Company's ultimate parent company, maintains Directors' and Officers' Liability Insurance in respect of legal action that might be brought against Directors of companies within the Telefónica Group and the Directors of the Company are covered by this Insurance. Telefónica Europe plc, the Company's ultimate parent in the UK has granted indemnities in the form permitted by the Qualifying Third Party Indemnity Provisions ("QTPIP") of the Companies Act 1985 to directors of its subsidiary companies and the Directors of the Company are accordingly covered by this indemnity. The indemnities remain in place and continue until such time as any relevant limitation periods for bringing Claims (as defined in such indemnities) against the Director have expired, or for so long as the past Director, where relevant, remains liable for any Losses (as defined in such indemnities).

Political and charitable contributions

The Company made no political or charitable contributions during the year (Period ended 31 December 2006 nil).

Statement of Directors' responsibilities

A statement by the Directors of their responsibilities for preparing the financial statements is included on page 5.

Cellphones Direct (Holdings) Limited

Directors' Report (cont'd)

Auditors

The Company has been dormant within the meaning of Section 249AA, Companies Act 1985, throughout the year, and has remained dormant to this date. Consequently, no auditors have been appointed.

By Order of the Board

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke ending in an arrowhead.

Authorised signatory
for and on behalf of O2 Secretaries Limited
Company Secretary
3 September 2008

Cellphones Direct (Holdings) Limited

Balance Sheet at 31 December 2007

	Note	31 December 2007 £'000	31 December 2006 £'000
Non-current assets			
Investments	2	4,500	4,500
Trade and other payables	3	<u>(2,343)</u>	<u>(2,343)</u>
Net Assets		<u>2,157</u>	<u>2,157</u>
Equity			
Ordinary share capital	4	2,083	2,083
Share premium account		394	394
Retained Earnings		<u>(320)</u>	<u>(320)</u>
Total equity		<u>2,157</u>	<u>2,157</u>

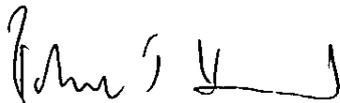
The notes on page 6 form part of these financial statements

The Company does not trade and therefore has no profit, loss or cash flows for the year ended 31 December 2007. There were no other recognised gains or losses in the year.

For the year ended 31 December 2007, the Company was entitled to exemption under section 249AA(1) of the Companies Act 1985. No members have required the Company to obtain an audit of its accounts for the period in question in accordance with section 249b(2). The directors acknowledge their responsibility for

- (i) ensuring the Company keeps accounting records which comply with section 221, and
- (ii) preparing accounts which give a true and fair view of the state of affairs of the Company as at the end of its financial year, and of its profit and loss for the financial year in accordance with section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the Company.

These financial statements were approved by the board of directors on 3 September 2008 and were signed on its behalf by,



Robert Harwood
Director

Cellphones Direct (Holdings) Limited

Notes to the Financial Statements

1. Accounting policies

These financial statements have been prepared in accordance with IFRS and the International Financial Reporting and Interpretations Committee ("IFRIC") interpretations and with those parts of the Companies Act, 1985 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

	31 December 2007 £'000	31 December 2006 £'000
2. Investments in subsidiary undertakings		
Shares in subsidiary undertakings at cost	4,500	4,500
3. Trade and other payables		
Amounts owed to fellow subsidiaries	2,228	2,228
Accruals and deferred income	<u>45</u>	<u>45</u>
	<u>2,343</u>	<u>2,343</u>
4. Equity		
<i>Authorised</i>	1,750	1,750
1,750,000 A Ordinary shares of £1 each	<u>333</u>	<u>333</u>
333,000 B Ordinary shares of £1 each	<u>2,083</u>	<u>2,083</u>
<i>Issued</i>		
1,750,000 A Ordinary shares of £1 each	1,750	1,750
333,000 B Ordinary shares of £1 each	<u>333</u>	<u>333</u>
	<u>2,083</u>	<u>2,083</u>

The Company has two classes of authorised and issued share capital, comprising A ordinary shares of £1 each and B ordinary shares of £1 each. Subject to the Company's articles of association, and applicable law, both classes of shares confer on the holder the right to receive notice of and vote at general meetings of the Company, the right to receive any surplus assets on a winding up of the Company and an entitlement to receive any dividend declared on ordinary shares. The shares rank *pari passu* in all respects with one exception: the holders of each class of shares have the right to appoint one person as director of the Company, but do not have the right to vote on the removal from office of the director appointed by the holders of the other class.

5. Parent company and controlling party

At the end of the period, the immediate parent company was Lumina Limited. The ultimate parent company and controlling party was Telefónica, S A, a company incorporated in Spain. Copies of the financial statements of Telefónica, S A may be obtained from its registered office at Gran Vía 28, Madrid, Spain.