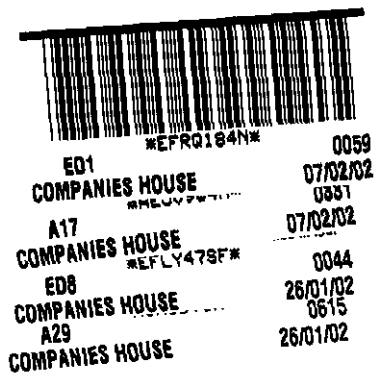


Cellphones Direct (Holdings) Limited

**Annual Report
for the year ended 31 March 2001**



Directors

D Borthwick
RJ Harwood

Secretary

O2 Secretaries Limited

Registered Office

5 Longwalk Road
Stockley Park
Uxbridge
Middlesex
UB11 1TT

Auditors

PricewaterhouseCoopers
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

Report of the directors for the year ended 31 March 2001

The directors present their annual report and the audited financial statements for the year ended 31 March 2001.

Principal business activities

The Company holds shares, both directly and indirectly, in companies that sell and rent mobile telephones and provide services on the Vodafone network.

Profits and dividends

The directors do not recommend the payment of a dividend. (2000 : £Nil)

Directors

The directors of the Company at 31 March 2001 and the changes during the period are as follows:

P Graham	(Resigned 30 March 2001)
H Logan	(Resigned 30 June 2000)
W Gorjance	(Resigned 4 May 2001)
N Knight	(Appointed 1 July 2000, Resigned 4 May 2001)
C Ryan	(Appointed 4 May 2001, Resigned 19 November 2001)
D Borthwick	(Appointed 4 May 2001)
R Harwood	(Appointed 4 May 2001)

None of the directors had any interests in the shares of the Company.

Secretary

The secretary of the Company at 31 March 2001 and the changes during the period are as follows:

Mark Burgess	(Resigned 4 May 2001)
Newgate Street Secretaries Limited	(Appointed 4 May 2001, Resigned 19 November 2001)
O2 Secretaries Limited	(Appointed 19 November 2001)

Report of the directors for the year ended 31 March 2001

Directors' interests in shares

At 31 March 2001 and 1 April 2000, or at date of appointment if later, the only interests of the directors, who are not directors of the ultimate holding company, in the ordinary shares of the ultimate holding company and as shown in the register maintained by the Company in accordance with Section 325 of the Companies Act 1985, were as follows:

**Ordinary shares of 25p each in
British Telecommunications plc**

	31 March 2001	1 April 2000
Mr W Gorjance	-	-
Mr N Knight (a)	1,507	1,507
(a) At date of appointment		

In addition to the above, contingent awards and non-beneficial interest in shares held under BT share plans were:

1. Mr Knight has also been granted contingent awards totalling 2,489 and 10,167 shares respectively under the Incentive Share Plan ("ISP"), which was established during the year. Full entitlement to these shares at the end of a three-year period is dependent upon the BT Group meeting a pre-determined corporate performance measure and the continued employment of participants by the BT Group.
2. At 31 March 2001 the directors each had a non-beneficial interest in 3,631,148 (2000: 13,388,542) shares held in trust by Ilford Trustees (Jersey) Limited, which are for allocation to employees under the PSP or DBP.
3. At 31 March 2001 the directors each had a non-beneficial interest in 10,165,409 shares held in trust by Ilford Trustees (Jersey) Limited, which are for allocation to employees under the ISP or RSP.
4. At 31 March 2001, the directors each had a non-beneficial interest in 97,578 (2000: 78,454) shares purchased by BT Employee Shares Trustees Limited for allocation to employees under the BT Share Ownership Scheme.

Share options held, granted to, or exercised by the directors under the BT Employee Sharesave, Share Option and Global Option schemes, over the ordinary shares of British Telecommunications plc, during the year ended 31 March 2001 were:

Employee Sharesave Scheme

	1 April 2000	Granted	Exercised	31 March 2001
Mr W Gorjance	-	-	-	-
Mr Knight	-	-	-	-

Report of the directors for the year ended 31 March 2001**BT US Stock Option Plan**

	1 April 2000	Granted	Exercised	31 March 2001
Mr W Gorjance	3,615	-	-	3,615

Close company provision

The close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the Company. There has been no change in this respect since the end of the financial year.

Post balance sheet events

On 10 May 2001, British Telecommunications plc ("BT") announced its intention to de-merge its wireless operations from its non-wireless operations. This necessitated a reorganisation to split the operations of BT into wireless and non-wireless prior to the de-merger. On 19 November 2001, following the completion of this reorganisation, a new holding company, mmO2 plc ("mmO2"), was listed on the London Stock Exchange and the New York Stock Exchange.

The objective of the reorganisation was to transfer all the wireless operations of BT to the ownership of a new intermediate holding company, O2 Limited, or one of its subsidiaries. This included transferring both businesses and companies into the mmO2 group. The steps were carried out principally between May and August 2001. As a consequence, following the de-merger the ultimate parent company of Cellphones Direct (Holdings) Limited is mmO2 plc.

The mmO2 group provides voice and data mobile communications services and products in the United Kingdom (through BT Cellnet), Germany (through Viag Interkom), the Netherlands (through Telefort Mobiel), and Ireland (through Digifone). The group also operates a mobile internet portal called Genie.

Auditors

By written Special Resolution, the Company resolved not to appoint auditors, the Company being dormant within the meaning of Section 252, Companies Act 1985, throughout the year, and has remained dormant to this date.

By order of the Board



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

Balance sheet at 31 March 2001

	Notes	2001 £'000	2000 £'000
Fixed assets			
Investments	2	<u>4,500</u>	<u>4,500</u>
Creditors: amounts falling due within one year	3	<u>(2,343)</u>	<u>(2,343)</u>
Net current liabilities		<u>(2,343)</u>	<u>(2,343)</u>
Total assets less current liabilities		<u>2,157</u>	<u>2,157</u>
Capital and reserves			
Called up share capital	4	2,083	2,083
Share premium account	5	394	394
Profit and loss account	5	(320)	(320)
Total equity shareholders' funds	6	<u>2,157</u>	<u>2,157</u>

The Company does not trade and therefore has no profit, loss or cash flows for the year ended 31 March 2001. There were no other recognised gains or losses in 2001 or 2000.

For the year ended 31 March 2001, 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 year 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 24/1/02 and were signed on its behalf by



Director

Notes to the financial statements – 31 March 2001

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

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.

A summary of the more important accounting policies, which have been applied consistently, is set out below.

I Taxation

The charge for taxation is based on the profit for the year and takes into account deferred taxation. Provision is made for deferred taxation only to the extent that timing differences are expected to reverse in the foreseeable future.

II Cash flow statement

During the year, the Company was a wholly owned subsidiary of British Telecommunications plc. The cash flows of the Company are included in the consolidated cash flow statement of British Telecommunications plc for the year ended 31 March 2001. Consequently the Company is exempt under the terms of Financial Reporting Standard Number 1 (Revised 1996) from publishing a cash flow statement.

III Investments

Equity investments are shown at cost to the Company less any provision for diminution in the carrying value.

1 Directors' emoluments

No director received emoluments from the Company (2000 : £Nil)

2 Fixed asset investments

Shares

Cost as at 31 March 2001 and 31 March 2000

Shares in
Group
Undertakings
£

4,500

Notes to the financial statements – 31 March 2001

2 Fixed asset investments (continued)

The companies in which the Company's interest at the year end is more than 20% are as follows:

	Country of Incorporation	Principal activity	Equity Held
Cellphones Direct Limited	England	Mobile phone service	67%
Cellphones Direct (Investments) Limited	England	Holding company	100%

3 Creditors: amounts falling due within one year

	2001 £'000	2000 £'000
Amounts owed to group undertakings	2,298	2,298
Accruals and deferred income	45	45
	<u>(22,975)</u>	<u>(22,975)</u>

4 Called up share capital

	2001 £'000	2000 £'000
Authorised		
1,750,000 A ordinary shares of £1 each	1,750	1,750
333,333 B ordinary shares of £1 each	333	333
	<u>2,083</u>	<u>2,083</u>
Allotted, called up and fully paid		
1,750,000 A ordinary shares of £1 each	1,750	1,750
333,333 B ordinary shares of £1 each	333	333
	<u>2,083</u>	<u>2,083</u>

The A and B shares rank pari passu in all respects with one exception: the holders of each class of share 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 Reconciliation of movement in reserves

	Share premium account	Profit and loss account
At the beginning of the period	394	(320)
Movement in the period	<u>-</u>	<u>-</u>
At the end of the period	<u>394</u>	<u>(320)</u>

Notes to the financial statements – 31 March 2001

6 Reconciliation of movements in shareholders funds

	2001 £'000	2000 £'000
Opening shareholders' funds	2,157	2,157
Result for the period	-	-
Closing shareholders' funds	2,157	2,157

7 Contingent Liabilities

At 31 March 2000 there were no contingent liabilities or guarantees other than those arising in the ordinary course of the Company's business and on these no material losses are anticipated.

8 Ultimate holding company

The Company is a subsidiary undertaking of Lumina Holdings Limited. During the year the ultimate holding company was British Telecommunications plc, until the demerger on 19 November 2001. The new holding company, mmO2 plc, has confirmed its intention to support the Company.

The results of the Company are included in the consolidated financial statements of British Telecommunications plc for the year ended 31 March 2001. Consequently the Company is exempt under the terms of Financial Reporting Standard Number 8 from disclosing details of transactions and balances with British Telecommunications plc, fellow subsidiaries and associated undertakings.

Copies of the BT financial statements may be obtained from The Secretary, British Telecommunications plc, 81 Newgate Street, London EC1A 7AJ.

9 Post balance sheet events

On 10 May 2001, BT announced its intention to de-merge its wireless operations from its non-wireless operations. This necessitated a reorganisation to split the operations of BT into wireless and non-wireless prior to the de-merger. On 19 November 2001, following the completion of this reorganisation, a new holding company, mmO2 plc ("mmO2"), was listed on the London Stock Exchange and the New York Stock Exchange.

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Notes to the financial statements – 31 March 2001

9 Post balance sheet events (continued)

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