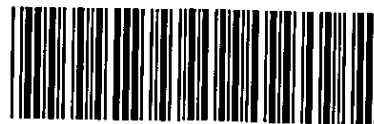


Registered No 4271548

O2 Ash Limited

Annual Report and Financial Statements for the 11 months ended 31 December 2006

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O2 Ash Limited

Directors

R Harwood

M Key

J Riches

Secretary and registered office

O2 Secretaries Limited

Wellington Street

Slough

Berkshire

SL1 1YP

O2 Ash Limited

Directors' Report

The Directors present their annual report and the unaudited financial statements for the 11 months ended 31 December 2006. This report has been prepared under applicable legislation, including those provisions of the Companies Act 2006 enacted by The Companies Act 2006 (Commencement No 1, Transitional Provisions and Savings) Order 2006.

Corporate structure

O2 Ash Limited ("the Company") is a private limited company registered in England and Wales under the number 4271548. The registered address is Wellington Street, Slough, Berkshire SL1 1YP. It is a wholly owned subsidiary of Telefónica O2 Europe plc, its UK parent, incorporated in England and Wales, which is itself a wholly owned subsidiary of Telefónica S.A., a company incorporated in Spain.

Post balance sheet events

The Company has changed its accounting reference date from 31 January to 31 December.

Review of activities

The principle activity of the Company is to act as an intermediate holding company in the O2 Group. The directors expect the Company to continue to act as an intermediate holding company for the foreseeable future.

The Company has not traded during the 11 months ended 31 December 2006 and has made neither profit nor loss. The Directors do not anticipate any changes in the foreseeable future.

Directors and secretaries

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

C Fletcher Smith	(resigned 29 June 2006)
R Harwood	
M Key	
J Riches	(appointed 29 June 2006)

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

Directors' liability insurance and indemnities

Telefónica O2 Europe plc, the Company's ultimate UK parent Company, has granted an indemnity in the form of Qualifying Third Party Indemnity Provisions of the Companies Act 1985 to directors of its subsidiary companies and the Directors of the Company are accordingly covered by this indemnity. The indemnity was in place throughout the period to 31 December 2006 and continues until such time as any relevant limitation periods for bringing claims (as defined in the indemnity) against the director has expired, or for so long as the past director, where relevant, remains liable for any Losses (as defined in the indemnity).

O2 Ash Limited

Directors' Report

Political and charitable contributions

The Company made no political or charitable contributions during the period (Period ended 31 January 2006 nil)

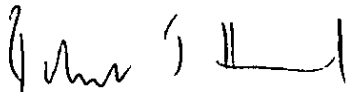
Statement of Directors' responsibilities

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

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



Authorised signatory
For and on behalf of O2 Secretaries Limited
Company Secretary
26 July 2007

O2 Ash Limited

Balance Sheet at 31 December 2006

	<i>Note</i>	31 December 2006 £	31 January 2006 £
Non - Current assets			
Investments	2	<u>4,797,951</u>	<u>4,797,951</u>
Current assets			
Receivables	3	1	1
Current Liabilities			
Amounts owing to immediate parent company		<u>(2,697,951)</u>	<u>(2,697,951)</u>
Net assets		<u>2,100,001</u>	<u>2,100,001</u>
Equity			
Called up share capital	4	21,001	21,001
Share premium account		<u>2,079,000</u>	<u>2,079,000</u>
Total Equity		<u>2,100,001</u>	<u>2,100,001</u>

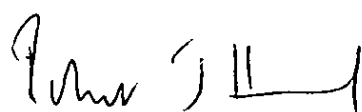
The notes on page 6 form part of these financial statements

The Company does not trade and therefore has no profit, loss or cash flows for the 11 months ended 31 December 2006. There were no other recognised gains or losses in the period.

For the 11 months ended 31 December 2006, 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 period, and of its profit and loss for the financial period 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 26 July 2007 and were signed on its behalf by R Harwood



Director

O2 Ash Limited

Notes to the Financial Statements

1. Accounting policies

These financial statements have been prepared in accordance with IFRS and the International Financial Reporting 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 2006 £	31 January 2006 £
2. Investments in subsidiary undertakings		
Shares in joint venture undertakings at cost	<u>4,797,951</u>	<u>4,797,951</u>

3. Receivables

Amounts owed by immediate parent company	<u>1</u>	<u>1</u>
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The amount owed by the immediate parent company represents unpaid share capital owed by O2 Holdings Limited.

	31 December 2006 £	31 January 2006 £
4. Called up share capital		
<i>Authorised</i>		
10,001,000 Ordinary shares of £1 each	<u>10,001,000</u>	<u>10,001,000</u>
<i>Issued</i>		
21,001 Ordinary shares of £1 each	<u>21,001</u>	<u>21,001</u>

The Company has one class of authorised and issued share capital, comprising ordinary shares of £1 each. Subject to the Company's articles of association, and applicable law, the Company's ordinary 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.

5. Parent company and controlling party

At the end of the period, the immediate parent company was O2 Holdings 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 Calle Gran Vía 28, Madrid, Spain.