

**O2 Credit Vouchers Limited
(previously mmO2 UK Limited)**

**Annual Report and Financial Statements
for the year ended 31 March 2004**



O2 Credit Vouchers Limited
(previously mmO2 UK Limited)

1

Contents

Directors and adviser	2
Directors' report	3
Independent auditors' report to the members of O2 Credit Vouchers Limited	6
Profit and loss accounts	7
Balance sheets	8
Notes to the financial statements	9

O2 Credit Vouchers Limited
(previously mmO2 UK Limited)

2

Directors and adviser

Directors

C Fletcher Smith
R Harwood
I Clarke

Secretary and registered office

O2 Secretaries Limited

Wellington Street
Slough
Berkshire SL1 1YP

Registered auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

O2 Credit Vouchers Limited

(previously mmO2 UK Limited)

3

Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 March 2004.

Principal activities

The principal activity of O2 Credit Vouchers Limited (the "Company") during the year is the selling of mobile phone credit vouchers to O2 (UK) Limited.

Business review and future developments

This company commenced trading in November 2003. The Company's function is solely for the purposes of complying with the new VAT regulations in regards to the treatment of prepay paper vouchers.

Results and proposed dividends

The Company's loss for the financial year after taxation was £710,000 (2003: £nil).

The Directors do not recommend the payment of a dividend for the year ended 31 March 2004 (2003: £nil).

Directors and secretaries

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

C Fletcher Smith	appointed on 31 July 2003
R Harwood	
I Clarke	appointed 17 October 2003
D Borthwick	resigned on 31 July 2003

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

Beneficial interests

Directors' interests in the ordinary shares of mmO2 plc

The Register of Directors' Interests indicated that the Directors who held office at the end of the financial year had the following interests in mmO2 plc's ordinary shares of 0.1p each.

	Interest at 1 April 2003*	Shares Acquired	Shares Disposed	Interest at 31 March 2004
R Harwood	5,080	2,317	-	7,397
C Fletcher Smith	5,344	1,400	-	6,744
I Clarke	1,452	121	-	1,573

* or at date of appointment if later

O2 Credit Vouchers Limited

(previously mmO2 UK Limited)

4

Directors' report - continued

Executive Share Options

The table below shows the options granted under the mmO2 plc Share Option Plan. Vesting is subject to the satisfaction of certain performance criteria as detailed in the mmO2 plc annual report.

	At 1 April 2003*	Granted	Exercised	Lapsed	At 31 March 2004	Exercise price	Dates from which exercisable	Lapse Date
C Fletcher Smith	137,931	-	-	-	137,931	87.0	23 Nov 2004	22 Nov 2011
C Fletcher Smith	133,695	-	-	-	133,695	46.0	25 Jul 2005	24 Jul 2012
R Harwood	61,956	-	-	-	61,956	46.0	25 Jul 2005	24 Jul 2012
I Clarke	89,655	-	-	-	89,655	87.0	23 Nov 2004	22 Nov 2011
I Clarke	97,826	-	-	-	97,826	46.0	25 Jul 2005	24 Jul 2012

* or date of appointment if later

No share options granted to Directors lapsed or were exercised during the year. There were no unrealised gains on executive share options as at 31 March 2004.

Sharesave Options

The table below shows the options over mmO2 plc ordinary shares held by Directors during the year, through their participation in the mmO2 Sharesave Plan:

	At 1 April 2003*	Granted	Exercised	Lapsed	At 31 March 2004	Exercise price	Dates from which exercisable	Lapse Date
C Fletcher Smith	21,477	-	-	-	21,477	44.0	13 Feb 2006	12 Aug 2006
R Harwood	21,477	-	-	-	21,477	44.0	13 Feb 2006	12 Aug 2006
I Clarke	2,595	-	-	-	2,595	73.2	13 Feb 2005	12 Aug 2005
I Clarke	11,198	-	-	-	11,198	44.0	13 Feb 2006	12 Aug 2006

* or date of appointment if later

The closing market price of mmO2 plc shares at 31 March 2004 was 100.5p and the range from 1 April 2003 to that date was 45.75p to 112p.

Performance Share Plan

Under the mmO2 plc Performance Share Plan ("PSP"), C Fletcher Smith has been granted contingent awards of 60,141 shares (1 April 2003: nil), R Harwood has been granted contingent awards of 11,132 shares (1 April 2003: nil), and I Clarke has been granted contingent awards of 51,886 shares (1 April 2003: nil). Entitlement to these shares at the end of a three-year period is dependent upon the continued employment of the participant by mmO2 plc or one of its subsidiaries, and is subject to the satisfaction of certain performance criteria as detailed in the mmO2 plc annual report.

Non-beneficial interests

At 31 March 2004, C Fletcher Smith, R Harwood and I Clarke had a non-beneficial interest in 1,858,232 shares held in trust by Hill Samuel Offshore Trust Company Limited as trustee of the PSP.

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 2004 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.

Auditors

Pursuant to a shareholders' resolution under Section 386 of the Companies Act 1985, the Company is not obliged to re-appoint its auditors annually.

By order of the board



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

26 JULY

2004

O2 Credit Vouchers Limited

(previously mmO2 UK Limited)

6

Independent auditors' report to the members of O2 Credit Vouchers 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 2004 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

26 July 2004

O2 Credit Vouchers Limited

7

(previously mmO2 UK Limited)

Profit and loss accounts for the year ended 31 March 2004

	Note	2004 £'000	2003 £'000
Turnover		3,510	-
Cost of Sales		<u>(4,220)</u>	<u>-</u>
Gross loss		(710)	
Operating expenses		<u>-</u>	<u>-</u>
Loss on ordinary activities before taxation		(710)	-
Taxation on loss on ordinary activities	4	<u>-</u>	<u>-</u>
Loss for the financial year		<u>(710)</u>	<u>-</u>

Loss on ordinary activities before taxation for the current year derived entirely from continuing activities.

There were no other gains and losses other than the loss 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.

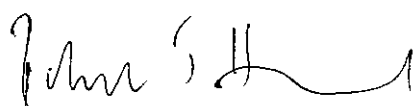
O2 Credit Vouchers Limited
(previously mmO2 UK Limited)
Balance sheets at 31 March 2004

8

	Note	2004 £'000	2003 £'000
Current assets			
Cash at bank and in hand		-	-
Debtors	5	<u>3,649</u>	<u>-</u>
Total current assets		3,649	-
Creditors: amounts falling due within one year	6	<u>(4,359)</u>	<u>-</u>
Total current liabilities		(4,359)	-
Net current assets (liabilities)		<u>(710)</u>	<u>-</u>
Capital and reserves			
Called up share capital	7	-	-
Profit and loss account	8	<u>(710)</u>	<u>-</u>
Total equity shareholder's funds	9	<u>(710)</u>	<u>-</u>

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

26 JULY 2004



Director

O2 Credit Vouchers Limited
(previously mmO2 UK Limited)
Notes to the financial statements

9

Accounting policies

Accounting conventions

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.

Turnover

Turnover is stated net of value-added tax and is wholly in respect of services provided in the United Kingdom.

Debtors

Debtors are stated at estimated net realisable value. Net realisable value is the invoiced amount less provisions for bad and doubtful debtors. Provisions are made specifically against debtors where there is evidence of a dispute or an inability to pay. An additional provision is made based on an analysis of balances by age, previous losses experienced, and general economic conditions.

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 is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates substantively enacted at the balance sheet date.

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 2004, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 - "Cash Flow Statements (Revised)".

1. Auditors' remuneration

Auditors' remuneration for the year ended 31 March 2004 was borne by a fellow group company O2 (UK) Limited.

2. Directors' emoluments

No emoluments were paid in the year ended 31 March 2004 to the Directors of the Company for their services to the Company. The Directors are employees of O2 Limited and are remunerated for their services to the group as a whole (2003: £nil).

3. Employee information

The average monthly number of persons employed by the Company, including executive Directors, during the year was nil (2003: £nil).

O2 Credit Vouchers Limited
(b previously mmO2 UK Limited)
Notes to the financial statements

10

4. Taxation on profit on ordinary activities

	2004 £'000	2003 £'000
Tax on loss on ordinary activities:		
Current tax:		
United Kingdom corporation tax at 30% (2003: 30%)	-	-
Total tax on loss on ordinary activities	-	-

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 were attributable to the following factors:

	2004 £'000	2003 £'000
Profit/(loss) on ordinary activities before tax	(710)	-
Expected tax charge/(credit) on ordinary activities at 30%	(213)	
Group relief surrendered, not paid	213	-
Current taxation charged/(credited) to the profit and loss account	-	-

5. Debtors

	2004 £'000	2003 £'000
Amounts due from group undertakings	3,517	-
Other debtors	132	-
	3,649	-

Amounts due from holding company and fellow subsidiaries, are unsecured, interest free and repayable on demand.

6. Creditors: amounts falling due within one year

	2004 £'000	2003 £'000
Amount due to holding companies and fellow subsidiaries	4,359	-
	4,359	-

O2 Credit Vouchers Limited
(previously mmO2 UK Limited)
Notes to the financial statements

11

7. Share capital

	2004 £	2003 £
Authorised		
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called-up and fully paid		
Ordinary shares of £1 each	<u>1</u>	<u>1</u>

8. Profit and loss account

	2004 £'000	2003 £'000
At 1 April	-	-
Loss for the financial year	<u>(710)</u>	<u>-</u>
At 31 March	<u>(710)</u>	<u>-</u>

9. Reconciliation of movements in shareholder's funds

	2004 £'000	2003 £'000
Loss for the financial year	(710)	-
Opening shareholder's funds as previously reported	-	-
Closing shareholders' funds	<u>(710)</u>	<u>-</u>

10. Related party disclosures

The results of the Company are included in the consolidated financial statements of mmO2 plc for the year ended 31 March 2004. Consequently the Company is exempt under the provisions of Financial Reporting Standard 8 - "Related Party Disclosures" from disclosing details of transactions and balances with mmO2 plc, its fellow subsidiaries and its associated undertakings.

11. Ultimate parent company and controlling party

The Company's immediate parent company 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.