

TESCO MOBILE COMMUNICATIONS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 24 FEBRUARY 2007

Registered number: 4780729



TESCO MOBILE COMMUNICATIONS LIMITED

DIRECTORS' REPORT

Directors' Report for the period ended 24 February 2007

The directors present their report and audited financial statements of Tesco Mobile Communications Limited ("the company") for the period ended 24 February 2007

Business review and principal activities

The principal activity of the company is to act as an investment company

The results for the period show a profit after tax of £8,000 (2006 £9,000) The directors do not recommend the payment of a dividend (2006 £nil)

The company has net assets of £1.1m (2006 £1.1m)

Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the Tesco PLC group and are not managed separately. These risks are discussed on page 16 of the Tesco PLC group annual report which does not form part of this report

Key performance indicators

Given the straightforward nature of the business, the directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business

Research and development

The company does not undertake any research and development activities

Employees

The company had no employees during the year (2006 none)

Directors and their interests

The following directors served during the period

L Wade-Gery
T J R Mason
L Neville-Rolfe

None of the directors had any disclosable interests in the company during the period

T J R Mason and L Neville-Rolfe are also directors of Tesco PLC, the company's ultimate parent company, and as such their disclosable interests in Tesco PLC are all declared in the financial statements of that company

TESCO MOBILE COMMUNICATIONS LIMITED

DIRECTORS' REPORT (continued)

Statement of directors' responsibilities in respect of the Annual Report and the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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.

In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

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.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditors

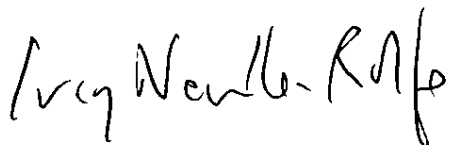
Each director who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant information of which the company's auditors are unaware, and
- each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

Pursuant to Section 386 of the Companies Act 1985 the company has elected to dispense with the obligations to appoint auditors annually in both the next financial period and all subsequent periods.

By order of the Board 21st November 2007



Lucy Neville-Rolfe
Director
Tesco Mobile Communications Limited
Registered number 4780729

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TESCO MOBILE COMMUNICATIONS LIMITED

PricewaterhouseCoopers LLP
10 Bricket Road
St Albans AL1 3JX
Telephone +44 (0) 1727
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Facsimile +44 (0) 1727 845039

We have audited the financial statements of Tesco Mobile Communications Limited for the period ended 24 February 2007 which comprise the Profit and Loss account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland). 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 24 February 2007 and of its profit for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
St Albans

27th November

2007

TESCO MOBILE COMMUNICATIONS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 24 FEBRUARY 2007

	Note	2007 £'000	2006 £'000
Operating profit	2	-	-
Interest receivable and similar income		8	2
Profit on ordinary activities before taxation		8	2
Tax on profit on ordinary activities	3	-	7
Profit for the financial period	7,8	8	9

There are no recognised gains or losses other than those shown in the Profit and Loss account above

There are no differences between the profit on ordinary activities before taxation for the financial period stated above and their historical cost equivalents

The notes on pages 6 to 8 form part of these financial statements

TESCO MOBILE COMMUNICATIONS LIMITED

BALANCE SHEET AS AT 24 FEBRUARY 2007

	Note	2007 £'000	2006 £'000
Fixed assets			
Investments	4	450	450
Current assets			
Cash at bank		1,784	1,776
Creditors – amounts falling due within one year	5	(1,119)	(1,119)
Net current assets		665	657
Net assets		1,115	1,107
Capital and reserves			
Called up share capital	6	1,081	1,081
Profit and loss reserve	7	34	26
Total shareholders' funds	8	1,115	1,107

The notes on pages 6 to 8 form part of these financial statements

The financial statements on pages 4 to 8 were approved by the board of directors on 21st November 2007 and were signed on its behalf by



Lucy Neville-Rolfe
Director
Tesco Mobile Communications Limited
Registered Number 4780729

TESCO MOBILE COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 24 FEBRUARY 2007

1 ACCOUNTING POLICIES

Basis of preparation of financial statements

The financial statements are prepared on the going concern basis in accordance with applicable United Kingdom accounting standards, under the historical cost convention, and in accordance with the Companies Act 1985. These have been applied consistently during the period.

In accordance with FRS 2 "Accounting for Subsidiary Undertakings" and Section 228 of the Companies Act 1985, group financial statements have not been prepared because the company is a wholly owned subsidiary of a body corporate, incorporated in England and Wales.

Cash flow statement

In accordance with paragraph 5 of FRS 1 "Cash Flow Statements (Revised)", the company, being the wholly owned subsidiary of another company which prepares a cash flow statement including the cash flows of this company, has not prepared such a statement itself.

Changes in accounting policies

During the year, the company adopted FRS 20 "Share-based Payment" in the preparation of the financial statements. The adoption of this standard did not have any impact on the shareholder's funds of the company.

Impairment of fixed assets and goodwill

Fixed assets are subject to review for impairment in accordance with FRS 11, "Impairment of Fixed Assets and Goodwill". Any impairment is recognised in the Profit and Loss account in the period in which it occurs.

Taxation

The amount included in the Profit and Loss account is based on the profit or loss on ordinary activities before taxation and is calculated at current local tax rates, taking into account timing differences and the likelihood of realisation of deferred tax assets and liabilities.

Group relief on taxation

The company will receive group relief from group companies without payment and consequently there is no tax charge in the Profit and Loss account.

2 OPERATING PROFIT

The directors received no emoluments for their services to the company (2006 £nil)

The company had no employees during the period (2006 none)

The auditors remuneration for the current and prior period was borne by another group company

TESCO MOBILE COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 24 FEBRUARY 2007 (continued)

3 TAXATION

	2007 £'000	2006 £'000
Current tax:		
UK Corporation tax on profit for the financial period	-	-
Adjustments in respect of previous financial periods	-	(7)
Tax on profit on ordinary activities	-	(7)

The tax assessed for the period is lower (2006 lower) than the standard rate of corporation tax in the UK (30%) The differences are explained below

	2007 £'000	2006 £'000
Profit on ordinary activities before tax	8	2
Profit on ordinary activities multiplied by standard rate in the UK 30% (2006 30%)	2	1
Effects of		
Group relief surrendered without payment	17	(1)
Adjustment in respect of prior years	-	(7)
Transfer price adjustment	(19)	-
Current tax charge for the financial period	-	(7)

The company is subject to transfer pricing legislation under which arms length terms are applied with UK connected parties Any adjustments required under this legislation would not have any impact on the amount of tax payable as compensating payments will be made between the parties affected to restore them to their position before application of this legislation

4 INVESTMENTS

	£'000
As at 25 February 2006	450
As at 24 February 2007	450

At the period end the following were held as investments by the company

Subsidiary undertaking	Nature of business	% shares held	Registered in
Tesco Mobile Services Limited	Holding company	100	England & Wales
Other investments			
Tesco Mobile Limited	Telecommunications	5	England & Wales

5 CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £'000	2006 £'000
Amounts due to group undertakings	1,119	1,119

Amounts owed to group undertakings are unsecured, interest free and have no fixed date of repayment

TESCO MOBILE COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 24 FEBRUARY 2007 (continued)

6 CALLED UP SHARE CAPITAL

	2007 £'000	2006 £'000
Authorised		
1,080,605 (2006 1,080,605) ordinary shares of £1 each	1,081	1,081
Allotted, called up and fully paid		
1,080,605 (2006 1,080,605) ordinary shares of £1 each	1,081	1,081

7 RESERVES

	Profit and loss reserve £'000
25 February 2006	26
Profit for the period	8
24 February 2007	34

8 RECONCILIATION IN MOVEMENT IN SHAREHOLDERS FUNDS

	2007 £'000	2006 £'000
Profit for the financial period	8	9
Net proceeds of issue of ordinary share capital	-	1,080
Net additions to shareholders' funds	8	1,089
Opening shareholders' funds	1,107	18
Closing shareholders' funds	1,115	1,107

9 ULTIMATE PARENT UNDERTAKING

The company's immediate and ultimate parent undertaking, and controlling party, is Tesco PLC, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the Tesco PLC financial statements can be obtained from the Company Secretary, Tesco PLC, Tesco House, PO Box 18, Delamare Road, Cheshunt, Hertfordshire, EN8 9SL.

10 RELATED PARTY TRANSACTIONS

Transactions with other companies within the group are not disclosed as the company has taken advantage of the exemption under Financial Reporting Standard 8 "Related Party Disclosures", as the consolidated accounts of Tesco PLC, in which the company is included, are available at the address noted above.

11 POST BALANCE SHEET EVENT

A number of changes to the United Kingdom Corporation tax system were announced in the March 2007 Budget Statement and are expected to be enacted in the 2007 and 2008 Finance Acts. The changes had not been substantively enacted at the Balance Sheet date and, therefore, are not included in these financial statements. This non-adjusting post Balance Sheet event has no material impact on the financial statements.