

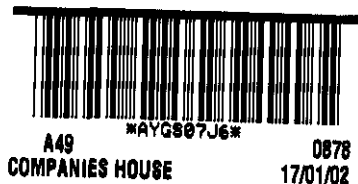
RE-SCAN

Deutsche Telekom Mobile Holdings Limited
(formerly Syncsun Limited)

Annual Report for the period ended 31 December 2000

Company registration number: 383670

18/1/02



Directors' report

For the period 6 September 1999 to 31 December 2000

The directors present their annual report and the audited financial statements of the company for the period 6 September 1999 (date of incorporation) to 31 December 2000.

Principal activities

The company's principal business activities are those of a holding company. No change in these activities is expected in the coming year.

Review of business

The company was incorporated on 6 September 1999 as Syncsun Limited. On 28 September 1999 the issued capital of the company was acquired by Deutsche Telekom AG and the company was renamed Deutsche Telekom Mobile Holdings Limited.

On 1 October 1999 the company acquired Deutsche Telekom Mobile No. 5 Limited, Deutsche Telekom Mobile Number 1 Limited and One 2 One Personal Communications Limited. These three companies in turn own a partnership called One 2 One (the "partnership") for the purpose of operating a national Personal Communications Network ("PCN") throughout the UK.

The principal activity of the partnership is the design, development, construction, installation, ownership, operation, running, maintenance and marketing of a PCN, the provision of services by means of the PCN, and the marketing of such services. The partnership also acts as a distributor for mobile phones designed for use on its network.

Since the launch in 1993, the partnership has continued to rollout its network and now offers service to approximately 98% of the population of Great Britain. At 31 December 2000, the partnership had invested £2.2 billion in the rollout of the network.

In the period to 31 December 2000 the partnership significantly increased its customer base, and as at 31 December 2000 had 8.3 million subscribers. The rate of subscriber growth has been much higher than expected which has had an adverse impact on the results of the partnership, due principally to higher customer acquisition costs. Furthermore, the One 2 One Board expects the partnership will continue to incur net losses and to have significant net liabilities while it completes the development of its business. The partnership's banking facilities are subject to a number of financial covenants. However, the One 2 One Board believe that waivers will be forthcoming if needed or facilities will be renegotiated so that covenants will not be breached.

The partnership entered into a joint venture arrangement with the Virgin Group to set up a new mobile phone service, Virgin Mobile Telecoms Limited ("Virgin Mobile") which commenced trading on 11 November 1999.

Directors' report (continued)

For the period 6 September 1999 to 31 December 2000

Review of business (continued)

In mid 1999 the UK Government committed to auctioning five licences for blocks of spectrum to allow operators to offer third generation mobile services. Third generation mobile services will provide users with superior voice quality, broadband data services like video and multimedia together with enhanced roaming capability. Capacity of third generation mobile services will also be significantly increased thereby eliminating one of the major constraints of second generation mobile services.

The four existing UK operators could not bid for the licence with the largest amount of spectrum which was reserved for a new entrant into the UK mobile services market, but they could bid for any of the four remaining licences. One 2 One Personal Communications Limited was one of the thirteen bidders to qualify to take part in the auction process which commenced on 6 March 2000.

It was confirmed on 9 May 2000 that One 2 One Personal Communications Limited had made a successful bid for one of the UK UMTS licences at a bid price of £4,003,600,000. The licence took effect immediately and runs until 31 December 2021.

To fund the acquisition of the licence on 9 May 2000 the company issued 3 million shares to T-Mobile International AG at a subscription price of £1,903,000,000 and in addition T-Mobile International AG loaned the company £ 1,999,252,892. On the same day the company loaned to One 2 One Personal Communications Limited a total of £ 3,902,252,892.

On 20 June 2000, One 2 One Personal Communications Limited acquired The Pocket Phone Shop Limited, a UK mobile phone retailer, for £73.2 million. The Pocket Phone Shop Limited is one of the retailers used by the One 2 One partnership for the distribution of mobile phones in the ordinary course of business.

Future developments

The partnership will continue to invest significantly in its network enhancement programme - expanding coverage, both nationally and internationally, and continuing to improve overall service quality.

Results

The company made a profit of £175.7 million in the period. The directors do not recommend the payment of a dividend.

Charitable and political contributions

The company made no charitable or political contributions in the period.

Directors' report (continued)

For the period 6 September 1999 to 31 December 2000

Board of directors

The directors of the company as at 31 December 2000 and during the period were as follows:

Dr. K. Hofmann	Chairman	(appointed 28 September 1999)
Dr. A. Luetzner	Company Secretary	(appointed 28 September 1999)
M. Gunther		(appointed 17 August 2000)
F. Stoffer		(appointed 17 August 2000)
J. Johnen		(appointed 28 September 1999 and resigned 17 August 2000)
H. Reuschenbach		(appointed 28 September 1999 and resigned 17 August 2000)
I. G. Williams		(appointed 23 September 1999 and resigned 28 September 1999)
J. Parr	Company Secretary	(appointed 23 September 1999 and resigned 28 September 1999)
Instant Companies Limited		(appointed 6 September 1999 and resigned 23 September 1999)
Swift Incorporations Limited		(appointed 6 September 1999 and resigned 23 September 1999)

None of the directors or their families held an interest in the company at the end of the period.

There were no contracts of significance subsisting during or at the end of the financial period in which a director had a beneficial interest.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which 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 apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business for the foreseeable future.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure 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.

Directors' report (continued)

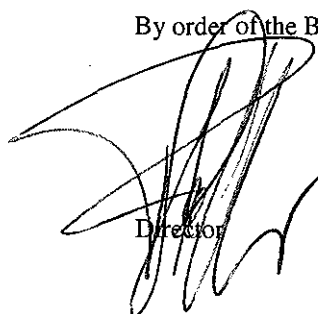
For the period 6 September 1999 to 31 December 2000

Auditors

Following the incorporation of the company the directors appointed PricewaterhouseCoopers to fill the casual vacancy existing until the first Annual General Meeting. A resolution will be proposed at the Annual General Meeting that PricewaterhouseCoopers be re-appointed auditors of the company.

33 Broadwick Street
London
W1V 1FR

By order of the Board,



Director

29 October 2001

Auditors' report

To the shareholders of Deutsche Telekom Mobile Holdings Limited:

We have audited the financial statements on pages 7 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 3, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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.

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.

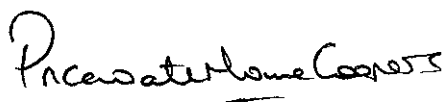
Fundamental uncertainty

In forming our opinion we have considered the adequacy of the disclosures made in the financial statements concerning the company's current and future funding requirements, including the reliance on assurances received from the immediate parent company that it will continue to support the company for the foreseeable future. The financial statements have been prepared on a going concern basis, the validity of which depends upon this future funding being available. The financial statements do not include any adjustments that would result from a failure to obtain such funding. Details of the circumstances relating to this fundamental uncertainty are described in Note 1. Our opinion is not qualified in this respect.

Auditors' report

Opinion

In our opinion the financial statements give a true and fair view of the company's state of affairs at 31 December 2000 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to read "PricewaterhouseCoopers", with a horizontal line underneath the name.

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
1 Embankment Place
London WC2N 6RH

29 October 2001

Profit and loss account

For the period ended 31 December 2000

	Notes	Period ended 31 December 2000 £'000
Turnover		-
Operating expenses		(666)
Operating loss	2	(666)
Interest receivable and similar income	4	176,357
Profit on ordinary activities before taxation		175,691
Taxation on profit on ordinary activities	5	-
Profit for the financial period		175,691

There are no recognised gains or losses in the period other than the profit above and therefore no separate statement of total recognised gains and losses has been prepared.

There is no material difference between the profit on ordinary activities before taxation and profit for the financial period stated and their historical cost equivalents.

The results above all arise from continuing operations.

The accompanying notes on pages 9 to 14 are an integral part of these financial statements.

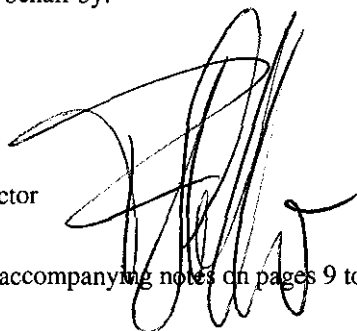
Balance sheet

31 December 2000

	Notes	31 December 2000 £'000
Fixed asset investments	6	10,447,087
Current assets		
Debtors due within one year	7	176,357
Debtors due after more than one year	8	4,151,366
		4,327,723
Current liabilities		
Amounts falling due within one year	9	(5,750,716)
		(1,422,993)
Net current liabilities		
Net assets		9,024,094
Capital and reserves		
Called-up share capital	10	697,540
Share premium account	11	8,150,863
Profit and loss account	11	175,691
	12	9,024,094

These financial statements on pages 7 to 14 were approved by the Board of Directors on 29 October 2001 and signed on their behalf by:

Director



The accompanying notes on pages 9 to 14 are an integral part of these financial statements.

Notes to the accounts

Year ended 31 December 2000

1 Principal accounting policies

A summary of the principal accounting policies of the company, all of which have been applied consistently throughout the period, is set out below.

a) Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards on the historical cost basis.

b) Investments

The company's investments are stated at cost less provision for permanent diminution in value.

c) Taxation

Corporation tax payable by the company is provided on taxable profits at the current rate.

Deferred tax is provided using the liability method on all timing differences only to the extent that they are expected to reverse in the future without being replaced.

d) Consolidation

Under Section 228 of the Companies Act 1985, the company is exempt from preparing consolidated financial statements as the company is included in the consolidated financial statements of the ultimate parent company, Deutsche Telekom AG. Deutsche Telekom AG is incorporated in Germany, a member state of the EEA and its audited financial statements are drawn up to 31 December 2000.

e) Going concern

As at 31 December 2000 the company had net current liabilities and significant amounts recoverable from the One 2 One partnership. Deutsche Telekom Mobile Holdings Limited has received assurances from its immediate parent company, T-Mobile International AG, that it will continue to support the company for the foreseeable future such that if immediate repayment of any of the loan facilities is required, equivalent funding will be provided to replace the facility. Accordingly the financial statements have been prepared on a going concern basis.

2 Operating loss

Auditors' remuneration for the period ended 31 December 2000 totalled £5,400 for audit services, and £494,902 for non-audit services which was incurred in relation to tax consultation during the period. The audit fee is borne by the partnership and no recharge is made. The company had no employees other than directors who were not remunerated for their services (see note 3).

3 Directors' emoluments

The company had no employees during the period.

None of the directors received or waived any remuneration in respect of their services as directors of the company.

Notes to the accounts (continued)

Year Ended 31 December 2000

3 Directors' emoluments (continued)

There were no contracts of significance subsisting during or at the end of the financial period in which a director was beneficially interested.

4 Interest receivable and similar income

Period ended
31 December
2000
£'000

Interest receivable on loan to group undertaking 176,357

Interest receivable represents interest charged on a loan of £3,902,252,892 made to the One 2 One partnership at LIBOR plus 0.25%. The loan was made on 9 May 2000.

No interest is charged on amounts payable to group undertakings.

5 Taxation on profit on ordinary activities

No corporation tax charge was incurred in the period due to a taxable loss being incurred after the elimination of inter-company interest.

6 Fixed asset investments

31 December
2000
£'000

Investment in subsidiaries 10,447,087

The subsidiary undertakings as at 31 December 2000 are as follows:

Name	Activity	Country of incorporation / operation	Percentage Shareholding	
			Direct	Indirect
Deutsche Telekom Mobile Number 1 Limited	Holding Company	England	100	
Deutsche Telekom Mobile Number 2 Limited	Dormant	England	100	
Deutsche Telekom Mobile No. 4 Limited	Dormant	England	100	
Deutsche Telekom Mobile No. 5 Limited	Holding Company	England	100	
One 2 One Personal Communications Limited	Holding Company	England	100	
One 2 One Limited	Dormant	England		100
The Pocket Phone Shop Limited	Mobile Phone Retailer	England		100
One 2 One Pension Trustee Limited	Trustee Company	England		100

Notes to the accounts (continued)

Period Ended 31 December 2000

6 Fixed asset investments (continued)

During the period the company wholly acquired the shares in the One 2 One partnership through the acquisition of the partner companies and their holding companies.

One 2 One partnership, in which the company has 100% interest, operates a personal communications network in the United Kingdom.

Following the above acquisition Deutsche Telekom Mobile Number 2 Limited transferred its direct ownership in One 2 One Personal Communications Limited to the company. As part of the same acquisition Deutsche Telekom Mobile No. 4 Limited transferred its direct holding in One 2 One Personal Communications Limited and Deutsche Telekom Mobile No. 5 Limited, to the company.

As a result of the transfer:

- (a) The company has increased its investment in One 2 One Personal Communications Limited and Deutsche Telekom Mobile No. 5 Limited.
- (b) The increase in investment value is offset by additional equivalent amounts payable to Deutsche Telekom Mobile Number 2 Limited and Deutsche Telekom Mobile No. 4 Limited from the company (note 9).

31 December
2000
£'000

Investment in subsidiary companies is comprised as follows:

Acquisition of One 2 One partnership and related undertakings	6,735,996
Transfer of direct ownership in Deutsche Telekom Mobile No. 5 Limited and One 2 One Personal Communications Limited	3,711,091
	10,447,087

7 Debtors due within one year

31 December
2000
£'000

Prepayments and accrued income	176,357

Notes to the accounts (continued)

Period Ended 31 December 2000

8 Debtors due after more than one year

31 December
2000
£'000

Amounts receivable from group undertakings

4,151,366

Amounts owing from group undertakings comprise a subordinated loan of £249,112,672 to the One 2 One partnership and a further loan of £3,902,252,892.

The subordinated loan does not attract interest, and is the assumption of the two loans, and capitalised interest thereon, which the partnership had previously owed to the former owners of the partnership, Cable and Wireless plc and MediaOne Group, Inc. As part of the sale of the One 2 One partnership to Deutsche Telekom AG, Deutsche Telekom AG repaid Cable and Wireless plc and MediaOne Group, Inc. the loans and capitalised interest owing to them, and then transferred the ownership of the loan to Deutsche Telekom Mobile Holdings Limited. On 9 May, a loan of £3,902,252,892 was made to the One 2 One partnership for the purchase of the UMTS licence. Interest is charged at LIBOR plus 0.25% on this loan.

9 Creditors: Amounts falling due within one year

31 December
2000
£'000

Trade creditors

19

Amounts payable to group undertakings

5,750,697

5,750,716

Amounts payable to group undertakings include amounts totalling £3,711,091,000 owed to Deutsche Telekom Mobile Number 2 Limited and Deutsche Telekom Mobile No. 4 Limited following the transfer of their interests in One 2 One Personal Communications Limited and Deutsche Telekom Mobile No. 5 Limited to the company. It also includes a loan of £1,999,252,892 owed to T-Mobile International AG, which is non-interest bearing, non-securitised with no fixed repayment terms.

Notes to the accounts (continued)

Period Ended 31 December 2000

10 Called-up share capital

	31 December 2000 £'000
<i>Authorised</i>	
10,000,000,000 ordinary £1 shares	10,000,000
<i>Allotted, called-up and fully-paid</i>	
At incorporation (694,540,268 ordinary £1 shares)	694,540
Allotted during the period (3,000,000 ordinary £1 shares)	3,000
At 31 December 2000 (697,540,268 ordinary £1 shares)	697,540

To fund the acquisition of the UK UMTS licence on 9 May 2000, the company issued 3 million ordinary £1 shares to T-Mobile International AG at a subscription price of £1,903,000,000. In addition T-Mobile International AG loaned the company £ 1,999,252,892. On the same day the company loaned to One 2 One Personal Communications Limited a total of £ 3,902,252,892.

11 Reserves

	Share premium Account £'000	Profit and loss Account £'000
At incorporation	-	-
Premium on shares issued during the period	8,150,863	-
Profit for the period	-	175,961
At 31 December 2000	8,150,863	175,691

12 Reconciliation of movements in shareholders' funds

	31 December 2000 £'000
Opening shareholders funds	-
Profit for the period	175,691
Share capital issued during the period	8,848,403
Closing shareholders' funds	9,024,094

Notes to the accounts (continued)

Period Ended 31 December 2000

13 Capital commitments

The company had no capital commitments as at 31 December 2000.

14 Guarantees, financial commitments and contingent liabilities

The company has no guarantees, financial commitments and contingent liabilities.

15 Cash flow statement

Under Financial Reporting Standard 1 (revised), the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly-owned subsidiary undertaking of Deutsche Telekom AG. A cash flow statement is included in the financial statements of Deutsche Telekom AG.

16 Related party transactions

Under Financial Reporting Standard 8, the company is exempt from the requirement to disclose transactions with entities that are part of the Deutsche Telekom AG Group, or investees of the group qualifying as related parties, as all of the company's voting rights are controlled within that group. The only other related party with which other material transactions took place is the One 2 One partnership

17 Subsequent events

On 29 June 2001, a further 9,000,000 ordinary £1 shares were issued to T-Mobile International AG for £1,999,252,892. The loan from T-Mobile International AG of £1,999,252,892 was repaid on 29 June 2001 with the proceeds from the share issue.

18 Ultimate parent companies

The immediate parent undertaking is T-Mobile International AG (incorporated in Germany). The ultimate parent undertaking and controlling party is Deutsche Telekom AG, (incorporated in Germany), which is the parent undertaking of smallest and largest groups to consolidate these financial statements. The consolidated accounts of Deutsche Telekom AG are available to the public and may be obtained from:

Press and Corporate Communication Department
Postfach 20 00
D-53105 Bonn
Germany