

# T-Mobile Holdings Limited

Annual Report for the year ended 31 December 2004

Company registration number: 3836708



## Directors' report for the year ended 31 December 2004

The directors present their report, together with the financial statements and auditors' report, for the year ended 31 December 2004 for T-Mobile Holdings Limited ('the company').

### Principal activity

The company's principal activity is that of a holding company.

Throughout the year ended 31 December 2004, the company's principal investments were in T-Mobile No. 1 Limited ('TM1') and T-Mobile No.5 Limited ('TM5'), which in turn held ownership interests in T-Mobile (UK) Limited ('TMUK').

### Future developments

The company will continue to act as a holding company and no change to this is expected in the coming year.

### Results

The company's loss for the year ended 31 December 2004 amounted to £1,275 million (31 December 2003 - profit of £199 million). The directors do not recommend the payment of a dividend.

### Charitable and political contributions

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

### Board of directors

The directors of the company as at 31 December 2004 and during the year were as follows:

U. Kuehbachner

F. Stoffer

M. Schumann

None of the directors or their families held an interest in the company at the end of the year. There were no contracts of significance existing during, or at the end of, the financial year in which a director had a beneficial interest.

### Group recapitalisation

In June 2004, management undertook a review of the financing and capital arrangements between the company and its subsidiaries (the 'T-Mobile (UK) Group'). As a result of this review loans and accrued interest due to the company by TMUK at 17 June 2004, amounting to £4,151 million and £951 million respectively, were converted into non-equity shares ('the Group Recapitalisation').

## Directors' report for the year ended 31 December 2004 (continued)

### Group recapitalisation (continued)

To effect the Group Recapitalisation:

- the company subscribed for 2,550,826 redeemable ordinary shares of £1 each in each of TM1 and TM5 for a total consideration of £5,102 million;
- TM1 and TM5 each subscribed for 2,550,826 redeemable ordinary shares of £1 each in TMUK for a total consideration of £5,102 million; and
- The company released TMUK from its obligation in respect of the loans and accrued interest owed to the company at 17 June 2004, which satisfied:
  - The company's obligation to TM1 and TM5 in respect of the shares issued to the company; and
  - TM1 and TM5's obligation to TMUK in respect of the shares issued to them.

The effects of the above transactions were as follows:

- a reduction of the intercompany liabilities balance and an increase in the shareholders' equity of TMUK by £5,102 million;
- an increase in the intercompany investments balance and the shareholder's equity of £2,551 million in each of TM1 and TM5; and
- an increase in the intercompany investments balance and a reduction of the intercompany debtor's balance of £5,102 million in the company.

Also, as a result of the Group Recapitalisation, interest ceased to accrue between TMUK and the company in respect of the loans from 17 June 2004.

### Impairment review

The company has made investments in the telecommunications market through the acquisition of its principal investments in TMI, TM5 and TMUK, and by funding the acquisition of the third generation mobile service licence ('the 3G Licence') by TMUK. Management recognises the fact that there are a number of inherent risks and issues in this market and, in accordance with Financial Reporting Standard ('FRS') 11 - 'Impairment of fixed assets and goodwill', conducted an impairment review of its investments during the year ended 31 December 2004, in which the carrying value of the investments were compared to their recoverable amount and to the level of expected future cash flows.

This impairment review resulted in a reduction of £1,382 million in the carrying value of the company's investment in the T-Mobile (UK) Group. Further details of the impairment review performed are set out in note 4 to the financial statements.

## Directors' report for the year ended 31 December 2004 (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 December 2004 and that applicable accounting standards have been followed.

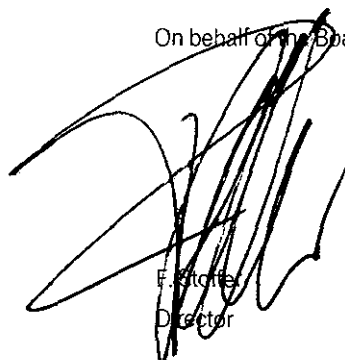
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

Hatfield Business Park  
Hatfield  
Hertfordshire  
AL10 9BW

On behalf of the Board,

A large, stylized handwritten signature in black ink, appearing to be 'F. Stottle', is written over the text 'On behalf of the Board,' and 'F. Stottle, Director'.

F. Stottle  
Director

11 March 2005

## Auditors' report

### **Independent auditors' report to the members of T-Mobile Holdings Limited**

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

### **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.

## Auditors' report (continued)

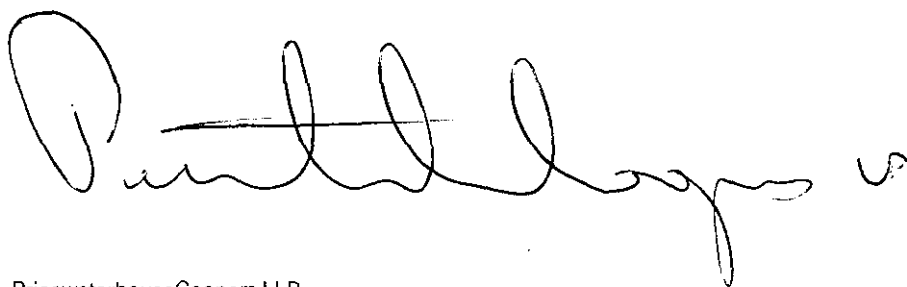
### Fundamental uncertainty

In forming our opinion we have considered the adequacy of the disclosures made in the financial statements concerning the following matters:

1. The carrying amounts of the company's investments and amounts recoverable from group undertakings as at 31 December 2004 and 2003 are based on an amount derived from a discounted cash flow model. Inherent in this model are assumptions relating to future industry, technology, market and business developments which are subject to uncertainty. Although management believes that the expectations reflected in these forward-looking assumptions are reasonable, it can give no assurances that these expectations will prove to be accurate. Because of these uncertainties, actual future results and, consequently, cash flows may differ from the assumptions used in performing the impairment evaluation of the company's investments and the amounts recoverable from group undertakings. Details of the circumstances relating to this fundamental uncertainty are described in note 4. Our opinion is not qualified in this respect.
2. The financial statements have been prepared on a going concern basis, the validity of which depends upon future funding being available, 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 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.

### Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 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

11 March 2005

## Profit and loss account for the year ended 31 December 2004

|                                                             | Note | 2004<br>£'000      | 2003<br>£'000  |
|-------------------------------------------------------------|------|--------------------|----------------|
| Diminution in value of fixed asset investments              | 4    | (1,382,056)        | -              |
| <b>Operating loss</b>                                       | 5    | <b>(1,382,056)</b> | <b>-</b>       |
| Interest receivable and similar income                      | 7    | 107,187            | 198,744        |
| <b>(Loss)/profit on ordinary activities before taxation</b> |      | <b>(1,274,869)</b> | <b>198,744</b> |
| Tax on (loss)/profit on ordinary activities                 | 8    | -                  | -              |
| <b>(Loss)/profit for the financial year</b>                 |      | <b>(1,274,869)</b> | <b>198,744</b> |

There are no recognised gains or losses other than the profit/(loss) stated above and therefore no separate statement of total recognised gains and losses has been prepared.

There is no difference between the profit/(loss) on ordinary activities before and after taxation and their historical cost equivalents for the financial periods stated above.

The results above all arise from continuing operations.

The movement on reserves is shown in note 14.

The accompanying notes on pages 8 to 16 are an integral part of these financial statements.

# Balance sheet as at 31 December 2004

|                                                       | Note | 2004<br>£'000 | 2003<br>£'000 |
|-------------------------------------------------------|------|---------------|---------------|
| <b>Fixed assets</b>                                   |      |               |               |
| Investments                                           | 9    | 9,823,476     | 6,103,880     |
| <b>Current assets</b>                                 |      |               |               |
| Debtors: amounts falling due within one year          | 10   | -             | 843,099       |
| Debtors: amounts falling due after more than one year | 11   | -             | 4,151,366     |
|                                                       |      | -             | 4,994,465     |
| <b>Creditors: amounts falling due within one year</b> | 12   | (3,751,471)   | (3,751,471)   |
| <b>Net current (liabilities)/assets</b>               |      | (3,751,471)   | 1,242,994     |
| <b>Net assets</b>                                     |      | 6,072,005     | 7,346,874     |
| <b>Capital and reserves</b>                           |      |               |               |
| Called-up share capital                               | 13   | 706,540       | 706,540       |
| Share premium account                                 | 14   | 10,141,115    | 10,141,115    |
| Profit and loss account                               | 14   | (4,775,650)   | (3,500,781)   |
| <b>Total shareholder's funds</b>                      | 15   | 6,072,005     | 7,346,874     |
| <b>Analysis of shareholder's funds</b>                |      |               |               |
| Equity                                                | 13   | 4,072,753     | 5,347,622     |
| Non-Equity                                            | 13   | 1,999,252     | 1,999,252     |
|                                                       |      | 6,072,005     | 7,346,874     |

These financial statements on pages 6 to 16 were approved by the Board of Directors on 11 March 2005 and signed on their behalf by:

F. Stoffe  
Director

The accompanying notes on pages 8 to 16 are an integral part of these financial statements.

## 1 Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards.

## Notes to the financial statements for the year ended 31 December 2004

At 31 December 2004 the company had net current liabilities. The company has received written confirmation from its intermediate parent company, T-Mobile International AG & Co KG, that it will continue to support the company for the foreseeable future such that if immediate repayment of any of the company's 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 Principal accounting policies

A summary of the principal accounting policies of the company is set out below.

#### *a) Investments*

In accordance with FRS 11 – 'Impairment of fixed assets and goodwill', the company's investments are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. When a review for impairment is conducted, the recoverable amount is assessed by reference to the net present value of the future cash flows of the relevant investment, or its disposal value if higher. Also, in accordance with FRS 11, annual 'look-back' tests are performed on each impairment review that has been conducted in the five years preceding the balance sheet date.

#### *b) Deferred taxation*

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates or laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

#### *c) 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 EU and its audited financial statements are drawn up to 31 December 2004 (see note 19).

## Notes to the financial statements for the year ended 31 December 2004 (continued)

### 3 Group Recapitalisation

The company holds its interest in TMUK via its investments in TM1 and TM5. TM1 and TM5 together own all the issued share capital of TMUK. In addition to the company's indirect share holding in TMUK, the company has also provided the following loans to TMUK:

- an interest free loan of £249 million; and
- an interest bearing loan (bears interest at LIBOR plus 0.25%) of £3,902 million.

In June 2004, management undertook a review of the financing and capital arrangements between the company and its subsidiaries (the 'T-Mobile (UK) Group'). As a result of this review loans and accrued interest due to the company by TMUK at 17 June 2004, amounting to £4,151 million and £951 million respectively, were converted into non equity shares ('the Group Recapitalisation').

To effect the Group Recapitalisation:

- the company subscribed for 2,550,826 redeemable ordinary shares of £1 each in each of TM1 and TM5 for a total consideration of £5,102 million and;
- TM1 and TM5 each subscribed for 2,550,826 redeemable ordinary shares of £1 in TMUK for a total consideration of £5,102 million; and
- the company released TMUK from its obligation in respect of the loans and accrued interest owed to the company at 17 June 2004, which satisfied:
  - the company's obligation to the TM1 and TM5 in respect of the shares issued to the company; and
  - TM1 and TM5's obligation to TMUK in respect of the shares issued to them.

The effects of the above transactions were as follows:

- a reduction of the intercompany liabilities balance and an increase in the shareholders' equity of TMUK by £5,102 million;
- an increase in the intercompany investments balance and the shareholder's equity of £2,551 million in each of TM1 and TM5; and
- an increase in the intercompany investments balance and a reduction of the intercompany debtors balance of £5,102 million in the company.

Also, as a result of the Group Recapitalisation, interest ceased to accrue between TMUK and the company in respect of the loans from 17 June 2004.

## Notes to the financial statements for the year ended 31 December 2004 (continued)

### 4 Diminution in value of fixed assets investments

The company has invested in the wireless market through the acquisition of its interests in the TM1, TM5 and TMUK and by funding the acquisition of a 3G licence held by T-Mobile (UK) Limited. This market continues to evolve rapidly and there are a number of inherent features in this market which create a substantial level of uncertainty in relation to the recoverability of the amounts invested. These include:

- the ultimate size of the market
- the nature and extent of competition and / or regulation in the market
- the availability of sites and network infrastructure
- the cost of rolling out the services that customers demand
- the nature of services and the amounts which customers are prepared to pay for such services
- the timing of availability of service
- the ability of T-Mobile (UK) Limited and equipment manufacturers to resolve current technical challenges relating to network components and handsets
- the impact of new technologies
- the impact of perceived health risks

Management recognise the above risks and issues and, in accordance with FRS 11, an impairment review was performed during the year. The net book amount of the company's interest in the T-Mobile (UK) business, which consists primarily of investments in TM1 and TM5 have therefore been compared with the estimated ongoing value in use of the T-Mobile (UK) business.

The value in use was derived from conventional discounted cash flow projections. The valuation comprised the discounted cash flows of the business for an initial 10-year period and a terminal value in perpetuity. An initial 10-year forecast period was used because management considered that there would be a period of significant volatility in the business and that at the end of this period a reliable and sustainable cash flow would emerge on which to base the terminal value. In addition the amount of technology and assets required for such growth meant that 10-year projections provided an appropriate basis on which to base long-term values. A substantial majority of the total value in use was in the terminal value.

The projections used a long-term growth rate of 3.20% - which was higher than the post-war UK average of 2.50% because historically, the industry and the T-Mobile (UK) business had experienced growth rates in excess of the UK average and the directors considered that the long term growth of the industry and of the T-Mobile (UK) business, would continue to be higher than average UK growth rates. A discount rate of 9.02% was used within a Capital Asset Pricing Model, using a risk free rate of 4.83% calculated from long-dated government bonds and an equity risk premium taking into account long-term trends of 5.00% as an appropriate measure of risk.

There were a number of key assumptions which affected the cash flows of the business. These included assumptions about the development of the UK market and the market size, T-Mobile (UK) Limited's share of the market, customer revenues, operating margins and capital expenditure.

## Notes to the financial statements for the year ended 31 December 2004 (continued)

### 4 Diminution in value of fixed assets investments (continued)

The model projected that the market would grow by approximately 8% from current levels and that T-Mobile (UK) Limited would attain a market share of 19.3%. The model assumed that revenues from T-Mobile (UK) Limited's customers would increase steadily from current levels and that margins would also improve slightly over time. Growth in total Average Revenue Per User (ARPU) was driven by increasing deployment of non-voice services and the mix shift in base toward higher ARPU contract customers. Capital expenditure was forecast to increase slightly as the 3G network is rolled out and then remain reasonably steady thereafter.

T-Mobile (UK) Limited assumed that the current 3G licence would be renewed on expiry at a rate equivalent to the average per head of population payment in the recent European licence auctions, excluding the UK and German markets.

The impairment review, performed at September 2004, did not support the net amount invested by the company in the T-Mobile (UK) business and, accordingly, a write down of £1,382 million was recognised against the company's total interest in this business during the year ended 31 December 2004.

A similar exercise was performed by management during the prior year, to evaluate whether any impairment of the company's interest in the T-Mobile (UK) business was required during the year ended 31 December 2003 in accordance with FRS 11. Based on the results of that assessment, no impairment was considered necessary.

The directors acknowledge that, whilst they are satisfied that the assumptions used in the above evaluations are the most appropriate in the circumstances, they recognise the significant nature of the inherent uncertainties described above. Moreover the directors acknowledge that it is possible that in developing the business, building the network infrastructure and developing market share, one or more of the assumptions used in the valuation model may require revision as relevant internal and external factors in T-Mobile (UK)'s environment change. These assumptions will be considered during future impairment reviews. It is possible that any changes will have the effect of reducing the value of the underlying assets. In addition, unforeseen circumstances may emerge which have not been addressed by an assumption. However, based on the directors current understanding of the UK environment, it is their view that no further adjustments to the net book amounts of the assets are required at this time.

In accordance with FRS 11, the company will continue to perform impairment reviews in future periods, as appropriate.

### 5 Operating activities

Auditors' remuneration of £7,000 (31 December 2003 - £6,600) for audit services was borne by T-Mobile (UK) Limited on behalf of the company. Auditors' remuneration for non-audit services to the company during the year ended 31 December 2004 was £nil (31 December 2003 - £nil). The company had no employees other than directors who were not remunerated for their services (see note 6).

### 6 Directors' emoluments

None of the directors received or waived any remuneration in respect of their services as directors of the company. There were no contracts of significance existing during, or at the end of, the financial year in which a director had a beneficial interest.

## Notes to the financial statements for the year ended 31 December 2004 (continued)

### 7 Interest receivable and similar income

|                                                  | 2004    | 2003    |
|--------------------------------------------------|---------|---------|
|                                                  | £'000   | £'000   |
| Interest receivable on loan to group undertaking | 107,187 | 198,744 |

The interest receivable represents interest charged on a loan of £3,902 million to TMUK at LIBOR plus 0.25%. As part of the Group Recapitalisation this loan was converted into additional investments in TM1 and TM5 (see note 3 for details). As a result interest ceased to accrue between the company and TMUK with effect from 17 June 2004. No interest is charged on amounts payable to group undertakings.

### 8 Tax on loss on ordinary activities

|                                     | 2004     | 2003     |
|-------------------------------------|----------|----------|
|                                     | £'000    | £'000    |
| Corporation tax at 30% (2003 - 30%) | 32,156   | 59,623   |
| Group relief receivable             | (32,156) | (59,623) |
| Tax charge for the year             | -        | -        |

The corporation tax charge for the year has been reduced by £32 million (2003: £60 million) due to the losses surrendered by subsidiary undertakings. No payment for amounts surrendered is to be made by the company.

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

|                                                                                                                   | 2004        | 2003    |
|-------------------------------------------------------------------------------------------------------------------|-------------|---------|
|                                                                                                                   | £'000       | £'000   |
| (Loss)/profit on ordinary activities before tax                                                                   | (1,274,869) | 198,744 |
| (Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK 30% (2003: 30%) | (382,461)   | 59,623  |

Effects of:

|                                                                          |          |          |
|--------------------------------------------------------------------------|----------|----------|
| Expenses not deductible for tax purposes (primarily diminution in value) | 414,617  | -        |
| Group relief receivable                                                  | (32,156) | (59,623) |
| Current tax charge for the period                                        | -        | -        |

## Notes to the financial statements for the year ended 31 December 2004 (continued)

### 8 Tax on loss on ordinary activities (continued)

Both the current and the total tax charge on the profit or loss before taxation will continue to be affected by the generation and utilisation of losses by fellow subsidiary and group undertakings.

### 9 Fixed asset investments

|                                            | £'000              |
|--------------------------------------------|--------------------|
| <b>Cost</b>                                |                    |
| At 31 December 2003                        | 10,447,087         |
| Additions (see note 3 for further details) | <u>5,101,652</u>   |
| At 31 December 2004                        | <u>15,548,739</u>  |
| <b>Provision for impairment</b>            |                    |
| At 31 December 2003                        | (4,343,207)        |
| Charge for the year                        | <u>(1,382,056)</u> |
| At 31 December 2004                        | <u>(5,725,263)</u> |
| <b>Net carrying amount of investment</b>   |                    |
| At 31 December 2003                        | <u>6,103,880</u>   |
| At 31 December 2004                        | <u>9,823,476</u>   |

Fixed asset investments at 31 December 2004 consist of the following shareholdings, both direct and indirect, in various companies in the T-Mobile (UK) Group:

| Name                                      | Activity                                      | Country of<br>incorporation/<br>operation | Percentage<br>Shareholding |          |
|-------------------------------------------|-----------------------------------------------|-------------------------------------------|----------------------------|----------|
|                                           |                                               |                                           | Direct                     | Indirect |
| T-Mobile No. 1 Limited                    | Holding Company                               | England                                   | 100                        |          |
| T-Mobile No. 2 Limited                    | Holding Company                               | England                                   | 100                        |          |
| T-Mobile No. 4 Limited                    | Holding Company                               | England                                   | 100                        |          |
| T-Mobile No. 5 Limited                    | Holding Company                               | England                                   | 100                        |          |
| T-Mobile Limited                          | Dormant                                       | England                                   | 100                        |          |
| T-Mobile United Kingdom Limited           | Dormant                                       | England                                   | 100                        |          |
| T-Mobile (UK) Limited                     | Personal radio<br>telecommunications services | England                                   |                            | 100      |
| One 2 One Limited                         | Dormant                                       | England                                   |                            | 100      |
| One 2 One Personal Communications Limited | Dormant                                       | England                                   |                            | 100      |
| T-Mobile International Limited            | Dormant                                       | England                                   |                            | 100      |
| T-Mobile (UK) Retail Limited              | Mobile Phone Retailer                         | England                                   |                            | 100      |
| T-Mobile (UK) Pension Trustee Limited     | Trustee Company                               | England                                   |                            | 100      |

## Notes to the financial statements for the year ended 31 December 2004 (continued)

### 9 Fixed asset investments (continued)

As part of the Group Recapitalisation, the company subscribed for 2,550,826 redeemable ordinary shares of £1 each in each of TM1 and TM5 (see note 3 for further details).

As described in note 4, during the year ended 31 December 2004, the company undertook an impairment review of its investments in the T-Mobile (UK) Group in accordance with the requirements of FRS 11. Based on the results of this impairment review, the company recognised an impairment charge of £1,382 million against the carrying value of its investments in TM1 and TM5 at 31 December 2004.

### 10 Debtors: amounts falling due within one year

|                                | 2004  | 2003    |
|--------------------------------|-------|---------|
|                                | £'000 | £'000   |
| Prepayments and accrued income | -     | 843,099 |

Prepayments and accrued income as at 31 December 2003 represented interest accrued in respect of the company's loan to TMUK (see note 11). As part of the Group Recapitalisation the accrued interest at 17 June 2004 which amounted to £951 million was converted into additional investments in TM1 and TM5 (see note 3 for further details).

### 11 Debtors: amounts falling due after more than one year

|                                            | 2004  | 2003      |
|--------------------------------------------|-------|-----------|
|                                            | £'000 | £'000     |
| Amounts receivable from group undertakings | -     | 4,151,366 |

Amounts receivable from group undertakings at 31 December 2003 comprised an interest free subordinated loan of £249 million and a further loan of £3,902 million to TMUK, which bore interest at LIBOR plus 0.25%. As part of the Group Recapitalisation, these loans were converted into additional investments in TM1 and TM5 (see note 3 for further details).

## Notes to the financial statements for the year ended 31 December 2004 (continued)

### 12 Creditors: amounts falling due within one year

|                                       | 2004      | 2003      |
|---------------------------------------|-----------|-----------|
|                                       | £'000     | £'000     |
| Amounts payable to group undertakings | 3,751,471 | 3,751,471 |

Amounts payable to group undertakings include £3,331 million (31 December 2003 - £3,331 million) owed to T-Mobile No. 4 Limited, £419 million (31 December 2003 - £419 million) owed to T-Mobile No. 2 Limited and £1 million (31 December 2003 - £1 million) owed to TMUK.

### 13 Called-up share capital

|                                           | 2004              | 2003              |
|-------------------------------------------|-------------------|-------------------|
|                                           | £'000             | £'000             |
| <i>Authorised</i>                         |                   |                   |
| 9,991,000,000 ordinary £1 shares          | 9,991,000         | 9,991,000         |
| 9,000,000 redeemable ordinary £1 shares   | 9,000             | 9,000             |
|                                           | <u>10,000,000</u> | <u>10,000,000</u> |
| <i>Allotted, called-up and fully paid</i> |                   |                   |
| 697,540,268 ordinary £1 shares            | 697,540           | 697,540           |
| 9,000,000 redeemable ordinary £1 shares   | 9,000             | 9,000             |
|                                           | <u>706,540</u>    | <u>706,540</u>    |

The ordinary shares and redeemable ordinary shares rank *pari passu* and equally in all respects save that the redeemable ordinary shares are redeemable on such date as the directors of the company stipulate. They are redeemable at an amount equal to the issue proceeds including any premium.

### 14 Reserves

|                     | Share<br>premium<br>account<br>£'000 | Profit and loss<br>account<br>£'000 |
|---------------------|--------------------------------------|-------------------------------------|
| At 1 January 2004   | 10,141,115                           | (3,500,781)                         |
| Loss for the year   | -                                    | (1,274,869)                         |
| At 31 December 2004 | <u>10,141,115</u>                    | <u>(4,775,650)</u>                  |

## Notes to the financial statements for the year ended 31 December 2004 (continued)

### 15 Reconciliation of movements in shareholder's funds

|                             | 2004             | 2003             |
|-----------------------------|------------------|------------------|
|                             | £'000            | £'000            |
| Opening shareholder's funds | 7,346,874        | 7,148,130        |
| (Loss)/profit for the year  | (1,274,869)      | 198,744          |
| Closing shareholder's funds | <u>6,072,005</u> | <u>7,346,874</u> |

### 16 Guarantees, financial commitments and contingent liabilities

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

### 17 Cash flow statement

Under FRS 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.

### 18 Related party transactions

Under FRS 8, the company is exempt from the requirement to disclose transactions with entities that are part of the Deutsche Telekom AG group during the year ended 31 December 2004. Under the same standard the company is also exempt from the requirement to disclose transactions with investees of the group qualifying as related parties, as all of the company's voting rights were controlled within the Deutsche Telekom AG group throughout the accounting period. There were no material transactions with any other related parties.

### 19 Ultimate parent company

At 31 December 2004 the company's immediate parent undertaking is T-Mobile Global Holdings GmbH, a company incorporated in Germany. The company's ultimate parent company and controlling party is Deutsche Telekom AG, a company incorporated in Germany, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. A copy of Deutsche Telekom AG's published consolidated financial statements can be obtained from The Press and Corporate Communication Department, Postfach 20 00, D-53 105 Bonn, Germany.