

Registered number 3836708

T-Mobile Holdings Limited

Directors' Report and Financial Statements

For the year ended 31 December 2007

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T-Mobile Holdings Limited

Company Information

Directors	U Kuehbachner F Stoffer N Mclean (appointed 1 November 2007) J Blendis (appointed 1 February 2008)
Secretary	J Blendis
Company number	3836708
Registered office	Hatfield Business Park Hatfield Hertfordshire AL10 9BW
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Registered Auditors 1 Embankment Place London WC2N 6RH

T-Mobile Holdings Limited

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T-Mobile Holdings Limited

Directors' Report For the year ended 31 December 2007

The directors present their report and the audited financial statements of the company for the year ended 31 December 2007

Principal activity

The company's principal activity was that of a holding company and is not expected to change in the coming year

From 21 November 2006, the company's principal investment was in T-Mobile (UK) Limited ('TMUK'). Prior to the group restructure, as detailed in note 3, 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 TMUK

Business review

The company has made investments in the mobile telecommunications market through the acquisition of its principal investment in TMUK and by funding the acquisition of the third generation mobile service licence ('the 3G Licence') by TMUK. Management recognised that this market continues to evolve rapidly and the associated risks and issues this represents and in accordance with Financial Reporting Standard ('FRS') 11 - 'Impairment of fixed assets and goodwill' conducted an impairment review of its investment during the year ended 31 December 2007, in which the carrying value of the investments was compared to its recoverable amount. In the current year there was no reduction in the carrying value of the company's investment in the T-Mobile (UK) Group (2006: £nil). The company did not trade during the year.

Results and dividends

The profit for the year, after taxation, amounted to £nil (2006: £nil).

The directors do not propose payment of a dividend (2006: £nil).

Directors

The directors who served during the year and up to the date of signing of the accounts were

U Kuehbach
F Stoffer
N Mclean (appointed 1 November 2007)
J Blendis (appointed 1 February 2008)

There were no contracts in which the directors have an interest at the end of the year.

T-Mobile Holdings Limited

Directors' Report For the year ended 31 December 2007

Statement of directors' responsibilities

The directors are responsible for preparing 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent, and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements

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.

Disclosure of information to auditors

So far as each of the directors is aware at the time the report is approved

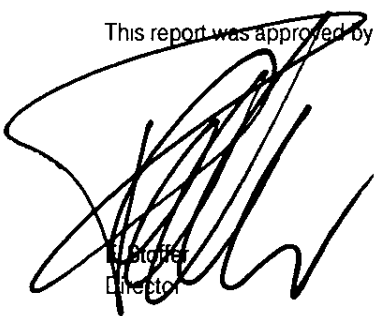
- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken in their duty as directors to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report was approved by the board on 22nd July 2008

and signed on its behalf



Director

T-Mobile Holdings Limited

Independent Auditors' Report to the members of T-Mobile Holdings Limited

We have audited the financial statements of T-Mobile Holdings Limited for the year ended 31 December 2007 which comprises 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 judgments 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.

Emphasis of matter

In forming our opinion which is not qualified, we have considered the adequacy of the disclosures made in note 2 to the financial statements concerning the carrying value of fixed assets investments. The carrying amount of the company's investment as at 31 December 2007 is based on an amount derived from a valuation 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, the future cash flows supporting the carrying amount of the company's investment may differ from the assumptions used in performing the impairment review of the company's investment.

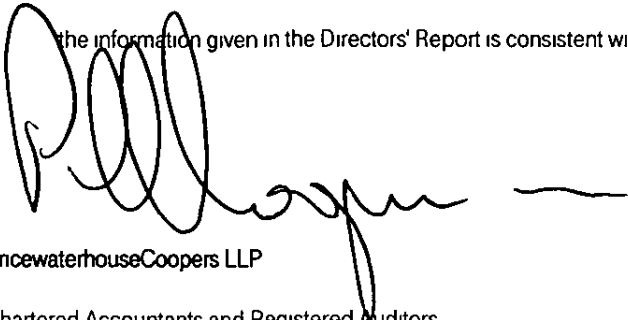
T-Mobile Holdings Limited

Independent Auditors' Report to the members of T-Mobile Holdings Limited

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 31 December 2007 and of its results for the year 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

London

Date 20/8/08

T-Mobile Holdings Limited

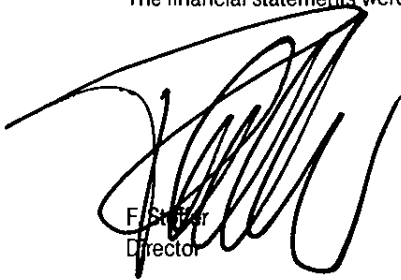
Balance Sheet As at 31 December 2007

	Note	2007 £000	2006 £000
Fixed assets			
Fixed asset investments	8	4,863,942	4,863,942
Creditors, amounts falling due within one year	9	<u>(674)</u>	<u>(674)</u>
Total assets less current liabilities		<u>4,863,268</u>	<u>4,863,268</u>
Capital and Reserves			
Called up share capital	10	706,540	706,540
Share premium account	11	10,141,115	10,141,115
Profit and loss account	11	<u>(5,984,387)</u>	<u>(5,984,387)</u>
Total Shareholders' funds	12	<u>4,863,268</u>	<u>4,863,268</u>

The company has not prepared a profit and loss account, as it has not traded during the year

The notes on pages 6 to 12 form part of these financial statements

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22nd July 2008



F. Schöber
Director

T-Mobile Holdings Limited

Notes to the financial statements For the year ended 31 December 2007

1 Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards

At 31 December 2007 the company had net current liabilities. The company has received written confirmation from its intermediate parent company, T-Mobile International AG & Co KG, which will continue to support the company for the foreseeable future such that if the 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.

1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to prepare a cash flow statement in accordance with FRS1 (Revised 1996) Cash Flow Statements.

1.3 Investments

Fixed asset investments are stated individually at the lower of cost or their recoverable amount, which is determined as the higher of net realisable value and value in use.

1.4 Impairment of fixed assets

In accordance with FRS 11 - 'Impairment of Fixed Assets and Goodwill', the company's tangible fixed assets 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 anticipated from the relevant group of assets, or their 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.

1.5 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 European Union and its audited financial statements are drawn up to 31 December 2007, and which are publicly available.

T-Mobile Holdings Limited

Notes to the financial statements For the year ended 31 December 2007

2 Diminution in the value of fixed assets investments

In prior years, the company has invested in the wireless market through the acquisition of its interests in TMUK and by funding the acquisition of a 3G licence held by TMUK. 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 of 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 impact of new technologies
- the impact of perceived health risks

Management acknowledges the above risks and, in accordance with FRS 11 (Impairment of Fixed Assets and Goodwill), an impairment review was performed during the year ended 31 December 2006 and 31 December 2007.

The net book amount of the company's interest in the TMUK business was therefore compared with the estimated net realisable value of the TMUK business in 2007.

2007 Impairment Review

This impairment review was performed in Quarter 3, based on conventional discounted cash flow projections prepared in conjunction with the company's annual impairment test required in support of the preparation of Deutsche Telekom AG's consolidated financial statements. This assessment also considered the potential impact of the network share agreement signed by T-Mobile (UK) Limited and Hutchinson 3G UK Limited in quarter 4 2007.

On the 18 December 2007 TMUK and Hutchison 3G UK Limited (together "the Companies") signed a contract. In this contract the Companies have agreed to co-operate in sharing elements of their separate mobile networks in order to establish a Shared Network, (the 'Shared Network'), to be used by each of them in connection with its differentiated 3G Business. Each Company shall retain and operate its own separate core network after the establishment of the Shared Network and shall be responsible for delivery of services to its own customers.

The Companies have jointly established a joint venture company, Mobile Broadband Network Limited ("MBNL"), for the ongoing purpose of acquiring assets relevant to the Shared Network and managing network and operational services as agent for the Companies in respect of the Shared Network, Unilateral Deployments and the T-Mobile 2G Network in accordance with the terms set out in the contract. MBNL did not trade in the year ended 31 December 2007 but is expected to commence trading in 2008.

As a consequence of signing this contract TMUK is committed to incurring 50% of costs in respect of restructuring and consolidating the combined network. A provision of £72.9 million has been established in the year ended 31 December 2007 in respect of restructuring costs as allowed by FRS 12 "Provisions, contingent liabilities and contingent assets". Management anticipates that it will take up to three years to substantially complete the restructuring and consolidating of the network, and while the amounts provided represent management's best estimate of the present value of the costs that the company expects to incur, the timing and amount of the actual payments could differ from the amounts included in these estimates.

Based on the results of this assessment, no impairment was considered necessary.

2006 Impairment Review

A similar exercise was performed by management during the prior year, to evaluate whether any impairment of the company's interest in the TMUK business was required at 31 December 2006 in accordance with FRS 11. The net book amount of the company's interest in the TMUK business was compared with the estimated net realisable value of the TMUK business. Based

T-Mobile Holdings Limited

Notes to the financial statements For the year ended 31 December 2007

on the results of that assessment, no impairment was considered necessary

The directors acknowledge that, whilst they are satisfied that the assumptions used in this valuation are the most appropriate to the circumstances of their business, 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 TMUK's environment change. These assumptions will be considered during future impairment reviews. It is possible that any changes will have the effect of further 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 amount of the company's investment in the TMUK business are required at this time.

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

3 Group restructure

Prior to November 2006 the company held its interest in T-Mobile (UK) Limited ('TMUK') via its investment in T-Mobile No. 1 Limited ('TM1') and T-Mobile No. 5 Limited ('TM5'). In addition to TM5's shareholding in TMUK, TM5 had also provided a £196.3 million loan to TMUK. The company also owned 100% of the issued share capital of T-Mobile No. 2 Limited ('TM2') and T-Mobile No. 4 Limited ('TM4').

In November 2006, the management of the company reviewed and changed the group structure (the 'group restructure'). The effect on the group restructure was:

- TM1, TM2, TM4 and TM5 passed a resolution that each company be wound up voluntarily pursuant to section 84 (1)(b) of the Insolvency Act 1986.
- Both TM1 and TM5 made a return of capital invested to the company of their investment in TMUK.
- TM5 assigned the loan receivable, totalling £196.3 million, from TMUK to the company as part of the return of capital invested made by TM5 to T-Mobile Holdings Limited.
- Both TM2 and TM4 made a return of capital invested to the company of their inter-company due from the company of £419.3 million and £3,331.5 million respectively.

The company's investment in TM1 of £2,432.0 million was transferred to an investment in TMUK. The company's investment in TM5 of £2,432.0 million was transferred to an investment in TMUK of £2,235.7 million and a loan receivable by the company from TMUK of £196.3 million.

Subsequently, the company approved the cancellation of the £196.3 million loan receivable from TMUK for no consideration. The cancellation of this loan was treated as a capital contribution by the company to TMUK, thereby increasing the company's investment in TMUK.

The loans payable by the company to TM2 and TM4 of £419.3 million and £3,331.5 million respectively were offset against the company's investment in these companies of the same value.

The effects of the above transactions on the company were as follows:

- a reduction of the intercompany liabilities payable to TM2 and TM4 of £419.3 million and £3,331.5 million respectively.
- a reduction in the company's investment in TM1, TM2, TM4 and TM5 of £3,331.5 million, £2,432.0 million, £419.3 million and £2,432.0 million respectively.
- an increase in the company's investment in TMUK of £4,863.9 million.
- with effect from 21 November 2006, the company became the immediate parent company of TMUK.

T-Mobile Holdings Limited

Notes to the financial statements For the year ended 31 December 2007

4 Operating activities

Auditors' remuneration for the year totalled £4,725 (2006 £4,500) for audit services, and £nil for non audit services (2006 £nil). The audit fee was borne by TMUK, a subsidiary, and no recharge was made.

5 Staff costs

The company has no employees other than the directors, who did not receive any remuneration (2006 £nil).

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 year ended 31 December 2007 (2006 £nil) in which a director had a beneficial interest.

7 Taxation

As the company did not trade in the year there is no tax to be assessed for the year, therefore there is no difference between the tax assessed at the standard rate of corporation tax in the UK 30% and the actual tax charge.

Factors that may affect future tax charges

There is unrecognised taxation losses not yet agreed with the taxation authorities. These taxation losses relate to capital losses arising on the group restructure. These losses may be utilised in the future to the extent that there are sufficient levels of capital gains.

T-Mobile Holdings Limited

Notes to the financial statements For the year ended 31 December 2007

8 Fixed asset investments

Investments
£000

Cost or valuation

At 1 January 2007 and 31 December 2007 11,797,942

Impairment

At 1 January 2007 and 31 December 2007 6,934,000

Net book value

At 31 December 2006 and 31 December 2007 4,863,942

The fixed asset investments represent the company's interests in various companies in the T-Mobile (UK) Group

Name	Principal activities	% shareholding	
		Direct	Indirect
T-Mobile No 1 Limited	In liquidation	100	
T-Mobile No 2 Limited	In liquidation	100	
T-Mobile No 4 Limited	In liquidation	100	
T-Mobile No 5 Limited	In liquidation	100	
T-Mobile Limited	Dormant	100	
T-Mobile United Kingdom Limited	Dormant	100	
T-Mobile (UK) Limited	Personal radio communications services	100	
One 2 One Limited	Dormant	100	
One 2 One Personal Communications Limited	Dormant		100
T-Mobile International Limited	Dormant		100
T-Mobile (UK) Retail Limited	Dormant		100
T-Mobile (UK) Pension Trustee Limited	Trustee Company		100

9 Creditors.

Amounts falling due within one year

	2007 £000	2006 £000
Amounts owed to group undertakings	<u>674</u>	<u>674</u>

The amounts due to group undertakings are repayable on demand and are non-interest bearing

T-Mobile Holdings Limited

Notes to the financial statements For the year ended 31 December 2007

10 Called up share capital

	2007 £000	2006 £000
Authorised		
9,991,000,000 Ordinary shares of £1 each	9,991,000	9,991,000
9,000,000 Redeemable ordinary shares of £1 each	9,000	9,000
	<u>10,000,000</u>	<u>10,000,000</u>
Allotted, called up and fully paid		
697,540,268 Ordinary shares of £1 each	697,540	697,540
9,000,000 Redeemable ordinary shares of £1 each	9,000	9,000
	<u>706,540</u>	<u>706,540</u>

The ordinary shares and redeemable shares rank *pari passu* and equally in all respects save that the redeemable ordinary shares do not carry any rights to dividends in respect of any period prior to 17 June 2004 and they are redeemable on such dates as the directors of the company stipulate. They are redeemable at an amount equal to the issue proceeds, including any premium.

11 Reserves

	Share premium account £000	Profit and loss account £000
At 1 January 2007 and 31 December 2007	<u>10,141,115</u>	<u>(5,984,387)</u>

12 Reconciliation of movement in total shareholders' funds

	2007 £000	2006 £000
Opening and closing total shareholders' funds	<u>4,863,268</u>	<u>4,863,268</u>
Analysis of total shareholders' funds		
Non-equity interests	9,000	9,000
Equity interests	4,854,268	4,854,268
	<u>4,863,268</u>	<u>4,863,268</u>

T-Mobile Holdings Limited

Notes to the financial statements For the year ended 31 December 2007

13 Contingent liabilities

The company has no contingent liabilities as at 31 December 2007 (2006 £nil)

14 Capital commitments

The company has no capital commitments as at 31 December 2007 (2006 £nil)

15 Other financial commitments

The company has no other financial commitments at 31 December 2007 (2006 £nil)

16 Related party transactions

Under FRS 8 'Related party disclosures', 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 2007. 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 year. There were no material transactions with any other related parties.

17 Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is T-Mobile Global Holdings GmbH which owns 100% of the company. T-Mobile Global Holdings GmbH's registered address is Landgrabenweg 151, 53227 Bonn. 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.