

Registered number: 3836708

T-Mobile Holdings Limited

Directors' report and financial statements

For the year ended 31 December 2008

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T-Mobile Holdings Limited

Company information

Directors	U. Kuehbacher F. Stoffer N. Mclean J. Blendis
Company 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 2008

The directors present their report and the audited financial statements of the company for the year ended 31 December 2008.

Principal activities

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

Business review

The company has made investments in the mobile telecommunications market through the acquisition of its principal investment in T-Mobile (UK) Limited ("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 in which the carrying value of the investments as at 31 December 2008 was compared to its recoverable amount. This resulted in a reduction of £1,598 million in the carrying value of the company's investment in TMUK (2007: £nil). Further details of the diminution in value of the fixed asset investment are set out in note 2 to the financial statements.

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

Results and dividends

The loss for the financial year, after taxation, amounted to £1,598 million (2007: £nil).

The directors do not propose payment of a dividend (2007: £nil).

Directors

The directors who served during the year and up to the date of signing of the financial statements were:

U. Kuehbachner
F. Stoffer
N. Mclean
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 2008

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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

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.

Independent 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 the 10th of August 2009 and signed on its behalf.



N. Mclean
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 2008 which comprises the profit and loss account, 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 other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This other information comprises only the directors' report, the company information page and all of the other information listed on the contents page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 2008 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 and performance which are subject to uncertainty. Although management believes that the expectations reflected in these forward-looking assumptions are reasonable, management are continuing to evaluate options for developing the TMUK business and improving its financial performance and 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 necessary to support the carrying amount of the company's investment may differ from the assumptions used in performing the impairment review of the company's investment.

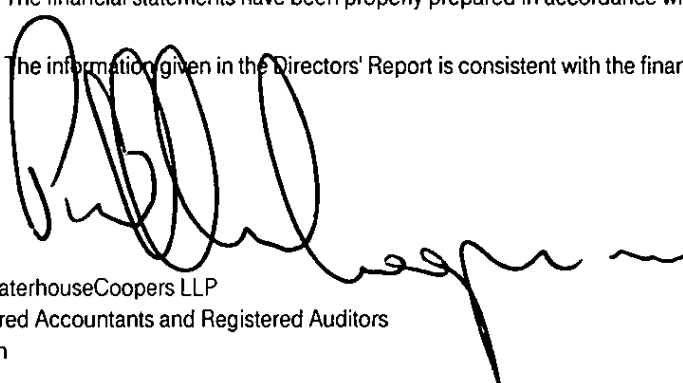
T-Mobile Holdings Limited

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 2008 and of its loss 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: 12 August 2009

T-Mobile Holdings Limited

Profit and loss account For the year ended 31 December 2008

	Note	2008 £000	2007 £000
Administrative expenses	2	(1,598,400)	-
Operating loss		(1,598,400)	-
Loss on ordinary activities before taxation		(1,598,400)	-
Taxation on loss on ordinary activities	6	-	-
Loss on ordinary activities after taxation		(1,598,400)	-

All amounts relate to continuing operations.

There are no recognised gains and losses other than those included in the profit and loss account for the years stated above.

There are no differences between the loss on ordinary activities before and after taxation and their historical cost equivalents for the years stated above.

The notes on pages 7 to 13 form part of these financial statements.

T-Mobile Holdings Limited

Balance sheet As at 31 December 2008

	Note	2008 £000	2007 £000
Fixed assets			
Investments	7	3,265,542	4,863,942
Creditors falling due within 1 year	8	(674)	(674)
Net current liabilities		(674)	(674)
Total assets less current liabilities		3,264,868	4,863,268
Called up share capital	9	706,540	706,540
Share premium account	10	10,141,115	10,141,115
Profit and loss account	10	(7,582,787)	(5,984,387)
Total shareholders' funds	11	3,264,868	4,863,268

The notes on pages 7 to 13 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 the 10th of August 2009.



N. Mclean
Director

T-Mobile Holdings Limited

Notes to the financial statements for the year ended 31 December 2008

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 in the United Kingdom.

At 31 December 2008 the company and its operating subsidiary had net current liabilities and both companies are financed by loans from Deutsche Telekom Group. In view of these factors the board of directors has received written confirmation from its intermediate parent company, T-Mobile Global Holding GmbH that it will continue to support the company and its operating subsidiary for the foreseeable future. Accordingly, the board of directors considers that it is appropriate that the company's financial statements are prepared on a going concern basis.

Specifically, the board of directors has assumed that:

- a) sufficient facilities or loans will be secured in order to fund the continuing network rollout by the company's operating subsidiary through its joint venture partner Mobile Broadband Network Limited ("MBNL"), expansion of the customer base, and enable repayment of existing loans as required;
- b) the company through its operating subsidiary, will successfully roll out the network in accordance with the MBNL agreement, expand the customer base and improve its operating performance in accordance with its present operating and marketing plans in order to generate income and cashflows necessary to realise the carrying value of its assets and to fund the repayment of the company and its subsidiaries indebtedness; and
- c) T-Mobile Global Holding GmbH will continue to support the company, its operating subsidiary and MBNL for the foreseeable future. If a repayment of any of the loans is required for any reason, equivalent funding will be provided to replace the lost funding.

The accounting policies, which have been applied consistently throughout the year are set out below.

1.2 Cash flow statement

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 FRS 1 "Cash flow statements (revised 1996)".

1.3 Investments

Fixed asset investments are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

1.4 Impairment of fixed assets

In accordance with FRS 11 - 'Impairment of fixed assets and goodwill', the company's fixed assets 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 anticipated from the relevant group of assets, or their disposal value if higher. When it is determined that the carrying value exceeds the recoverable amount the excess is written off to the profit and loss account. 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. Any impairment identified is recognised in the current period unless the impairment has reversed and the reversal of the loss is permitted in accordance with FRS11.

T-Mobile Holdings Limited

Balance sheet As at 31 December 2008

1. Accounting policies (continued)

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 2008, and which are publicly available.

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 years ended 31 December 2008 and 31 December 2007.

The net book amount of the company's interest in the TMUK business was therefore compared with the estimated net recoverable amount of the TMUK business in 2008.

2008 Impairment review:

The impairment reviews performed in Quarter 3 2008 and against the background of issues that emerged in Quarter 4 2008 again at the end of the year, 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 ("DTAG") consolidated financial statements did not result in an impairment.

As a consequence of the significant economic slowdown in UK DTAG performed in Quarter 1 2009 an additional impairment test that resulted in an impairment loss in DTAG's consolidated financial statements on the goodwill of the cash generating unit TMUK. Due to the fact that at this point in time the statutory financial statements of the company had not been finalised, management considered the result of the impairment test performed in Quarter 1 as an adjusting event for 31 December 2008 and concluded that a write down of £578million was required against the company's total interest in this business for the year.

T-Mobile Holdings Limited

Balance sheet As at 31 December 2008

2. Diminution in the value of fixed assets investments (continued)

The method used for establishing the recoverable amount was a value in use calculation 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 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. The projections used a long term growth rate of 2% and a discount rate of 6.99% was used within a capital asset pricing model, using a risk free rate of 4.45% calculated from long-dated government bonds and an equity risk premium taking into account long term trends of 5% 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, TMUK's share of the market, customer revenues, operating margins and capital expenditure.

2007 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 2007 in accordance with FRS 11. The net book amount of the company's interest in the TMUK business was compared with the estimated net recoverable amount of the TMUK business. 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 2008 impairment review are the most appropriate to the circumstances of TMUK's business, they recognise the significant nature of the inherent uncertainties described above. Following the appointment of a new TMUK Chief Executive in June 2009 management are continuing to evaluate options for developing the TMUK business and improving its financial performance. Consequently, 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 circumstance 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. Operating activities

Auditors' remuneration for the year totalled £4,725 (2007: £4,725) for audit services, and £nil for non audit services (2007: £nil). The audit fee was borne by TMUK, a subsidiary, and no recharge was made.

4. Staff costs

The company has no employees other than the directors, who did not receive any remuneration (2007: £nil).

5. 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 2008 (2007: £nil) in which a director had a beneficial interest.

T-Mobile Holdings Limited

Balance sheet As at 31 December 2008

6. Taxation

There was no taxation charge for the year (2007 - £nil) as there was no taxation assessable income during the year (2007 - £nil). The taxation assessed for the year was lower (2007 - the same) than the standard rate of corporation taxation in the UK applicable to the company.

The standard rate of corporation taxation in the UK changed from 30% to 28% with effect from 1 April 2008. Accordingly, for this financial year the effective rate of tax is 28.5% and will be 28% in the future.

The differences are explained below:

	2008 £000	2007 £000
Loss on ordinary activities before taxation	(1,598,400)	-
Loss on ordinary activities multiplied by the standard rate of corporation taxation in the UK of 28.5% (2007 - 30%)	(455,544)	-
Effect of:		
Expenses not deductible for taxation purposes	455,544	-
Current taxation charge for the year	-	-

Factors that may affect future tax charges

There are unrecognised taxation losses not yet agreed with the taxation authorities. These taxation losses relate, to capital losses arising on the group restructure that took place in 2006 to simplify the group structure. These losses may be utilised in the future to the extent that there are sufficient levels of capital gains.

T-Mobile Holdings Limited

Balance sheet As at 31 December 2008

7. Fixed asset investments

	Investments £000
Cost or valuation	
At 1 January 2008 and 31 December 2008	<u>11,797,942</u>
Impairment	
At 1 January 2008	6,934,000
Charge for the year	<u>1,598,400</u>
At 31 December 2008	<u>8,532,400</u>
Net book value	
At 1 January 2008	<u>4,863,942</u>
At 31 December 2008	<u>3,265,542</u>

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

8. Creditors: amounts falling due within one year

	2008 £000	2007 £000
Amounts owed to group undertakings	<u>674</u>	<u>674</u>

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

T-Mobile Holdings Limited

Balance sheet As at 31 December 2008

9. Called up share capital

	2008 £000	2007 £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 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.

10. Reserves

	Share premium account £000	Profit and loss account £000
At 1 January 2008	10,141,115	(5,984,387)
Loss for the year	-	(1,598,400)
At 31 December 2008	<u>10,141,115</u>	<u>(7,582,787)</u>

11. Reconciliation of movement in total shareholders' funds

	2008 £000	2007 £000
Loss for the year	(1,598,400)	-
Opening total shareholders' funds	4,863,268	4,863,268
Closing total shareholders' funds	<u>3,264,868</u>	<u>4,863,268</u>
Analysis of total shareholders' funds		
Non-equity interests	9,000	9,000
Equity interests	3,255,868	4,854,268
Closing total shareholders' funds	<u>3,264,868</u>	<u>4,863,268</u>

T-Mobile Holdings Limited

Balance sheet As at 31 December 2008

12. 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 2008. 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.

13. 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.