

Registered number 3836708

T-Mobile Holdings Limited

Directors' report and financial statements

For the year ended 31 December 2011

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T-Mobile Holdings Limited

Company information

Directors	U Kuehbachner N McLean G Heidbrink Y Fern
Company secretary	Y Fern
Registered number	3836708
Registered office	Hatfield Business Park Hatfield Hertfordshire AL10 9BW
Independent auditors	Pricewaterhouse Coopers LLP Chartered Accountants and Statutory 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 2011

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2011

Principal activity

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

Business review & Future developments

The Company originally invested in the mobile telecommunications market through the acquisition of its principal investment, T-Mobile (UK) Limited ('TMUK') and by funding the acquisition of the third generation mobile service licence ('the 3G Licence') by TMUK.

In 2009 the Company's ultimate parent Company, Deutsche Telekom AG ('DT'), signed a joint venture agreement ('JVA') with France Telecom SA ('FT'). Under the JVA, the TMUK mobile telephony business of DT and FT's Orange UK telephony and broadband businesses ('OUK') were merged to form a UK joint venture ('JV'). The JV is called Everything Everywhere ('EE') and is 50% owned by DT, through its holding in T-Mobile Holdings Limited, and FT.

As set out in the JVA, it remains the intention of EE

- continue to trade using existing brands from the date of completion,
- deliver significant reductions in operating expenses and capital expenditure through integrating activities and rationalising the enlarged network to deliver synergy benefits,
- finance independently of and without further support from or resource to, the parent companies, and
- distribute 90% of its annual free cash flow to the parents by way of dividend.

On 29th March 2011 TMH received a dividend of £233 million from EE. On the same day, the Company made a corresponding dividend payment to T-Mobile Global Holding GmbH ('TMGH'), its immediate parent company of £233 million.

On 29th September 2011 TMH received a dividend of £200 million from EE. On the same day, the Company made a corresponding dividend payment to TMGH, its immediate parent company of £200 million.

The directors anticipate that the Company will continue to receive dividends from its investment in EE and to further distribute this income to TMGH on a bi-annual basis.

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 profit for the financial year, after taxation, amounted to £432,978,000 (2010: £322,964,000).

During the year the directors recommended and paid a dividend of £433,000,000 (2010: £322,000,000).

Directors

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

U Kuehbachner
N McLean
G Heidbrink
Y Fern

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 2011

Auditors

Ernst and Young LLP resigned as auditors on 4th January 2012 and Pricewaterhouse Coopers LLP was appointed in their place

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the directors must not approve the financial statements unless they are satisfied that they 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 accounting 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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and 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 2006. 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

This report was approved by the board on the 13th July 2012 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 2011 which comprise the profit and loss account, the balance sheet and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 to 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- Give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of its profit for the year then ended,
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

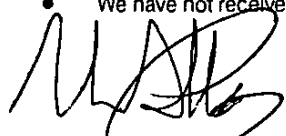
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- Adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us, or
- The financial statements are not in agreement with the accounting records and returns, or
- Certain disclosures of directors' remuneration specified by law are not made, or
- We have not received all the information and explanations we require for our audit.



Mark Allsop (Senior statutory auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
16th July 2012

T-Mobile Holdings Limited

Profit and Loss Account For the year ended 31 December 2011

	Note	2011 £000	2010 £000
Administrative expenses		(26)	(37)
Operating loss	3	(26)	(37)
Dividends received	6	433,000	323,000
Interest receivable	7	4	1
Profit on ordinary activities before taxation		432,978	322,964
Taxation on profit on ordinary activities	8	-	-
Profit on ordinary activities after taxation	14	432,978	322,964

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

During the year a dividend of £433 million was paid to the shareholder from the profit on ordinary activities after taxation. See note 13 for more information

There are no differences between the results reported above and their historical cost equivalents

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

T-Mobile Holdings Limited

Balance Sheet As at 31 December 2011

	Note	2011 £000	2010 £000
Fixed assets			
Investments	9	4,902,992	4,902,992
Current assets			
Debtors falling due within one year	10	963	976
Creditors falling due within one year	11	(695)	(686)
Net current assets		<u>268</u>	<u>290</u>
Total assets less current liabilities		<u>4,903,260</u>	<u>4,903,282</u>
Called up share capital	12	706,540	706,540
Share premium account	13	1,637,450	1,637,450
Profit and loss account	13	2,559,270	2,559,292
Total shareholders' funds	14	<u>4,903,260</u>	<u>4,903,282</u>

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 the 13th July 2012



N McLean
Director

T-Mobile Holdings Limited

Notes to the financial statements For the year ended 31 December 2011

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, in accordance with the Companies Act 2006 and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure during the reporting period. Estimates are used principally when accounting for impairment of fixed assets and taxes.

The financial statements contain information about TMH as an individual company and do not contain consolidated financial information as the parent of a group. The directors have taken into consideration the Joint Venture between Deutsche Telekom AG and France Telecom SA when evaluating the appropriate accounting policies for the period. As part of this process, the directors have reviewed the treatment of their fixed asset investment with respect to the change in investment from 100% of TMUK to 50% of the enlarged JV (EE). In particular the directors have evaluated that the accounting policies reflect FRS 9 'Associates and joint ventures', for an entity jointly controlled.

1.2 Going concern

At the balance sheet date the Company has net current assets of £268,000. Following a review by the directors these assets are expected to cover any future liabilities payable in the next 12 months from the approval of these financial statements.

In addition the following was noted in the related JV investment:

- so far as practicable the activities of Everything Everywhere Limited are financed from its own resources with no recourse to the parents or any of their associated companies,
- no parent shall be obliged to provide any guarantee or security for any indebtedness of Everything Everywhere Limited or to provide any further capital to it,
- Everything Everywhere Limited may require further finance to fund its projected cash requirements,
- Everything Everywhere Limited may borrow additional sums from third parties on the most favourable terms compatible with its needs but without guarantee or recourse from the parents,
- Everything Everywhere Limited will repay all loan amounts due to the Parents under the initial Rebalancing/Shareholder Loan Agreements in accordance with the agreed terms, and
- 90% of Everything Everywhere Limited's prospective annual free cash flow will be distributed to the Parents by way of dividends.

Consequently, the directors do not expect any obligations to arise for at least 12 months from the approval of the financial statement, other than the Company's own direct obligations. With this expectation and positive net assets, the board of directors consider that it remains appropriate for the Company's financial statements to be prepared on a going concern basis.

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

T-Mobile Holdings Limited

Notes to the financial statements For the year ended 31 December 2011

1 Accounting policies (continued)

1.3 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)"

1.4 Fixed asset Investments

Fixed asset investments are recorded at cost plus incidental expenses less any provision for impairment

1.5 Impairment of fixed assets investments

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 FRS 11.

1.6 Consolidation

Under Section 400 of the Companies Act 2006, 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 2011, and which are publicly available.

2 Changes in equity

2.1 Capital increase

On 24 March 2010 the Company issued 1 ordinary share of £1 to its shareholder with a share premium of £1,637,449,839. The increase in the share premium account was used to finance the equity investment in Everything Everywhere Limited.

2.2 Capital restructuring

On 13 October 2010 the Company restructured its capital reserves, reducing its share premium account from £11,778,565,138 to £1,637,449,839 with the result that the Company's distributable reserve at that time became £2,558,328,129. Total shareholders funds remained unchanged at £4,902,318,237.

3 Operating loss

Auditors' remuneration for the year totalled £23,574 (2010: £12,500) for audit services, and £nil (2010: £24,939) related to a solvency statement provided by the directors for non audit services.

4 Staff costs

The Company has no employees (2010: none)

T-Mobile Holdings Limited

Notes to the financial statements For the year ended 31 December 2011

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 2011 (2010: £nil) in which a director had a beneficial interest.

6 Dividends received

The Company received dividends amounting to £433 million (2010: £323m) from Everything Everywhere Limited.

7 Interest receivable

The Company is integrated in Deutsche Telekom AG's cash pooling system. From this interest-bearing in-house account the Company received £4,000 interest on deposits (2010: £1,000).

8 Taxation on profit on ordinary activities

There was no taxation charge for the year (2010: £nil). The taxation for the year has been assessed as below:

	2011 £000	2010 £000
Profit on ordinary activities before taxation	432,978	322,964
Tax on ordinary activities at the standard rate of corporation taxation in the UK of 28% (2010: 27%)	(121,234)	(90,430)
Effect of:		
Dividend not taxable	• 121,240	90,440
Tax losses	(6)	(10)
Current taxation charge for the year	-	-

T-Mobile Holdings Limited

Notes to the financial statements For the year ended 31 December 2011

9 Fixed asset investments

	Investments £000
Cost or valuation	
At 1 January 2011 and 31 December 2011	<u>13,435,392</u>
Impairment	
At 1 January 2011 and 31 December 2011	<u>8,532,400</u>
Net book value	
At 31 December 2010 and 31 December 2011	<u>4,902,992</u>

The fixed asset investments represent the Company's interests in Everything Everywhere Limited and in various companies as set out in the table below

Name	Principal activities	% shareholding	
		Direct	Indirect
T-Mobile No. 1 Limited	In liquidation	100	
T-Mobile No. 5 Limited	In liquidation	100	
T-Mobile Limited	Dormant	100	
T-Mobile (UK) Limited	Dormant	100	
One2One Limited	Dormant	100	
One2One Personal Communications Limited	Dormant	100	
T-Mobile International Limited	Dormant	100	
T-Mobile (UK Properties) Inc	Dormant	100	
Everything Everywhere Limited	Personal radio communications services	50	
Orange Jersey Limited	Dormant		50
Orange Personal Communications Services Limited	Dormant		50
Orange Pension Trustees Limited	Pension Trustees		50
Orange FURBS Trustees Limited	Pension Trustees		50
Orange Home UK Limited	Dormant		50
Orange Retail Limited	Dormant		50
Orange Services India Private Limited	Management support		50
Midland Communications Distribution Limited	Communication distribution		17.5
Mainline Communications Group plc	Communication distribution		13
T-Mobile (UK) Pension Trustee Limited	Pension Trustees		50
Mobile Broadband Network Limited	Mobile network integration		25

T-Mobile Holdings Limited

Notes to the financial statements For the year ended 31 December 2011

10 Debtors

	2011 £000	2010 £000
Amounts owed by group undertakings	<u>963</u>	<u>976</u>

The amounts owed by group undertakings are unsecured

11 Creditors amounts falling due within one year

	2011 £000	2010 £000
Amounts owed to group undertakings	674	674
Accruals	21	12
	<u>695</u>	<u>686</u>

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

12 Called up share capital

	2011 £000	2010 £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

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.

T-Mobile Holdings Limited

Notes to the financial statements For the year ended 31 December 2011

13 Reserves

	Share premium account £000	Profit and loss account £000
At 1 January 2011	1,637,450	2,559,292
Profit for the year	-	432,978
Dividend paid	-	(433,000)
At 31 December 2010	1,637,450	2,559,270

On 29th March 2011 TMH received a dividend of £233 million from EE. On the same day, the Company made a corresponding dividend payment to T-Mobile Global Holding GmbH ('TMGH'), its immediate parent company of £233 million.

On 29th September 2011 TMH received a dividend of £200 million from EE. On the same day, the Company made a corresponding dividend payment to TMGH, its immediate parent company of £200 million.

14 Reconciliation of movement in total shareholders' funds

	2011 £000	2010 £000
Opening total shareholders' funds	4,903,282	3,264,868
Profit for the year	432,978	322,964
Capital increase	-	1,637,450
Dividend paid	(433,000)	(322,000)
Closing total shareholders' funds	4,903,260	4,903,282

Analysis of total shareholders' funds

Non-equity interests	9,000	9,000
Equity interests	4,894,260	4,894,282
Closing total shareholders' funds	4,903,260	4,903,282

T-Mobile Holdings Limited

Notes to the financial statements For the year ended 31 December 2011

15 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 2011. 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. The only transactions with related parties in the year were as follows:

	2011 £000	2010 £000
Dividends received	433,000	323,000

Year end balances with related parties are as follows:

Creditors	674	674
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The disclosures above are in relation to Everything Everywhere Limited.

16 Post balance sheet events

On 29 March 2012 the directors of Everything Everywhere Limited recommended and approved an interim dividend of £293 million to be paid to its shareholders on 29 March 2012. By virtue of its 50% interest in Everything Everywhere Limited, T-Mobile Holdings Limited's share is £146.5 million, which is remitted to its immediate shareholder, T-Mobile Global Holding GmbH, on the same day as receipt.

On 28 June 2012 the directors of Everything Everywhere Limited recommended and approved an interim dividend of £250 million to be paid to its shareholders on 28 June 2012. By virtue of its 50% interest in Everything Everywhere Limited, T-Mobile Holdings Limited's share is £125 million, which is remitted to its immediate shareholder, T-Mobile Global Holding GmbH, on the same day as receipt.

17 Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is T-Mobile Global Holding GmbH which owns 100% of the Company. T-Mobile Global Holding 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.