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T-Mobile Holdings Limited

Annual Report

For the year ended 31 December 2014

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T-Mobile Holdings Limited

Company information

Directors	U Kuehbacher	
	N McLean	
	Y Fern	
	D Daub	(Appointed 10 September 2014)
	G Heidbrink	(Resigned 15 March 2014)
Company secretary	Y Fern	
Registered number	3836708	
Registered office	Hatfield Business Park Hatfield Hertfordshire AL10 9BW	
Independent auditors	PricewaterhouseCoopers 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 2014

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2014

Principal activity

The Company's principal activity was that of a holding company

Results and dividends

The profit for the financial year, after taxation, amounted to £473,464,000 (2013 £228,953,000)

During the year the directors recommended and paid a dividend of £275,500,000 (2013 £229,000,000)

Directors

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

U Kuehbachner

N McLean

Y Fern

W Kniese (Resigned 7 September 2014)

D Daub (Appointed 10 September 2014)

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

Independent auditors

PricewaterhouseCoopers LLP have been appointed as auditors

Post balance sheet events

It was announced on 5 February 2015 that the Company's ultimate parent Company, Deutsche Telekom AG ('DT'), and joint venture partner France Télécom SA ('FT') have reached an agreement with the British telecommunications operator BT Group plc ('BT') on the proposed sale of their UK joint venture EE Limited for a total purchase price of £12.5 billion, subject to customary post-completion adjustments to reflect net debt and capital expenditure of EE Limited at as Closing of the Transaction ("the Transaction"). The DT group's investment in EE Limited is held by the Company and the Transaction is expected to close, subject to regulatory approval, by March 2016.

Subsequent to year end, on 26 March 2015 and 26 June 2015, the Company has received total dividends from EE Limited of £264.5 million and on the same dates recommended and paid dividends to T-Mobile Global Holding GmbH, its immediate parent company, of the same total amount.

T-Mobile Holdings Limited

Directors' report For the year ended 31 December 2014

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, 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 prepared 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 judgements 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,
- 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 of directors and signed on its behalf on 30 June 2015



N McLean
Director

T-Mobile Holdings Limited

Strategic report For the year ended 31 December 2014

Strategy

The Company's strategy is to continue acting as a holding company

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 Télécom 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 EE Limited and is 50% owned by DT, through its holding in T-Mobile Holdings Limited, and FT

As set out in the JVA, the intention of EE Limited was

- 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

During the year the following dividends were received by TMH from EE Limited and on the same date the Company made a corresponding dividend payment to T-Mobile Global Holding GmbH ('TMGH'), its immediate parent company

27 March 2014	£196,000,000
26 September 2014	£60,000,000
22 December 2014	£19,500,000

As a consequence of the negotiations to sell the interest in EE Limited and subsequent agreement of the Transaction as disclosed in the Directors' Report, the Company has assessed the carrying value of the investment in EE Limited and a reversal of historical impairment of £198,010,000 has been recorded accordingly as an exceptional item in the year

Principal risks and uncertainties

The principal risk for the Company is the value of its investment in EE Limited. The JVA sets out DT's direct involvement in the JV and ensures that DT management have a full understanding and influence on the future performance of this investment

Key performance indicators

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

This report was approved by the board of directors and signed on its behalf on 30 June 2015



N McLean
Director

T-Mobile Holdings Limited

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

Report on the financial statements

Our opinion

In our opinion, T-Mobile Holdings Limited's financial statements (the "financial statements")

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 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

What we have audited

T-Mobile Holdings Limited's financial statements comprise

- Balance Sheet as at 31 December 2014,
- Profit and Loss Account for the year then ended, and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion

- we have not received all the information and explanations we require for our audit, or
- adequate accounting records have not been kept, 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

We have no exceptions to report arising from this responsibility

T-Mobile Holdings Limited

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

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 2, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Neil Proudlove (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date 30 June 2015

T-Mobile Holdings Limited

Profit and Loss Account For the year ended 31 December 2014

	Note	2014 £000	2013 £000
Administrative expenses		(49)	(50)
Operating loss	2	(49)	(50)
Income from shares in group undertakings	5	275,500	229,000
Interest receivable and similar income	6	3	3
Exceptional item			
Reversal of impairment loss	8	198,010	-
Profit on ordinary activities before taxation		473,464	228,953
Taxation on profit on ordinary activities	7	-	-
Profit for the financial year	12	473,464	228,953

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 results reported above and their historical cost equivalents

The notes on pages 8 to 14 form part of these financial statements

T-Mobile Holdings Limited

Balance Sheet As at 31 December 2014

	Note	2014 £000	2013 £000
Fixed assets			
Investments	8	5,101,002	4,902,992
Current assets			
Debtors amounts falling due within one year	9	822	869
Current liabilities			
Creditors amounts falling due within one year	10	(699)	(700)
Net current assets		123	169
Total assets less current liabilities		5,101,125	4,903,161
Capital and reserves			
Called up share capital	11	706,540	706,540
Share premium account	12	1,637,450	1,637,450
Profit and loss account	12	2,757,135	2,559,171
Total shareholders' funds	13	5,101,125	4,903,161

The notes on pages 8 to 14 form part of these financial statements

The financial statements on pages 6 to 14 were approved and authorised for issue by the board and were signed on its behalf on 30 June 2015



N McLean
Director

T-Mobile Holdings Limited

Notes to the financial statements For the year ended 31 December 2014

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 T-Mobile Holdings Limited ("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 ("JV") between Deutsche Telekom AG and France Télécom SA ("the parents") when evaluating the appropriate accounting policies for the period.

1.2 Going concern

At the balance sheet date the Company has net current assets of £123,000 (2013: £169,000). 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 EE 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 EE Limited or to provide any further capital to it,
- EE Limited may require further finance to fund its projected cash requirements,
- EE 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,
- EE 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 EE 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 and positive cash flows expected from the Transaction (see Note 8), 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 2014

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. 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.

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 2014, and which are publicly available.

2 Operating loss

Auditors' remuneration for the year totalled £25,000 (2013: £25,050) for audit services.

3 Staff costs

The Company has no employees (2013: none).

4 Directors' emoluments

None of the directors received 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 2014 (2013: £nil) in which a director had a beneficial interest.

T-Mobile Holdings Limited

Notes to the financial statements For the year ended 31 December 2014

5 Income from shares in group undertakings

The Company received dividends amounting to £275.5million (2013: £229.0million) from EE Limited

6 Interest receivable and similar income

The Company is integrated in Deutsche Telekom AG's cash pooling system. From deposits in this interest bearing in-house account the Company received £3,000 interest on deposits (2013: £3,000)

7 Taxation on profit on ordinary activities

There was no taxation charge for the year (2013: £nil). The tax assessed for the year is lower (2013: lower) than the standard rate of corporation tax in the UK (21.5%)

	2014 £000	2013 £000
Profit on ordinary activities before taxation	473,464	228,953
Tax on ordinary activities at the standard rate of corporation taxation in the UK of 21.5% (2013: 23.25%)	(101,795)	(53,232)
Effect of		
Dividend income not taxable	59,233	53,243
Reversal of impairment loss not taxable	42,572	-
Tax losses not recognised	(10)	(11)
Current taxation charge for the year	-	-

T-Mobile Holdings Limited

Notes to the financial statements For the year ended 31 December 2014

8. Investments

Investments
£000

Cost

At 1 January 2014 and 31 December 2014	<u>13,435,392</u>
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Impairment

At 1 January 2014	8,532,400
Reversal of impairment	<u>(198,010)</u>
31 December 2014	<u>8,334,390</u>

Net book value

At 31 December 2014	<u>5,101,002</u>
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At 1 January 2014	<u>4,902,992</u>
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The investments mainly represent the Company's interests in EE Limited and with minor investments in various companies as set out in the table below

Name	Principal activities	2014 % shareholding	2013 % shareholding
T-Mobile No 1 Limited	In liquidation	100	100
T-Mobile No 5 Limited	In liquidation	100	100
T-Mobile Limited	Dormant	100	100
T-Mobile (UK) Limited	Dormant	100	100
One2One Limited	Dormant	100	100
One2One Personal Communications Limited	Dormant	100	100
T-Mobile International Limited	Dormant	100	100
T-Mobile (UK Properties) Inc	Dormant	100	100
T-Mobile (UK) Retail Limited	Dormant	100	100
EE Limited	Personal radio communications services	50	50

In 2014, the Company's ultimate parent Company, Deutsche Telekom AG ('DT'), and joint venture partner France Télécom SA ('FT') started their negotiation with the British telecommunications operator BT Group plc ('BT') in relation to proposed sale of EE Limited (the 'Transaction'). On 5 February 2015, DT and FT reached an agreement with BT to sell 100% of their shares in EE Limited for a total purchase price of £12.5 billion, subject to customary post-completion adjustments to reflect net debt and capital expenditure of EE Limited as at Closing of the Transaction.

The directors have assessed the carrying amount of the investment in EE Limited based on the expected future cash flows and operation of EE Limited including the impact of the Transaction, a reversal of impairment of £198,010,000 has been recorded as an exceptional item. The Transaction, which is subject to regulatory approval, is expected to close by March 2016.

T-Mobile Holdings Limited

Notes to the financial statements For the year ended 31 December 2014

9 Debtors: amounts falling due within one year

	2014 £000	2013 £000
Amounts owed by group undertakings	822	869

The amounts owed by group undertakings are unsecured

10 Creditors: amounts falling due within one year

	2014 £000	2013 £000
Amounts owed to group undertakings - joint venture	674	674
Accruals	25	26
	699	700

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

11 Called up share capital

	2014 £000	2013 £000
Authorised		
9,991,000,000 (2013: 9,991,000,000) ordinary shares of £1 each	9,991,000	9,991,000
9,000,000 (2013: 9,000,000) redeemable ordinary shares of £1 each	9,000	9,000
	10,000,000	10,000,000
Allotted and fully paid		
Ordinary shares of £1 each	697,540	697,540
9,000,000 (2013: 9,000,000) redeemable ordinary shares of £1 each	9,000	9,000
	706,540	706,540

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 2014

12 Reserves

	Share premium account £000	Profit and loss account £000
At 1 January 2014	1,637,450	2,559,171
Profit for the year	-	473,464
Dividend paid	-	(275,500)
At 31 December 2014	<u>1,637,450</u>	<u>2,757,135</u>

During the year the Company received the following dividends from EE Limited and on the same day, the Company made a corresponding dividend payments to T-Mobile Global Holding GmbH ('TMGH')

27 March 2014	£196,000,000
26 September 2014	£60,000,000
22 December 2014	£19,500,000

13. Reconciliation of movements in total shareholders' funds

	2014 £000	2013 £000
Opening total shareholders' funds	4,903,161	4,903,208
Profit for the year	473,464	228,953
Dividend paid	(275,500)	(229,000)
Closing total shareholders' funds	<u>5,101,125</u>	<u>4,903,161</u>

Analysis of total shareholders' funds

Non-equity interests	9,000	9,000
Equity interests	5,092,125	4,894,161
Closing total shareholders' funds	<u>5,101,125</u>	<u>4,903,161</u>

T-Mobile Holdings Limited

Notes to the financial statements For the year ended 31 December 2014

14. 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 2014. 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:

	2014 £000	2013 £000
Dividends received	275,500	229,000

Year end balances with related parties are as follows:

Creditors	674	674
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The disclosures above are in relation to EE Limited.

15. Post balance sheet events

It was announced on 5 February 2015 that the Company's ultimate parent Company, Deutsche Telekom AG ('DT'), and joint venture partner France Télécom SA ('FT') have reached an agreement with the British telecommunications operator BT Group plc ('BT') on the proposed sale of their UK joint venture EE Limited for a total purchase price of £12.5 billion, subject to customary post-completion adjustments to reflect net debt and capital expenditure of EE Limited at the Closing of the Transaction ('the Transaction'). The DT group's investment in EE Limited is held by the Company and the Transaction is expected to close, subject to regulatory approval, by March 2016.

Subsequent to year end, on 26 March 2015 and 26 June 2015, the Company has received total dividends from EE Limited of £264.5 million and on the same dates recommended and paid dividends to T-Mobile Global Holding GmbH, its immediate parent company, of the same total amount.

16. 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 <http://www.telekom.com/investor-relations>.