

Registered number: 3836708

T-Mobile Holdings Limited

Annual Report

For the year ended 31 December 2016

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## T-Mobile Holdings Limited

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### Company information

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|----------------------|------------------------------------------------------------------------------------------------------------------------|
| Directors            | U Kuehbacher<br>N McLean (Resigned 14 May 2016)<br>F Hardt (Appointed 22 April 2016)<br>D Daub<br>J D'Silva            |
| Company secretary    | J D'Silva                                                                                                              |
| Registered number    | 3836708                                                                                                                |
| Registered office    | Futura House<br>Bradbourne Drive<br>Tilbrook<br>Milton Keynes<br>MK7 8AZ                                               |
| Independent auditors | PricewaterhouseCoopers LLP<br>Chartered Accountants and Statutory Auditors<br>1 Embankment Place<br>London<br>WC2N 6RH |

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# T-Mobile Holdings Limited

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# T-Mobile Holdings Limited

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## Strategic report For the year ended 31 December 2016

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The directors present their Strategic report of the Company for the year ended 31 December 2016.

### 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 was called EE Limited and was 50% owned by DT, through its holding in T-Mobile Holdings Limited, and 50% owned by 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 rationalizing the enlarged network to deliver synergy benefits;
- finance independently of and without further support from or resource to, the parent companies; and
- distribute of its annual free cash flow to the parents by way of dividend.

As was announced in February 2015, the Company's ultimate parent Company, Deutsche Telekom AG ('DT'), and joint venture partner France Télécom SA ('FT') 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 as at Closing of the Transaction ("the Transaction").

On 29 January 2016, the Transaction was completed. Consideration was received by the Company primarily through 1,196,175,322 BT's ordinary shares (equivalent to 12% of BT's share capital post acquisition) and cash of £25.7million. The share price of BT's ordinary shares on 29 January 2016 was £4.849.

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

### Dividends:

|                  |              |         |
|------------------|--------------|---------|
| 25 January 2016  | €173,345,930 | from EE |
| 21 July 2016     | €137,073,654 | from BT |
| 29 December 2016 | €67,842,160  | from BT |

BT is one of the world's leading communications services companies, serving the needs of customers in the UK and in more than 170 countries worldwide. Its main activities are the provision of fixed-line services, broadband, mobile and TV products and services as well as networked IT services.

The acquisition by BT reflects the growing importance of mobile connectivity, as operators across Europe move towards offering consumers a 'quad play' of services - broadband, mobile, phone and pay TV. It also reflects the convergence of fixed-line and mobile broadband and the market development whereby customers will be able to subscribe to a single data connectivity package that covers them inside and outside the home.

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## T-Mobile Holdings Limited

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Strategic report  
For the year ended 31 December 2016

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### Principal risks and uncertainties

The sale of investment in EE Limited was completed on 29 January 2016 and the Company has received 12% of BT Group plc's ordinary equity shares as part of the sale consideration. The principal risk since then became the value of its investment holding in BT. To ensure that DT management has a full understanding of the future performance of the investment, DT's Chief Executive was appointed on 29 January 2016 to BT's board in accordance with the sale agreement.

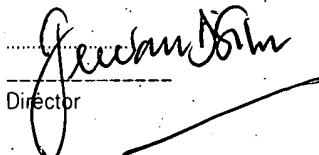
The principal risk for the company during the financial year is the value of its investment in BT Group plc.

Subsequent to the balance sheet date, BT announced deterioration in results and performance, together with identification of historic accounting issues in one of its overseas subsidiaries, which has caused a further downturn in the value of the shares and the subsequent shareholding values in 2017. This position remains under review by the Company.

### 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 28 September 2017

  
Director  
  
JEEVAN D'SILVA

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# T-Mobile Holdings Limited

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## Directors' report For the year ended 31 December 2016

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The directors present their report and the audited financial statements of the Company for the year ended 31 December 2016.

### Principal activity

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

### Results and dividends

The loss for the financial year, after taxation, amounted to €2,045,822,166 - (2015: profit of €1,393,516,856).

During the year the directors recommended and paid a dividend of €310,419,583 (2015: €447,715,329).

On 29 January 2016, triggered by the disposal of its investment in EE Limited, the entity has re-assessed functional currency which changed from Pounds Sterling to Euros. The disposal of the investment in EE Limited resulted in receipt of equity shares of BT Group plc as consideration. As a result of the change in functional currency, the Company has changed its accounting policy for the presentation currency from Pounds Sterling to Euros.

### Directors

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

U Kuehbacher  
N McLean (Resigned 14 May 2016)  
F Hardt (Appointed 22 April 2016)  
D Daub  
J D'Silva

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

### Post balance sheet events

In July 2017, it was announced that BT Group plc would compensate Deutsche Telekom AG and Orange S.A under the terms of a warranty clause agreed on disposal of the EE Limited. The total compensation amount to be received by The Company is expected to be £180m and will be recorded by the Company in the 2017 financial year.

On 10 August 2017, BT Group plc announced a dividend of 10.55 pence per share. The Company received payment of £126,619,496 on 4 September 2017.

### Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report and 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 prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

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## T-Mobile Holdings Limited

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### Directors' report For the year ended 31 December 2016

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#### Statement of directors' responsibilities (continued)

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, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of 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.

#### Independent Auditors

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

This report was approved by the board of directors and signed on its behalf on 28 September 2017.

  
Director

JEEVAN D SILVA

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# T-Mobile Holdings Limited

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## Independent Auditors' Report to the members of T-Mobile Holdings Limited (continued)

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### 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 2016 and of its loss 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

The financial statements, included within the Annual Report, comprise:

- the Statement of financial position as at 31 December 2016;
- the Income statement and statement of comprehensive income for the year then ended;
- the Statement of changes in equity 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 United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (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.

- 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; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

### 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.

#### 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.

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## T-Mobile Holdings Limited

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### Independent Auditors' Report to the members of T-Mobile Holdings Limited (continued)

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#### 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 statement, 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;
- 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. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Neil Proudlove (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
28 September 2017

## T-Mobile Holdings Limited

### Income statement For the year ended 31 December 2016

|                                                | Note | 2016<br>€000               | 2016<br>€000             | 2016<br>€000 | 2015<br>€000                           | 2015<br>€000                         | 2015<br>€000      |
|------------------------------------------------|------|----------------------------|--------------------------|--------------|----------------------------------------|--------------------------------------|-------------------|
|                                                |      | Discontinued<br>operations | Continuing<br>operations | Total        | Restated<br>Discontinued<br>operations | Restated<br>Continuing<br>operations | Restated<br>Total |
| Administrative expenses                        |      | -                          | (458)                    | (458)        | -                                      | (76)                                 | (76)              |
| Operating loss                                 | 4    | -                          | (458)                    | (458)        | -                                      | (76)                                 | (76)              |
| Income from shares in<br>group undertakings    | 6    | 173,346                    | 204,915                  | 378,261      | 447,715                                | -                                    | 447,715           |
| Exceptional items:                             |      |                            |                          |              |                                        |                                      |                   |
| Reversal of impairment<br>loss                 |      | -                          | -                        | -            | 945,874                                | -                                    | 945,874           |
| Impairment loss or loss<br>on disposal         | 6/11 | (183,819)                  | (2,239,035)              | (2,422,854)  | -                                      | -                                    | -                 |
| (Loss)/ Profit before<br>interest and taxation |      | (10,473)                   | (2,034,578)              | (2,045,051)  | 1,393,589                              | (76)                                 | 1,393,513         |
| Finance (expenses)/<br>income                  | 7    | -                          | (120)                    | (120)        | -                                      | 4                                    | 4                 |
| (Loss)/ Profit before<br>income tax            |      | (10,473)                   | (2,034,698)              | (2,045,171)  | 1,393,589                              | (72)                                 | 1,393,517         |
| Income tax expense                             | 8    | -                          | (651)                    | (651)        | -                                      | -                                    | -                 |
| (Loss)/ Profit for the<br>financial year       |      | (10,473)                   | (2,035,349)              | (2,045,822)  | 1,393,589                              | (72)                                 | 1,393,517         |

The notes on pages 11 to 21 form part of these financial statements.

## T-Mobile Holdings Limited

### Statement of comprehensive income For the year ended 31 December 2016

|                                                                          | Note | 2016<br>€000               | 2016<br>€000             | 2016<br>€000       | 2015<br>€000                           | 2015<br>€000                         | 2015<br>€000      |
|--------------------------------------------------------------------------|------|----------------------------|--------------------------|--------------------|----------------------------------------|--------------------------------------|-------------------|
|                                                                          |      | Discontinued<br>operations | Continuing<br>operations | Total              | Restated<br>Discontinued<br>operations | Restated<br>Continuing<br>operations | Restated<br>Total |
| (Loss)/ Profit for the financial year                                    |      | (10,473)                   | (2,035,349)              | (2,045,822)        | 1,393,589                              | (72)                                 | 1,393,517         |
| <b>Items that may be subsequently reclassified to income statement</b>   |      |                            |                          |                    |                                        |                                      |                   |
| Change in the value of available-for-sale investments                    | 11   | -                          | (2,239,000)              | (2,239,000)        | -                                      | -                                    | -                 |
| Impairment of available-for-sale asset recycled through income statement | 11   | -                          | 2,239,000                | 2,239,000          | -                                      | -                                    | -                 |
| Other comprehensive income for the year net of tax                       |      | -                          | -                        | -                  | -                                      | -                                    | -                 |
| <b>Total comprehensive income for the year</b>                           |      | <b>(10,473)</b>            | <b>(2,034,047)</b>       | <b>(2,045,822)</b> | <b>1,393,589</b>                       | <b>(72)</b>                          | <b>1,393,517</b>  |

# T-Mobile Holdings Limited

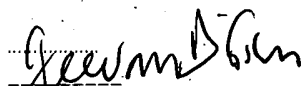
## Statement of financial position As at 31 December 2016

|                                                | Note | 2016<br>€000 | 2015<br>€000<br>Restated |
|------------------------------------------------|------|--------------|--------------------------|
| <b>Fixed assets</b>                            |      |              |                          |
| Available-for-sale investments                 | 11   | 5,132,225    | -                        |
| <b>Current assets</b>                          |      |              |                          |
| Trade and other receivables                    | 12   | 89,542       | 1,049                    |
| Assets held for sale                           | 9    | -            | 7,881,635                |
| <b>Current liabilities</b>                     |      |              |                          |
| Creditors: amounts falling due within one year | 13   | (823)        | (951)                    |
| <b>Net current assets</b>                      |      | 88,719       | 7,881,733                |
| <b>Total assets less current liabilities</b>   |      | 5,220,944    | 7,881,733                |
| <b>Capital and reserves</b>                    |      |              |                          |
| Called up share capital                        | 14   | 902,323      | 902,323                  |
| Share premium account                          |      | 2,091,187    | 2,091,187                |
| (Accumulated losses)/ Retained earnings        |      | (614,003)    | 1,742,238                |
| Cumulative translation reserve                 |      | 2,841,437    | 3,145,985                |
| <b>Total shareholders' funds</b>               |      | 5,220,944    | 7,881,733                |

The notes on pages 11 to 21 form part of these financial statements.

The financial statements on pages 7 to 21 were approved and authorised for issue by the board and were signed on its behalf on

28-09-2017



Director

JEEVAN D'SILVA

## T-Mobile Holdings Limited

### Statement of changes in equity for the year ended 31 December 2016

|                                                       | Called up share<br>capital<br>€000 | Share<br>premium<br>account<br>€000 | (Accumulated losses)/<br>Retained earnings<br>€000 | Cumulative translation<br>reserve<br>€000 | Total<br>€000 |
|-------------------------------------------------------|------------------------------------|-------------------------------------|----------------------------------------------------|-------------------------------------------|---------------|
| Balance at 1 January 2015<br>(restated in Euro's)     | 902,323                            | 2,091,187                           | 796,436                                            | 2,724,700                                 | 6,514,646     |
| Profit and total comprehensive<br>income for the year | -                                  | -                                   | 1,393,517                                          | -                                         | 1,393,517     |
| Dividend                                              | -                                  | -                                   | (447,715)                                          | -                                         | (447,715)     |
| Effect from change of<br>presentation currency        | -                                  | -                                   | -                                                  | 421,285                                   | 421,285       |
| Balance at 31 December 2015                           | 902,323                            | 2,091,187                           | 1,742,238                                          | 3,145,985                                 | 7,881,733     |
| Balance at 1 January 2016                             | 902,323                            | 2,091,187                           | 1,742,238                                          | 3,145,985                                 | 7,881,733     |
| Translation effect to 29 January<br>2016              | -                                  | -                                   | -                                                  | (304,548)                                 | (304,548)     |
| Loss and total comprehensive<br>expense for the year  | -                                  | -                                   | (2,045,822)                                        | -                                         | (2,045,822)   |
| Dividend                                              | -                                  | -                                   | (310,419)                                          | -                                         | (310,419)     |
| Balance at 31 December 2016                           | 902,323                            | 2,091,187                           | (614,003)                                          | 2,841,437                                 | 5,220,944     |

Retained earnings/ (accumulated losses) represents accumulated profit/ (loss) for the year and prior years less dividends paid.

# T-Mobile Holdings Limited

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## Notes to the financial statements For the year ended 31 December 2016

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### 1. General information

T-Mobile Holdings Limited is a holding company previously for EE Limited holding and currently for BT Group plc holding. The company is a private company and is incorporated and domiciled in the UK. The address of its registered office is Futura House, Bradbourne Drive, Tilbrook, Milton Keynes, England, MK7 8AZ.

### 2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 2.1 Basis of preparation

The financial statements of T-Mobile Holdings Limited have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006. Due to the change in presentation currency during the year an effect from first time adoption has been created. There were no other adjustments made during the year.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

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.

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2017, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the company:

- IFRS 9, 'Financial instruments';
- IFRS 15, 'Revenue from contracts with customers'; and,
- IFRS 16, 'Leases'.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, plant and equipment.
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d), (statement of cash flows);
  - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for a minimum of two primary statements, including cash flow statements);
  - 38B-D (additional comparative information);

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# T-Mobile Holdings Limited

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## Notes to the financial statements For the year ended 31 December 2016

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### 2. Summary of significant accounting policies (continued)

- 40A-D (requirements for a third statement of financial position);
  - 111 (cash flow statement information); and
  - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows';
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure or information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- Paragraph 17 and 18(a) of IAS 24, 'Related party disclosures' (key management compensation); and,
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group, and
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)

#### 2.1.1 Going concern

At the balance sheet date the Company has net current assets of €88,718,458 (2015: €7,881,732,835). 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. 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. The board of directors consider that it remains appropriate for the Company's financial statements to be prepared on a going concern basis.

### 2.2 Consolidation

The company is a wholly owned subsidiary of T-Mobile Global Holding GmbH and of its ultimate parent, Deutsche Telekom AG. It is included in the consolidated financial statements of Deutsche Telekom AG, which is incorporated in Germany, a member state of the European Union. Its audited financial statements are drawn up to 31 December 2016, and are publicly available. Therefore the company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

These financial statements are separate financial statements.

### 2.3 Foreign currency translation

#### (a) Change in functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in 'Euros' (€). The Company's functional currency is 'Euros' (€). The Company is a holding company and supports Deutsche Telekom AG (a publically traded company headquartered in Germany). The Company disposed of its joint venture holding in EE Limited in 2016 and acquired a minority investment in BT Group plc. Due to the disposal of EE Limited and the acquisition of BT Group plc shares the Company's functional currency and presentational currency changed from pounds sterling to euros. A change in presentational currency is a change in accounting policy which is accounted for retrospectively. Financial information reported in pounds sterling in the prior year's financial statements has been translated to sterling using the procedure outlined below:

- Assets and liabilities were translated at the closing euro rates
- Income and expenses were translated at average euro rates
- Differences resulting from retranslation have been recognised in the foreign currency translation reserve

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# T-Mobile Holdings Limited

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## Notes to the financial statements For the year ended 31 December 2016

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### 2. Summary of significant accounting policies (continued)

#### 2.3 Foreign currency translation (continued)

The comparative numbers have been restated for the change in presentational currency.

The Company used the following rate (i) average rate of £1: €1.239 (2015: € 1.378) and period end rate of £1: €1.169 (2015: €1.361, 2014: €1.277)

##### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Translation differences on non-monetary financial assets and liabilities are included within other comprehensive income and are included within the foreign exchange translation reserve.

#### 2.4 Asset held for resale and discontinued operation

Asset are classified as assets held for resale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. Subsequent increase in fair value less costs to sale is recognised but not in excess of the cumulative impairment loss that has been recognised.

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale. Results in relation to the discontinued operation are presented separately from the continued operation in the statement of comprehensive income.

#### 2.5 Impairment of non-financial asset

Non-financial assets not ready to use are not subject to amortisation and are tested annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

#### 2.6 Fixed assets investment

Investments in joint ventures are held at cost less accumulated impairment losses.

#### 2.7 Impairment of fixed assets investment

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

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# T-Mobile Holdings Limited

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## Notes to the financial statements For the year ended 31 December 2016

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### 2. Summary of significant accounting policies (continued)

#### 2.8 Available-for-sale investments

Equity investments are included as non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. These investments are carried at fair value. Unrealised gains and losses arising from changes in the fair value of available-for-sale investments are recognised in other comprehensive income in the period in which they arise. When available-for-sale investments are either sold or impaired, the accumulated fair value adjustments are realised and included in profit and loss.

#### 2.9 Share capital

Ordinary shares are classified as equity.

#### 2.10 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### 2.11 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

#### 2.12 Administrative Expenses

Administrative expenses include accounting, audit and consultancy fees as well as foreign exchange rate movement of monetary assets and bank charges.

#### 2.13 Dividend income

Dividend income is recognised when the right to receive payment is established.

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# T-Mobile Holdings Limited

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## Notes to the financial statements For the year ended 31 December 2016

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### 2. Summary of significant accounting policies (continued)

#### 2.14 Dividend distribution

Dividend distributions to the company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the company's shareholders.

### 3. Critical accounting estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Assessment of carrying value of investments.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. As at the current year balance sheet date, the Company holds available-for-sale investments; these are measured at fair value.

### 4. Operating loss

Operating (loss)/ profit is stated after charging/ (crediting) the following:

|                                             | 2016<br>€000 | 2015<br>€000<br>Restated |
|---------------------------------------------|--------------|--------------------------|
| Auditors' remuneration                      | 24           | 32                       |
| Bank fees                                   | 134          | 1                        |
| Consulting fees                             | 4            | -                        |
| Losses from financial instruments disposals | 254          | -                        |

### 5. Employees and Directors

#### Employees

The Company has no employees (2015: none).

#### Directors

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 2016 (2015: £nil) in which a director had a beneficial interest.

# T-Mobile Holdings Limited

## Notes to the financial statements For the year ended 31 December 2016

### 6. Income from shares in group undertakings

During the year the following dividends were received by the Company:

25 January 2016      €173.3 million from EE Limited  
21 July 2016        €137.1 million from BT Group Plc

The Company recorded a receivable for dividends announced and approved by BT Group plc in 2016 for an amount of €67,842,160. This was subsequently paid on 6 February 2017.

Losses from the sale of joint ventures amounted to €183.8 million.

### 7. Finance (expenses)/ income

The Company is integrated in Deutsche Telekom AG's cash pooling system. From deposits in this interest bearing in-house intercompany account the Company received €3,000 interest on deposits (2015: €5,000).

### 8. Income tax expense

The taxation charge for the year was €651,000 (2015 - £nil). The tax on the company's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate (2016: 20%, 2015: 20.25%) applicable to the (losses)/ profits of the entities as follows:

|                                                                                         | 2016<br>€000 | 2015<br>€000<br>Restated |
|-----------------------------------------------------------------------------------------|--------------|--------------------------|
| (Loss) / profit on before tax                                                           | (2,045,171)  | 1,393,517                |
| Loss / (profit) multiplied by the standard rate of tax in the UK of 20% (2015 - 20.25%) | 409,034      | (282,187)                |
| Effects of:                                                                             |              |                          |
| Dividend income not subject to tax                                                      | 75,652       | 90,662                   |
| (Impairment) / reversal of impairment loss not subject to tax                           | (447,807)    | 191,540                  |
| Capital losses on disposal of investment                                                | (36,764)     | -                        |
| Tax losses not recognised                                                               | (115)        | (15)                     |
| Tax on exchange differences on loan relationships                                       | 651          | -                        |
| <b>Total tax charge</b>                                                                 | <b>651</b>   | <b>-</b>                 |

No UK corporate income tax will be due to the tax authority, as the Company will receive current year tax losses surrendered by T-Systems Limited via group relief and pay an amount corresponding to the full corporate income taxes saved to T-Systems Limited in return.

# T-Mobile Holdings Limited

## Notes to the financial statements For the year ended 31 December 2016

### 9. Assets held for resale

|                                        | Shares in<br>group<br>undertakings<br>€000<br>Restated |
|----------------------------------------|--------------------------------------------------------|
| <b>Cost</b>                            |                                                        |
| At 1 January 2015                      | 17,156,996                                             |
| Foreign exchange differences           | 1,139,455                                              |
| 31 December 2015 and at 1 January 2016 | <u>18,296,451</u>                                      |
| Foreign exchange differences           | (706,970)                                              |
| Disposals during the year              | (17,589,481)                                           |
| 31 December 2016                       | <u><u>                    </u></u>                     |
| <b>Impairment</b>                      |                                                        |
| At 1 January 2015                      | 10,643,016                                             |
| Foreign exchange differences           | 717,674                                                |
| Reversal of impairment                 | (945,874)                                              |
| 31 December 2015 and at 1 January 2016 | <u>10,414,816</u>                                      |
| Foreign exchange differences           | (402,426)                                              |
| Disposals during the year              | (10,012,390)                                           |
| 31 December 2016                       | <u><u>                    </u></u>                     |
| <b>Net book value</b>                  |                                                        |
| At 31 December 2016                    | <u><u>                    </u></u>                     |
| At 31 December 2015                    | <u>7,881,635</u>                                       |

On 29 January 2016, the Company completed the sale of its 50% ownership interest in EE Limited to BT Group plc. The consideration received was primarily through 1,196,175,322 BT's ordinary shares representing 12% of BT's share capital and cash of £25.7 million of which were repaid £10.1 million in the final closing.

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').

|                 |              |
|-----------------|--------------|
| 25 January 2016 | €173,345,930 |
|-----------------|--------------|

The sale was completed on 29 January 2016.

## T-Mobile Holdings Limited

### Notes to the financial statements For the year ended 31 December 2016

#### 10. Investments

Investments mainly comprise investments in various dormant and non-trading companies. T-Mobile Holdings Limited owns 100% (2015 100%) of the shares in the companies as set out in the table below:

| Name                                    | Company Number | Principal Activities | Register Office                                       | Share Class | 2016 Capital and Reserves (£) | 2015 Capital and Reserves (£) |
|-----------------------------------------|----------------|----------------------|-------------------------------------------------------|-------------|-------------------------------|-------------------------------|
| T-Mobile No. 1 Limited                  | 03815547       | In liquidation       | 15, Canada Square                                     | Ordinary    | -                             | -                             |
| T-Mobile No. 5 Limited                  | 02236984       | In liquidation       | 15, Canada Square                                     | Ordinary    | -                             | -                             |
| T-Mobile Limited                        | 04347402       | Dormant              | Futura House, Bradbourne Drive                        | Ordinary    | 1                             | 1                             |
| T-Mobile (UK) Limited                   | 04502436       | Dormant              | Futura House, Bradbourne Drive                        | Ordinary    | 1                             | 1                             |
| One2One Limited                         | 02795626       | Dormant              | Futura House, Bradbourne Drive                        | Ordinary    | 2                             | 2                             |
| One2One Personal Communications Limited | 04312532       | Dormant              | Futura House, Bradbourne Drive                        | Ordinary    | 1                             | 1                             |
| T-Mobile International Limited          | 04312785       | Dormant              | Futura House, Bradbourne Drive                        | Ordinary    | 1                             | 1                             |
| T-Mobile (UK Properties) Inc            | 19911004085    | Dormant              | 1020 19th St NW, Suite 850, Washington, DC, 20036, US | Ordinary    | 1                             | 1                             |
| T-Mobile (UK) Retail Limited            | 02757677       | Dormant              | Futura House, Bradbourne Drive                        | Ordinary    | -                             | -                             |

# T-Mobile Holdings Limited

## Notes to the financial statements For the year ended 31 December 2016

### 11. Available-for-sale investment

As part of the deal involving the sale of EE limited, the company acquired 1,196,175,322 ordinary shares of BT Group Plc (equivalent to 12% of BT's share capital post acquisition).

|                            | Available-for-sale<br>investment<br>€000<br>Restated |
|----------------------------|------------------------------------------------------|
| <b>Cost</b>                |                                                      |
| At 1 January 2016          |                                                      |
| Additions                  | 7,371,260                                            |
| 31 December 2016           | <u>7,371,260</u>                                     |
| <b>Impairment</b>          |                                                      |
| At 1 January 2016          |                                                      |
| Impairment during the year | 2,239,035                                            |
| 31 December 2016           | <u>2,239,035</u>                                     |
| <b>Net book value</b>      |                                                      |
| At 31 December 2016        | <u>5,132,225</u>                                     |
| At 31 December 2015        | <u></u>                                              |

During the year the Company received a dividend in the amount of €137,073,654 from BT Group plc and on the same day, the Company made a corresponding dividend payment to T-Mobile Global Holding GmbH ('TMGH')

The Company recorded a receivable for dividends announced and approved by BT Group plc in 2016 for an amount of €67,842,160. This was subsequently paid on 6 February 2017.

The Company do not expect to sell the investment in BT Group plc for the foreseeable future and is therefore held as a non-current asset. The decrease in the available-for-sale investment value is considered significant and to be prolonged and therefore this has been recorded as an impairment in the Income statement.

### 12. Trade and other receivables

|                                    | 2016<br>€000  | 2015<br>€000<br>Restated |
|------------------------------------|---------------|--------------------------|
| Amounts owed by group undertakings | <u>89,542</u> | <u>1,049</u>             |

The amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.



# T-Mobile Holdings Limited

## Notes to the financial statements For the year ended 31 December 2016

### 13. Creditors: amounts falling due within one year

|                                 | 2016<br>€000 | 2015<br>€000<br>Restated |
|---------------------------------|--------------|--------------------------|
| Amounts owed to a joint venture |              | 917                      |
| Provision for corporation tax   |              | -                        |
| Other creditors                 | 787          | -                        |
| Accruals                        | 36           | 34                       |
|                                 | <u>823</u>   | <u>951</u>               |

The amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

### 14. Called up share capital

|                                                                   | 2016<br>€000      | 2015<br>€000<br>Restated |
|-------------------------------------------------------------------|-------------------|--------------------------|
| Ordinary shares of £1 each                                        |                   |                          |
| Authorised                                                        |                   |                          |
| 9,991,000,000 (2015: 9,991,000,000) ordinary shares of £1 each    | 13,605,844        | 13,605,844               |
| 9,000,000 (2015: 9,000,000) redeemable ordinary shares of £1 each | 12,256            | 12,256                   |
|                                                                   | <u>13,618,100</u> | <u>13,618,100</u>        |
| Allotted and fully paid                                           |                   |                          |
| 697,540,268 (2015: 697,540,268) ordinary shares of £1 each        | 890,681           | 890,681                  |
| 9,000,000 (2015: 9,000,000) redeemable ordinary shares of £1 each | 11,642            | 11,642                   |
|                                                                   | <u>902,323</u>    | <u>902,323</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.

### 15. Retained earnings

Although the Company has changed its presentation currency, the amount of distributable retained earnings is determined as follows:

|                                                                         |     | €000             |
|-------------------------------------------------------------------------|-----|------------------|
| Retained earnings at 1 January 2016                                     | GBP | 3,443,698        |
| Retained earnings after change in presentation currency 29 January 2016 | EUR | 4,508,456        |
| Dividend paid in 2016                                                   | EUR | (310,419)        |
| Loss and total comprehensive expenses for the year 2016                 | EUR | (2,045,822)      |
|                                                                         | EUR | <u>2,152,215</u> |

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## T-Mobile Holdings Limited

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### Notes to the financial statements For the year ended 31 December 2016

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#### 16. Related party transactions

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

|                    | 2016<br>€000 | 2015<br>€000<br>Restated |
|--------------------|--------------|--------------------------|
| Dividends received | 173,346      | 447,715                  |

Year end balances with related parties are as follows:

|           |     |
|-----------|-----|
| Creditors | 917 |
|-----------|-----|

The disclosures above are in relation to EE Limited.

#### 17. Controlling parties

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 Friedrich-Ebert-Allee 140, Bonn, 53113, Germany. The Company's ultimate parent Company and controlling party is Deutsche Telekom AG, a Company incorporated in Germany, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Deutsche Telekom AG's registered address is Friedrich-Ebert-Allee 140, 53113 Bonn, Germany. A copy of Deutsche Telekom AG's published consolidated financial statements can be obtained from <http://www.telekom.com/investor-relations>.

#### 18. Events after the end of the reporting period

In July 2017, it was announced that BT Group plc would compensate Deutsche Telekom AG and Orange S.A under the terms of a warranty clause agreed on disposal of the EE Limited. The total compensation amount to be received is expected to be £180 m and will be recorded by the Company in the 2017 financial year.

On 10 August 2017, BT Group plc announced a dividend of 10.55 pence per share. The Company received payment of £126,619,496 on 4 September 2017.

