

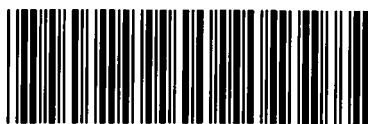
Registered number: 3836708

T-Mobile Holdings Limited

Annual Report

For the year ended 31 December 2017

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T-Mobile Holdings Limited

Company information

Directors

U Kuehbachner

J D'Silva

J Boorman

Claire Hilton

D Daub

F Hardt

(Appointed 1 November 2017)

(Appointed 22 February 2018)

(Resigned 31 October 2017)

(Resigned 21 February 2018)

Company secretary

J D'Silva

Registered number

3836708

Registered office

Futura House

Bradbourne Drive

Tilbrook

Milton Keynes

MK7 8AZ

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

Strategic report For the year ended 31 December 2017

The directors present their Strategic report of the Company for the year ended 31 December 2017.

Strategy

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

Business review

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 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 ended 31 December 2017 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:

12 July 2017	€141,897,449
28 December 2017	€65,287,534

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.

In July 2017, it was announced that BT 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 received by the Company was €201,027,000. This was subsequently received in August 2017.

BT share price has further decreased on the London Stock Exchange to £2.72 for the year ended 31 December 2017 (2016: £3.67). The directors consider this a prolonged and significant decrease and therefore have further impaired the holding of BT by €1,470,656,000 (2016: €2,239,035,000).

T-Mobile Holdings Limited

Strategic report
For the year ended 31 December 2017

Principal risks and uncertainties

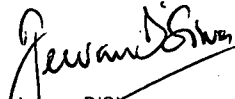
The sale of investment in EE Limited was completed on 29 January 2016 and the Company received 12% of BT Group plc's ordinary equity shares as part of the sale consideration. The principal risk since then became the value of its investment holding in BT. To ensure that DT management has a full understanding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

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 2 August 2018


Jeevan D'Silva
Director

T-Mobile Holdings Limited

Directors' report For the year ended 31 December 2017

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2017.

Principal activities

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

Results and dividends

The loss for the financial year, after taxation, amounted to €1,068,673,000 (2016: loss of €2,045,822,166).

During the year the directors recommended and paid a dividend of €403,956,000 (2016: €310,419,000).

Directors

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

U Kuehbachner	
J D'Silva	
J Boorman	(Appointed 1 November 2017)
Claire Hilton	(Appointed 22 February 2018)
D Daub	(Resigned 31 October 2017)
F Hardt	(Resigned 21 February 2018)

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

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 Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and

T-Mobile Holdings Limited

Directors' report For the year ended 31 December 2017

Statement of directors' responsibilities (continued)

- 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.

The directors 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.

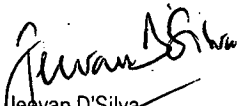
In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order 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 2 August 2018.


Jeevan D'Silva
Director

T-Mobile Holdings Limited

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

Report on the audit of the financial statements

Opinion

In our opinion, T-Mobile Holdings Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the statement of financial position as at 31 December 2017; the income statement, the statement of comprehensive income (loss), the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' report.

T-Mobile Holdings Limited

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on pages 3 and 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

Other required reporting

Companies Act 2006 exception reporting

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 by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



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

2 August 2018

T-Mobile Holdings Limited

Income statement For the year ended 31 December 2017

	Note	2017 €000	2017 €000	2017 €000	2016 €000	2016 €000	2016 €000
		Discontinued operations	Continuing operations	Total	Discontinued operations	Continuing operations	Total
Administrative expenses		-	(6,115)	(6,115)	-	(575)	(575)
Operating profit/(loss)	4	-	(6,115)	(6,115)	-	(575)	(575)
Income from shares in investments	6	-	207,185	207,185	173,346	204,915	378,261
<i>Exceptional items:</i>							
Impairment loss or loss on disposal	10	201,027	(1,470,656)	(1,269,629)	(183,819)	(2,239,035)	(2,422,854)
Profit/(loss) before interest and taxation		201,027	(1,269,586)	(1,068,559)	(10,473)	(2,034,695)	(2,045,168)
Finance income/(expense)	7	-	1	1	-	(3)	(3)
Profit/(loss) before taxation		201,027	(1,269,585)	(1,068,558)	(10,473)	(2,034,698)	(2,045,171)
Income tax expense	8	-	(115)	(115)	-	(651)	(651)
Profit/(loss) for the financial year		201,027	(1,269,700)	(1,068,673)	(10,473)	(2,035,349)	(2,045,822)

The notes on pages 11 to 20 form part of these financial statements.

T-Mobile Holdings Limited

Statement of comprehensive income (loss) For the year ended 31 December 2017

	Note	2017 €000	2017 €000	2017 €000	2016 €000	2016 €000	2016 €000
		Discontinued operations	Continuing operations	Total	Discontinued operations	Continuing operations	Total
Profit/(loss) for the financial year		201,027	(1,269,700)	(1,068,673)	(10,473)	(2,035,349)	(2,045,822)
Items that may be subsequently reclassified to income statement							
Change in the value of available-for-sale investments	10	-	(1,470,656)	(1,470,656)	-	(2,239,000)	(2,239,000)
Impairment of available-for-sale asset recycled through income statement	10	-	1,470,656	1,470,656	-	2,239,000	(2,239,000)
Other comprehensive income for the year net of tax		-	-	-	-	-	-
Total comprehensive income/ (loss) for the year		201,027	(1,269,700)	(1,068,673)	(10,473)	(2,035,349)	(2,045,822)

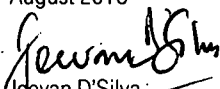
T-Mobile Holdings Limited

Statement of financial position As at 31 December 2017

	Note	2017 €000	2016 €000
Fixed assets			
Available-for-sale investments	10	3,661,569	5,132,225
Current assets			
Trade and other receivables	11	86,789	89,542
Current liabilities			
Creditors: amounts falling due within one year	12	(43)	(823)
Net current assets		86,746	88,719
Total assets less current liabilities		3,748,315	5,220,944
Capital and reserves			
Called up share capital	13	902,323	902,323
Share premium account		2,091,187	2,091,187
Accumulated losses	14	(2,086,632)	(614,003)
Cumulative translation reserve		2,841,437	2,841,437
Total shareholders' funds		3,748,315	5,220,944

The notes on pages 11 to 20 form part of these financial statements.

The financial statements on pages 7 to 20 were approved and authorised for issue by the board and were signed on its behalf on 2 August 2018


Jeevan D'Silva
Director

T-Mobile Holdings Limited

Statement of changes in equity for the year ended 31 December 2017

	Called up share capital €000	Share premium account €000	Retained earnings/ (Accumulated losses) €000	Cumulative translation reserve €000	Total shareholders' funds €000
Balance at 1 January 2016	902,323	2,091,187	1,742,238	3,145,985	7,881,733
Translation effect to 29 January 2016	-	-	-	(304,548)	(304,548)
Loss and total comprehensive 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
Balance at 1 January 2017	902,323	2,091,187	(614,003)	2,841,437	5,220,944
Loss and total comprehensive expense for the year	-	-	(1,068,673)	-	(1,068,673)
Dividend	-	-	(403,956)	-	(403,956)
Balance at 31 December 2017	902,323	2,091,187	(2,086,632)	2,841,437	3,748,315

T-Mobile Holdings Limited

Notes to the financial statements For the year ended 31 December 2017

1. General information

T-Mobile Holdings Limited is a holding company of Deutsche Telekom AG (DT) for UK investments, previously for the equity interest in EE Limited and currently for the equity interest in BT Group plc. 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. The Company financial statements are prepared with a presentational currency of Euro's.

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.

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2018, and have not been applied in preparing these financial statements:

- 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);

T-Mobile Holdings Limited

Notes to the financial statements For the year ended 31 December 2017

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (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';
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of 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 wholly owned 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 €86,599,812 (2016: €88,718,458). 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 2017, 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) 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 used the following rate (i) average rate of £1: €1.141 (2016: €1.239) and period end rate of £1: €1.127 (2016: €1.169)

(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.

T-Mobile Holdings Limited

Notes to the financial statements For the year ended 31 December 2017

2. Summary of significant accounting policies (continued)

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. In the current year, the warranty compensation has been considered as amounts relating to discontinued operations from the disposal of the interest in EE Limited completed in 2016.

2.5 Fixed assets investment

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

2.6 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.

2.7 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.

2.8 Share capital

Ordinary shares are classified as equity.

2.9 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.

2.10 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.

T-Mobile Holdings Limited

Notes to the financial statements For the year ended 31 December 2017

2. Summary of significant accounting policies (continued)

2.10 Current and deferred income tax (continued)

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.

2.11 Administrative expenses

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

2.12 Dividend income

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

2.13 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.

2.14 Exceptional items

Exceptional items are disclosed separately in the financial statements, where it is necessary to do so to provide further understanding of the financial performance of the Company. They are items that are material, either because of their size or their nature, or that are non-recurring, and are presented within the line items to which they best relate.

T-Mobile Holdings Limited

Notes to the financial statements For the year ended 31 December 2017

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 available for sale 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 based on listed market share price. Judgement is applied, in accordance with our policy to determine if an impairment is required.

4. Operating loss

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

	2017 €000	2016 €000
Auditors' remuneration	29	24
Bank fees	73	134
Consulting fees	56	4
Losses from financial instruments disposals	-	254
Foreign exchange losses	6,687	117
Write-off of amounts owed to group undertakings	(768)	-

5. Employees and Directors

Employees

The Company has no employees (2016: 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 2017 (2016: €nil) in which a director had a beneficial interest.

T-Mobile Holdings Limited

Notes to the financial statements For the year ended 31 December 2017

6. Income from shares in investments

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

6 February 2017	€65.3 million from BT
12 July 2017	€141.9 million from BT

The Company recorded a receivable for dividends announced and approved by BT Group plc in 2017 for an amount of €65,287,000 (2016: €67,842,000). This was subsequently paid on 5 February 2018.

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 received by the Company was €201,027,000. This was subsequently received in August 2017 and income from discontinued operations in the income statement.

7. Finance 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 €1,034 interest on deposits (2016: paid €3,000 interest on deposits).

8. Income tax expense

The taxation charge for the year was €116,000 (2016 - €651,000). The tax on the Company's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate (2017: 19.25%, 2016: 20%) applicable to the (losses)/ profits of the entities as follows:

	2017 €000	2016 €000
Loss before taxation	(1,068,557)	(2,045,171)
Loss multiplied by the standard rate of tax in the UK of 19.25% (2016 - 20%)	205,697	409,034
Effects of:		
Dividend income not subject to tax	39,883	75,652
Impairment loss not subject to tax	(283,101)	(447,807)
Capital gain/ (loss) on disposal of investment not subject to tax	38,697	(36,764)
Tax losses not recognised	-	(115)
Exchange differences not subject to tax	(1,291)	(651)
Total tax charge	<u>(115)</u>	<u>(651)</u>

Zero (2016: Zero) 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 2017

9. Investments

Investments mainly comprise investments in various dormant and non-trading companies. T-Mobile Holdings Limited owns 100% (2016 100%) of the shares in the companies as set out in the table below:

Name	Company Number	Principal Activities	Registered Office	Share Class	2017 Capital and Reserves (£)	2016 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 2017

10. Available-for-sale investment

As part of the transaction 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 investment €000
Cost	
At 1 January 2017	7,371,260
Additions	
31 December 2017	<u>7,371,260</u>
Impairment	
At 1 January 2017	2,239,035
Impairment during the year	<u>1,470,656</u>
31 December 2017	<u>3,709,691</u>
Net book value	
At 31 December 2016	<u>5,132,225</u>
At 31 December 2017	<u>3,661,569</u>

During the year the Company has dividends receivable totalling €207,185,000 and compensation totalling £201,027,000 from BT Group plc and the Company made a corresponding dividend payment totalling €403,956,000 to T-Mobile Global Holding GmbH ('TMGH').

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.

11. Trade and other receivables

	2017 €000	2016 €000
Amounts owed by investment holding	65,361	67,842
Amounts owed by group undertakings	21,389	21,700
Amounts owed by third parties	39	
	<u>86,789</u>	<u>89,542</u>

Amounts owed by investment holding relates to interim dividend payable from BT Group plc, the amount has subsequently been received on 5 February 2018. 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 2017

12. Creditors: amounts falling due within one year

	2017 €000	2016 €000
Other creditors	-	787
Accruals	37	36
Trade payables to third parties	6	-
	<u>43</u>	<u>823</u>

13. Called up share capital

	2017 €000	2016 €000
Ordinary shares of £1 each		
Authorised		
9,991,000,000 (2016: 9,991,000,000) ordinary shares of £1 each	13,605,844	13,605,844
9,000,000 (2016: 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 (2016: 697,540,268) ordinary shares of £1 each	890,681	890,681
9,000,000 (2016: 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.

14. Accumulated losses

The Company had accumulated losses for the year of €2,086,632,000 (2016: 614,003,000). In 2016, the Company changed presentational currency from GBP to Euro which created a cumulative translation reserve of €2,841,437; as a result, accumulated losses in the financial statements does not represent statutory distributable reserves. At 31 December 2017, the Company has statutory distributable reserves of €679,440,000 (2016: €2,152,214,000).

T-Mobile Holdings Limited

Notes to the financial statements For the year ended 31 December 2017

15. Controlling parties

At 31 December, 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>.

On 23 March 2018, an agreement was signed between T-Mobile Global Holding GmbH (a DTAG company) and CTA Holding GmbH (a DTAG company) for the sale of 706,540,268 shares in T-Mobile Holdings Limited for €4,104,000,000. On 23 March 2018, T-Mobile Holdings Limited immediate parent undertaking changed to CTA Holding GmbH and ultimate parent company and controlling party remained as Deutsche Telekom AG.

16. Related party transactions

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

	2017 €000	2016 €000
Dividends received		173,346

Year end balances with related parties are as follows:

Creditors

The disclosures above are in relation to EE Limited. The Company has applied for exemption from disclosures of transactions with wholly owned members of DTAG group.