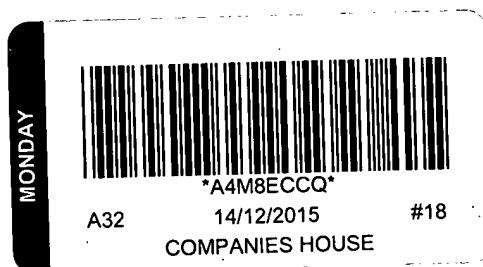


Company Registration No. 06576708

Best Buy Distributions Limited

Annual Report and Financial Statements

31 January 2015



Best Buy Distributions Limited

Annual Report and financial statements 2015

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Best Buy Distributions Limited

Officers and professional advisers

Directors

Keith J. Nelsen
Mathew Watson

Registered Office

100 New Bridge Street
London
EC4V 6JA

Bankers

Bank of America
2 King Edward Street
London
EC1A 1HQ

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

Best Buy Distributions Limited

Strategic report

The directors, in preparing this Strategic report, have complied with S414C of the Companies Act 2006.

Principal activities

The Company is a wholly-owned subsidiary of ProTheo IV, LLC. Its ultimate parent company is Best Buy Co., Inc. ("Best Buy"), a US corporation. The principal activities of the Company are to act as a holding company for certain Best Buy UK-based entities and to license "know-how" to Best Buy Stores, LP. The directors anticipate that these activities will be maintained.

Business review

From 2 February 2014 to 31 May 2014, the Company received 99.92% of the profit sharing income received by CPW Mobile Ltd pursuant to its license agreement with Best Buy Stores, LP. The income stream arising from the license agreement with Best Buy Stores LP is based upon the operating performance of Best Buy Mobile, the business which manages the mobile telephone and mobile broadband operations with Best Buy Stores, LP.

On 31 May 2014, CPW Mobile Ltd assigned the license agreement with Best Buy Stores, LP to the Company. From 1 June 2014 to 31 January 2015, the Company received 100% of the license income directly from Best Buy Stores, LP.

During the period from 2 February 2014 to 31 January 2015, the Company recorded turnover of \$214,142,339 compared to \$238,227,885 for the prior period, 3 February 2013 to 1 February 2014, primarily attributable to the income arising from license agreement. Management expects that the turnover from the license agreement will represent a substantial portion of the Company's total future turnover. Payments due under the license agreement are denominated in US Dollars.

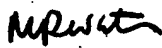
During the period from 2 February 2014 to 31 January 2015, the Company recorded a net loss of \$33,684,704 compared to a net loss in the prior period, 3 February 2013 to 1 February 2014, of \$78,687,328. The change from the prior period was primarily driven by the absence of the \$24,507,304 investment impairment and the absence of the loss on sale of investments of \$23,086,039.

Principal risks and uncertainties

There are certain longer term risks and challenges to the Best Buy Mobile business upon which the Company's profitability depends. Specifically:

- Network operators may continue to invest in their own distribution platforms;
- Tariffs may move towards longer term contracts reducing time between upgrades; and
- Competition between network operators may weaken, resulting in reduced incentives to customers.

Approved by the Board of Directors and signed on its behalf by:



Mathew Watson
Director
11 December 2015

Best Buy Distributions Limited

Directors' report

The directors present the annual report on the affairs of Best Buy Distributions Limited (the "Company"), together with the financial statements and auditor's report for the period from 2 February 2014 to 31 January 2015. The comparative financial period ran from 3 February 2013 to 1 February 2014. The financial statements for the comparative period were prepared in accordance to the Company's ultimate parent's fiscal year-end.

Results and dividends

The results of the Company for the period from 2 February 2014 to 31 January 2015 are set out in the profit and loss account on page 7. The directors do not recommend the payment of a dividend for the period (2014: \$nil).

Future developments

Details of future developments can be found in the Strategic Report and form part of this report by cross-reference.

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the financial statements.

Directors

The directors, who served throughout the period and subsequently, are set out on page 1.

Financial risk management

The activities of the company do not expose it to material financial risks as all of the activity is intercompany related. The company does not use derivative financial instruments.

Environment

A full analysis of the key regulatory and social risks of the industry in which the ultimate parent company, Best Buy Co., Inc. operates is described in the group's annual report, which does not form part of this report. As a subsidiary entity of Best Buy Co., Inc., the Company operates in accordance with group policies.

Donations

The Company made no charitable or political donations in the period (2014: \$nil).

Auditor

Each of the persons who are a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board of Directors and signed on its behalf by:

Mathew Watson
Director
11 December 2015

Best Buy Distributions Limited

Statement of Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 to 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BEST BUY DISTRIBUTIONS LIMITED

We have audited the financial statements of Bet Buy Distributions Limited for the year ended 31 January 2015 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2015 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.

Opinion on other matter prescribed by the Companies Act 2006

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BEST BUY DISTRIBUTIONS LIMITED - continued

Matters on which we are required to report by exception

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

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

Andy Siddorns

Andy Siddorns (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

London, United Kingdom

11 December 2015

Best Buy Distributions Limited

Profit and loss account

Period from 2 February 2014 to 31 January 2015

	Notes	Period from 2 February 2014 to 31 January 2015 USD	Period from 3 February 2013 to 1 February 2014 USD
Turnover		214,142,339	238,227,885
Gross profit		214,142,339	238,227,885
Operating expenses		(102,303,853)	(121,168,433)
Investment impairment		-	(24,507,304)
Operating profit		111,838,486	92,552,148
Investment income	6	881,766	207,734
Finance costs	6	(112,844,169)	(131,955,700)
Loss on ordinary activities before taxation	3	(123,917)	(39,195,818)
Tax on loss on ordinary activities	5	(33,560,787)	(39,491,510)
Loss on ordinary activities after taxation	13	(33,684,704)	(78,687,328)

All results arise from continuing activities.

There have been no recognised gains or losses in the current or preceding period other than the losses shown above. Accordingly no separate statement of total recognised gains and losses is presented.

Best Buy Distributions Limited

Balance sheet 31 January 2015

	Notes	31 January 2015 USD	1 February 2014 USD
Fixed assets			
Intangible assets	7	1,654,029,210	1,751,043,619
Investments	8	-	148,413,875
		<u>1,654,029,210</u>	<u>1,899,457,494</u>
Current assets			
Debtors			
– due within one year	9	110,930,318	-
– due after one year	9	433,581	3,472,089
Short term investments		-	146,064,988
Cash at bank and in hand		<u>22,151,397</u>	<u>74,590,896</u>
		<u>133,515,296</u>	<u>224,127,973</u>
Creditors: Amounts falling due within one year	10	<u>(16,468,157)</u>	<u>(21,105,625)</u>
Net current assets		<u>117,047,139</u>	<u>203,022,348</u>
Total assets less current liabilities		<u>1,771,076,349</u>	<u>2,102,479,842</u>
Creditors: Amounts falling due after more than one year	11	<u>(1,365,986,439)</u>	<u>(1,663,706,230)</u>
Net assets		<u>405,089,910</u>	<u>438,773,612</u>
Capital			
Called-up share capital	12, 13	1,103,561,644	1,103,561,644
Other reserve	13	4,889,074	4,888,072
Profit and loss account	13	(703,360,808)	(669,676,104)
Shareholder's funds	13, 14	<u>405,089,910</u>	<u>438,773,612</u>

The financial statements of Best Buy Distributions Limited (registered number 06576708), were approved by the board of directors and authorised for issue on 9 December 2015.

They were signed on its behalf by:



Mathew Watson
Director

Best Buy Distributions Limited

Notes to the financial statements

Period from 2 February 2014 to 31 January 2015

1. Accounting policies

Basis of accounting

The principal accounting policies are summarized below. They have all been applied consistently throughout the current and preceding period.

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards.

The Company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 401 of the Companies Act 2006 because it is a wholly-owned subsidiary of Best Buy Co., Inc. which prepares consolidated financial statements which are publicly available. The Company is also, on this basis, exempt from the requirements of FRS1 to present a cash flow statement.

Going concern

The directors have considered the financial position and resources of the Company for the foreseeable future. Whilst the Company made a loss during the period the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. In addition, the Company maintains a strong balance sheet with net current assets of \$117,047,139, and net assets of \$1,771,076,349. For this reason the directors continue to adopt the going concern basis in preparing these financial statements.

Turnover

Turnover represents profit sharing payments from Best Buy Mobile (part of a fellow subsidiary) and fees charged for the provision of services to other group companies, net of trade discounts, VAT and other sales-related taxes. Turnover arising from profit sharing payments are recognised as the services are provided.

Intangible assets

Goodwill arising from the hive up of the Best Buy Mobile profit share agreement is amortised on a straight line basis over 20 years. Provision is made for any impairment.

Investments

Fixed asset investments are shown at cost less provision for impairment.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Best Buy Distributions Limited

Notes to the financial statements

Period from 2 February 2014 to 31 January 2015

1. Accounting policies (continued)

Taxation (continued)

Deferred tax is recognised in respect of all timing differences that have originated but reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Foreign exchange

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any differences are recorded to gain/loss in the profit and losses statement.

2. Auditor's remuneration

Auditor's remuneration of £110300 (2014: £11,000) is borne by another group company.

3. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging the following:

	2015 USD	2014 USD
Loss on sale of investment	-	23,086,039
Amortisation of intangible assets	97,014,408	97,014,408
Foreign exchange losses	5,247,742	203,776
	<u>102,262,150</u>	<u>120,304,223</u>

Best Buy Distributions Limited

Notes to the financial statements

Period from 2 February 2014 to 31 January 2015

4. Employee costs and directors' remuneration

The average monthly number of employees during the financial period was:

	2015 No.	2014 No.
Number of administrative staff	-	1

The aggregate payroll costs of the above were:

	USD	USD
Wages and salaries	-	362,482
Social security costs	-	283,520
	-	646,002

None of the directors received any remuneration in respect of their services to the Company for the period (2014: \$nil)

5. Taxation

Analysis of charge in period:

	2015 USD	2014 USD
Current Tax		
UK corporation tax charge on losses of the period	32,474,571	39,353,910
Adjustments in respect of prior periods	1,086,216	137,600
Total current tax charge	33,560,787	39,491,510

Best Buy Distributions Limited

Notes to the financial statements

Period from 2 February 2014 to 31 January 2015

5. Taxation – continued

Factors affecting tax charge for period:

The differences between the total current tax charge of \$33,560,787 (2014: \$39,491,510) and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	2015 USD	2014 USD
Loss on ordinary activities before tax	(123,917)	(39,195,818)
Tax on loss on ordinary activities at standard UK corporation tax rate (21.33%; 2014: 23.17%)	(26,436)	(9,080,365)
Effects of:		
- Non-deductible goodwill amortization	20,696,407	22,475,005
- Non-deductible interest	11,151,269	14,886,269
- Non-deductible investment impairment	-	5,677,525
- Non-deductible loss on sale of investment	-	5,348,266
- Non-deductible (Non-taxable fx gain)/fx loss	(198,507)	47,210
- Share of passthrough income	851,838	-
- Adjustments in respect of prior periods	1,086,216	137,600
Current tax charge for the period	33,560,787	39,491,510

6. Investment income and finance costs

	2015 USD	2014 USD
Intercompany interest income and similar income	881,766	207,734
Total investment income	881,766	207,734
Intercompany interest expense and similar charges	(112,844,169)	(131,955,700)
Total finance costs	(112,844,169)	(131,955,700)

Best Buy Distributions Limited

Notes to the financial statements

Period from 2 February 2014 to 31 January 2015

7. Intangible assets

	Goodwill USD
Cost	
At 2 February 2014	1,940,288,163
Additions	-
At 31 January 2015	<u>1,940,288,163</u>
Amortisation	
At 2 February 2014	189,244,544
Charge for the year	<u>97,014,408</u>
At 31 January 2015	<u>286,258,952</u>
Net book value	
At 31 January 2015	<u>1,654,029,210</u>
At 2 February 2014	<u>1,751,043,619</u>

On 22 February 2012, 99.92% of the Best Buy Mobile profit share agreement was transferred from New CPWM Limited to the Company for £1. Following this hive-up, the investment in New CPWM Limited has been written down to nil, representing its recoverable value, with the investment value being transferred to goodwill. The goodwill is being amortised on a straight line basis over 20 years.

8. Investments

	USD
Cost	
At 2 February 2014	484,570,637
Disposals	<u>(484,570,637)</u>
At 31 January 2015	-
Provision for impairment	
At 1 February 2014	(336,156,762)
Written off	<u>336,156,762</u>
At 31 January 2015	<u>-</u>
Net book value	
At 31 January 2015	-
At 2 February 2014	<u>148,413,875</u>

At the end of the prior year, the \$148,413,875 investment represented the recoverable value in Best Buy UK Holdings, LP. The investment in UK Holdings was dissolved in exchange for cash and the deferred cash from CPW of £25M, which was subsequently received in June 2015.

At the balance sheet date, the investment balance was nil.

Best Buy Distributions Limited

Notes to the financial statements

Period from 2 February 2014 to 31 January 2015

9. Debtors

	2015 USD	2014 USD
Debtors due within one year		
Intercompany receivable	71,813,141	-
Investment income receivable	39,117,177	-
	<u>110,930,318</u>	<u>-</u>

	2015 USD	2014 USD
Debtors due after one year		
Intercompany loan receivable	-	3,472,089
Intercompany receivable	433,581	-
	<u>433,581</u>	<u>3,472,089</u>

10. Creditors: Amounts falling due within one year

	2015 USD	2014 USD
Intercompany payable	584	6,905,215
Income tax payable	16,468,741	14,200,410
	<u>16,468,157</u>	<u>21,105,625</u>

11. Creditors: Amounts falling due after more than one year

	2015 USD	2014 USD
Intercompany loan payable	1,327,268,980	1,573,326,844
Intercompany interest payable	38,631,465	90,379,386
Intercompany payables	85,994	-
	<u>1,365,986,439</u>	<u>1,663,706,230</u>

Intercompany loan payables represent two payables to ProTheo IV, LLC for \$463,030,000 (£510,818,038 originating at \$809,902,000 with of \$346,872,000 repaid during previous periods) due 31 January 2022 with an interest rate of 7.25% and \$864,238,980 due 30 June 2018 with an interest rate of 8%. Two notes with ProTheoIV, LLC, \$234,798,894 and \$11,258,969 and the accrued interest were repaid during the period. Intercompany interest payable relates to the loan payables balances. Intercompany payables consists of miscellaneous payables balances.

Best Buy Distributions Limited

Notes to the financial statements

Period from 2 February 2014 to 31 January 2015

12. Called-up share capital

	2015 USD	2014 USD
Called-up, allotted and fully paid		
1,103,561,644 ordinary shares of \$1 each	1,103,561,644	1,103,561,644

13. Reserves

	Share capital USD	Profit and loss account USD	Other reserve USD	Total USD
At 1 February 2014	1,103,561,644	(669,676,104)	4,888,072	438,773,612
Loss for the financial period	-	(33,684,704)	-	(33,684,704)
Currency translation gain	-	-	1,002	1,002
At 31 January 2015	1,103,561,644	(703,360,808)	4,889,074	405,089,910

The Other reserve includes the currency difference arising from the translation of the profit and loss account and balance sheet at different rates.

14. Reconciliation of movements in shareholder's funds

	2015 USD	2014 USD
Loss for the period	(33,684,704)	(78,687,328)
Changes in other reserves for the financial period	1,002	-
Net movement in shareholder's funds	(33,683,702)	(78,687,328)
Opening shareholder's funds	438,773,612	517,460,940
Closing shareholder's funds	405,089,910	438,773,612

Best Buy Distributions Limited

Notes to the financial statements

Period from 2 February 2014 to 31 January 2015

15. Ultimate parent company and related party transactions

The Company is taking advantage of the exemption granted by paragraph 3c of FRS 8, "Related Party Disclosures", to not disclose related party transactions with Best Buy Co., Inc. or any subsidiaries of Best Buy Co., Inc., provided that any subsidiary undertaking which is party to the transaction is wholly-owned by a member of the Best Buy Co., Inc. group. The Company is also exempt from disclosing transactions with directors who are also directors of Best Buy Co., Inc.

At the balance sheet date, the Company's ultimate parent company and controlling party was Best Buy Co., Inc., a company incorporated in the United States of America. The Company's immediate parent company and controlling entity is ProTheo IV, LLC, a partnership incorporated in the United States.

The parent company of the largest and smallest groups for which consolidated financial statements are prepared of which the Company is a member is Best Buy Co., Inc., a company incorporated in the United States of America.

Copies of the financial statements of Best Buy Co., Inc. are available at www.bestbuy.com. Copies of the financial statements of Best Buy Distributions Limited can be obtained from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.