

Company Number: 07844526

EE Finance Plc

Interim Condensed Financial Statements

For the period ended 30 June 2014

EE Finance Plc

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EE Finance Plc

Directors and advisers

Directors

Olaf Swantee
Neal Milsom

Secretary

James Blendis
Charles Mowat

Registered office

Trident Place
Mosquito Way
Hatfield
Hertfordshire
AL10 9BW

Auditors

Ernst & Young LLP
1 More London Place
London
SE1 2AF

EE Finance Plc

Income statement

For the six month period ended 30 June 2014

	6 months ended 30 June 2014	6 months ended 30 June 2013
	Unaudited	
	£'000	£'000
Finance revenue	34,358	39,375
Finance expense	(34,358)	(39,375)
Profit before tax	-	-
Income tax	-	-
Profit for the period	-	-

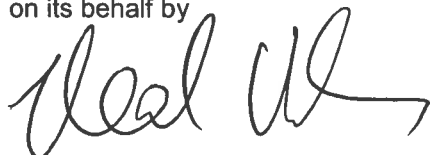
There was no other comprehensive income in the period.

EE Finance Plc

Statement of financial position As at 30 June 2014

	Note	30 June 2014 £'000 Unaudited	31 December 2013 £'000 Audited
Current assets			
Amounts receivable from parent		2,136,335	2,175,554
Cash and cash equivalents		50	50
Total current assets		2,136,385	2,175,604
Total assets		2,136,385	2,175,604
Current liabilities			
Accrued interest		(28,583)	(36,426)
Total current liabilities		(28,583)	(36,426)
Non current liabilities			
Financial liabilities held at amortised cost	5	(2,107,752)	(2,139,128)
Total non current liabilities		(2,107,752)	(2,139,128)
Total liabilities		(2,136,335)	(2,175,554)
Total net assets		50	50
Capital and reserves			
Share capital		50	50
Total equity		50	50

These interim financial statements were approved by the board of Directors on 24 July 2014 and were signed on its behalf by



Neal Milsom
Director

EE Finance Plc

Statement of changes in equity

For the six month period ended 30 June 2014

	Share capital	Retained earnings	Total
	£'000	£'000	£'000
Unaudited			
At 1 January 2013	50	-	50
Total comprehensive income for the period	-	-	-
At 30 June 2013	50	-	50
Unaudited			
At 1 January 2014	50	-	50
Total comprehensive income for the period	-	-	-
At 30 June 2014	50	-	50

EE Finance Plc

Statement of cash flows

For the six month period ended 30 June 2014

	6 months ended 30 June 2014 £'000	6 months ended 30 June 2013 £'000 Restated
	<u>Unaudited</u>	
Operating activities		
Profit for the period	-	-
Adjustments to reconcile net income to funds generated from operations		
Finance revenue	(34,358)	(39,375)
Finance expense	<u>34,358</u>	<u>39,375</u>
Net cash used in operating activities	-	-
Interest income received	40,197	48,325
Interest paid	<u>(40,197)</u>	<u>(48,325)</u>
Net cash provided by operating activities	-	-
Investing activities		
(Increase) in loan to EE Limited	(350,000)	(437,500)
Repayment of loan by EE Limited	350,000	320,000
Net cash used in investing activities	<u>-</u>	<u>(117,500)</u>
Financing activities		
<i>Proceeds from new borrowings</i>		
Non-current borrowings	350,000	437,500
Transaction costs paid	-	-
<i>Redemptions and repayments</i>		
(Decrease) in long term borrowings	<u>(350,000)</u>	<u>(320,000)</u>
Net cash used by financing activities	<u>-</u>	<u>117,500</u>
Net change in cash and cash equivalents	<u>-</u>	<u>-</u>
Cash and cash equivalents at the beginning of the period	<u>50</u>	<u>50</u>
Cash and cash equivalents at the end of the period	<u>50</u>	<u>50</u>

EE Finance Plc

Notes to the interim condensed financial statements

1. General information

The interim condensed financial statements do not constitute statutory accounts within the meaning of the Companies Act 2006.

The financial information for the year ended 31 December 2013 is based on the statutory accounts of EE Finance plc ("EEF plc" or "the Company") for that period. The auditor's report on those accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement made under Section 498(2) or (3) of the Companies Act 2006.

The interim condensed financial statements do not include all the information and disclosure included in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2013.

The interim condensed financial statements are unaudited but have been reviewed by the auditors. A copy of their review report is included at the end of this report.

The interim condensed financial statements for the period ended 30 June 2014 were approved by the Board of Directors on 24 July 2014.

2. Accounting policies

2.1 Basis of preparation

The annual financial statements of the Company are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. These interim condensed financial statements have been prepared in accordance with IAS34 "Interim Financial Reporting" as issued by the International Accounting Standards Board and endorsed and adopted for use in the European Union. Consequently, the interim condensed financial statements do not include all the disclosure that would be required in a full set of financial statements and should be read in conjunction with the financial statements for the year ended 31 December 2013. The accounting policies adopted are consistent with those applied in the financial statements for the year ended 31 December 2013, except for the adoption of new and amended standards noted in section 3.

The tax for the six months ended 30 June 2014 is based on the estimated effective tax rate for the year ending 31 December 2014.

Some minor reclassifications of presentation of line items within the statement of cash flows have been made to bring the presentation in the interim accounts in line with 31 December 2013 annual financial statements.

Going concern

EEF plc's ability to continue as a going concern is dependent upon its immediate parent company, EE Limited ("EE").

The results of EE Limited and its group are set out in its interim condensed consolidated financial statements. The Directors of EE Limited have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of EE to continue as a going concern. EE has guaranteed the debt held by EEF plc.

EE is expected to continue to generate positive operating cash flows for the foreseeable future.

3. Adoption of new and current standards

The following new amendment has become effective as of 1 January 2014:

- *Offsetting Financial Assets and Financial Liabilities* — Amendments to IAS 32 *Financial Instruments: Presentation*

The above does not have a material impact on the financial position of the Company as at 30 June 2014 nor its performance for the six months ended 30 June 2014.

EE Finance Plc

Notes to the interim condensed financial statements (continued)

4. Operating segments

The Company's sole purpose is to raise finance for EE. As such, there are not considered to be separable identifiable operating segments for which financial information can be presented.

5. Financial liabilities and events or transactions that are material to an understanding of the current interim period

The Company's borrowings as at 30 June 2014 and 31 December 2013 are set out below at amortised cost.

These borrowings are paid up to and are repayable by EE on demand:

	Interest rate	Maturity	30 June 2014 £'000	31 December 2013 £'000
	%			
Non-current				
European medium term note programme				
Euro medium term notes – five year bond (€500m)	3.5	6 February 2017	398,557	413,308
Euro medium term note – seven year bond (£450m)	4.375	28 March 2019	445,818	445,378
Euro Medium term note – six year bond (€600m)	3.25	3 August 2018	478,433	496,330
Total EMTN			1,322,808	1,355,016
Revolving credit facility	LIBOR (1 mth) plus 0.95%	November 2016	-	-
Syndicated loan facilities	LIBOR (6 mth) plus 0.95%	November 2016	435,209	434,415
European Investment Bank loan	2.21%	December 2017	349,735	349,697
Total other			784,944	784,112
Total Non-current financial liabilities			2,107,752	2,139,128

The directors consider that there is no material difference between the carrying values and fair values of the liabilities above.

EMTN

During the six months ended 30 June 2014, EEF plc has not raised any further funds under the £3,000 million EMTN programme.

The Prospectus for the EMTN programme was re-issued in March 2014 and is extant until March 2015, enabling the issue of further bonds if required.

EE Finance Plc

Notes to the interim condensed financial statements (continued)

5. Financial liabilities and events or transactions that are material to an understanding of the current interim period (continued)

Revolving credit facility ("RCF")

The revolving credit facility of £437.5 million has been partially utilised in the six months ended 30 June 2014. The balance drawn down in the period has been fully repaid at 30 June 2014 and thus at 30 June 2014 the full amount is available for future draw down.

6. Financial risk management, objectives and policies

The Company and its transactions are set up in such a way that significant risks have been transferred to EE.

Credit risk

The Company has £2.1 billion (31 December 2013: £2.2 billion) of financial liabilities outstanding at 30 June 2014. It is solely reliant on EE to be able to repay these liabilities. EE has guaranteed the loans and bonds issued by EEF plc and therefore bears responsibility for this repayment. The Directors of EEF plc have assessed the ability of EE to repay the financing and have not identified any issues which would cause them to doubt EE's ability to satisfy its obligations to EEF plc.

Interest rate risk

Interest repayments are recharged to EE so EEF plc is not susceptible to changes in interest rates.

Foreign exchange rate risk

The Company has issued bonds in Euros and it therefore incurs risks associated with foreign exchange rate movements. The Company mitigates foreign exchange rate risk through its reciprocal funding relationship with EE, therefore, a net nil foreign exchange difference has been recognised in the income statement.

Liquidity risk

The Company has an obligation to repay the interest and principal on the loans and bonds it has issued.

The table below summarises the Company's financial liabilities at 30 June 2014 based on contractual undiscounted payments. Interest rates on variable rate loans have been based on the rates in effect at the period end.

	On demand	Less than 12 months	1 to 3 years	3 to 5 years	More than 5 years
	£'000	£'000	£'000	£'000	£'000
Interest bearing loans and borrowings					
EMTN	-	49,347	499,495	1,001,599	-
Other	-	11,139	452,970	353,868	-
	-	60,486	952,465	1,355,467	-

The Company has a receivable from EE that is short term and that can be used to match these repayments as they fall due.

EE Finance Plc

Notes to the interim condensed financial statements (continued)

7. Related party transactions

During the period, EEF plc has had a number of transactions with its parent company EE:

	6 months ended 30 June 2014 £'000	6 months ended 30 June 2013 £'000
Income and expense		
Recharge of interest to EE	34,358	39,375
Cash transactions		
Payments to EE	(350,000)	(437,500)
Receipts from EE	390,197	366,054
	As at 30 June 2014 £'000	As at 30 June 2013 £'000
At period end		
Amounts receivable from EE	2,136,335	2,310,390

Amounts receivable from EE reflect the up streaming of funds borrowed under the facilities described in note 5 above, together with accrued interest.

8. Subsequent material events

None noted.

EE Finance Plc

Independent review report to the members of EE Finance Plc

Introduction

We have been engaged by the company to review the condensed set of financial statements in the interim financial report for the six months ended 30 June 2014 which comprises the Company income statement, the Company statement of comprehensive income, the Company statement of financial position, the Company statement of changes in equity, the Company statement of cash flows and explanatory notes. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The interim financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim financial report in accordance with International Accounting Standard 34 "Interim Financial Reporting", as adopted by the European Union.

As disclosed in note 3.1, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The condensed consolidated set of financial statements included in this interim financial report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility

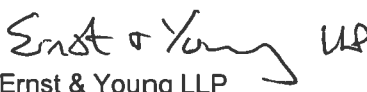
Our responsibility is to express to the company a conclusion on the condensed consolidated set of financial statements in the interim financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim financial report for the six months ended 30 June 2014 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union.


Ernst & Young LLP
London
24 July 2014