

Company Number: 07844526

EE Finance Plc

Interim Condensed Financial Statements

For the period ended 30 June 2015

EE Finance Plc

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Directors and advisers

Directors

Olaf Swantee
Neal Milsom

Secretary

James Blendis
Charles Mowat

Registered office

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Mosquito Way
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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 2015

	6 months ended 30 June 2015	6 months ended 30 June 2014
	Unaudited	
	£'000	£'000
Finance revenue	32,215	34,358
Finance expense	(32,215)	(34,358)
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 2015

	Note	30 June 2015 £'000 Unaudited	31 December 2014 £'000 Audited
Current assets			
Amounts receivable from parent		2,253,017	2,118,982
Cash and cash equivalents		50	50
Total current assets		2,253,067	2,119,032
Total assets		2,253,067	2,119,032
Current liabilities			
Accrued interest		(26,391)	(37,416)
Total current liabilities		(26,391)	(37,416)
Non current liabilities			
Financial liabilities held at amortised cost	5	(2,226,626)	(2,081,566)
Total non current liabilities		(2,226,626)	(2,081,566)
Total liabilities		(2,253,017)	(2,118,982)
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 23 July 2015 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 2015

	Share capital	Retained earnings	Total
	£'000	£'000	£'000
Unaudited			
At 1 January 2014	50	-	50
Total comprehensive income for the period	-	-	-
	<hr/>	<hr/>	<hr/>
At 30 June 2014	50	-	50
Unaudited			
At 1 January 2015	50	-	50
Total comprehensive income for the period	-	-	-
	<hr/>	<hr/>	<hr/>
At 30 June 2015	50	-	50

EE Finance Plc

Statement of cash flows

For the six month period ended 30 June 2015

	6 months ended 30 June 2015 £'000	6 months ended 30 June 2014 £'000 Restated
	Unaudited	
Operating activities		
Profit for the period	-	-
Adjustments to reconcile net income to funds generated from operations		
Finance revenue	(32,215)	(34,358)
Finance expense	32,215	34,358
Net cash used in operating activities	-	-
Interest income received	41,623	40,197
Interest paid	(41,623)	(40,197)
Net cash provided by operating activities	-	-
Investing activities		
(Increase) in loan to EE Limited	(215,000)	-
Net cash used in investing activities	(215,000)	-
Financing activities		
Increase in non current borrowings	215,000	-
Net cash from financing activities	215,000	-
Net change in cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the period	50	50
Cash and cash equivalents at the end of the period	50	50

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 2014 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 unmodified, 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 2014.

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 2015 were approved by the Board of Directors on 23 July 2015.

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 2014. The accounting policies adopted are consistent with those applied in the financial statements for the year ended 31 December 2014.

The tax for the six months ended 30 June 2015 is based on the estimated effective tax rate for the year ending 31 December 2015.

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 2014 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 and its group are set out in its interim condensed consolidated financial statements. The Directors of EEF are also Directors of EE and 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. Thus the Directors of EEF believe it is appropriate to prepare the interim condensed financial statements of EEF on a going concern basis.

3. Adoption of new and current standards

No new standards have become effective as of 1 January 2015.

The following is a list of new standards that will become effective on or after 1 January 2016, which we anticipate will have a significant impact on the Company:

- IFRS 9 ‘*Financial Instruments*’, published in July 2014, will become effective as of 1 January 2018.

The Company will normally adopt new standards at the effective date.

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 2015 and 31 December 2014 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 2015 £'000	31 December 2014 £'000
	%			
Non-current				
European medium term note programme ("EMTN")				
Euro medium term notes – five year bond (€500m)	3.5	6 February 2017	354,089	386,194
Euro medium term note – seven year bond (£450m)	4.375	28 March 2019	446,699	446,258
Euro Medium term note – six year bond (€600m)	3.25	3 August 2018	424,682	463,403
Total EMTN			<u>1,225,470</u>	<u>1,295,855</u>
Revolving credit facility	LIBOR (1 mth) plus 0.95%	November 2016	215,000	-
Syndicated loan facilities	LIBOR (6 mth) plus 0.95%	November 2016	436,345	435,938
European Investment Bank loan	2.21%	December 2017	<u>349,811</u>	<u>349,773</u>
Total other			<u>1,001,156</u>	<u>785,711</u>
Total Non-current financial liabilities			<u>2,226,626</u>	<u>2,081,566</u>

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

European Medium Term Note

During the six months ended 30 June 2015, EEF plc has not raised any further funds under the £3,000 million European Medium Term Note ("EMTN") programme.

The Prospectus for the EMTN programme was renewed in June 2015 and is extant until June 2016, in order to enable the issuance 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 fully utilised and partially repaid in the six months ended 30 June 2015. The remaining amount of £222.5 million 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 £2.2 billion (31 December 2014: £2.1 billion) of financial liabilities outstanding at 30 June 2015. 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 2015 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 £'000	Less than 12 months £'000	1 to 3 years £'000	3 to 5 years £'000	More than 5 years £'000
Interest bearing loans and borrowings					
EMTN	-	45,994	435,038	910,143	-
Other	-	230,268	799,103	-	-
	<u>-</u>	<u>276,262</u>	<u>1,234,141</u>	<u>910,143</u>	<u>-</u>

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

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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 2015 £'000	6 months ended 30 June 2014 £'000
Income and expense		
Recharge of interest to EE	32,215	34,358
Cash transactions		
Payments to EE	(437,500)	(350,000)
Receipts from EE	264,123	390,197
	As at 30 June 2015 £'000	As at 30 June 2014 £'000
At period end		
Amounts receivable from EE	2,253,017	2,136,335

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.

Independent review report to 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 2015 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 2.1, the annual financial statements of the company are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The condensed 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

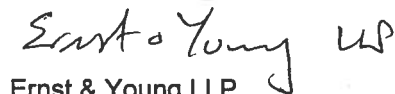
Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the interim financial report based on our review.

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 2015 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 2015