

Everything Everywhere Finance plc

Annual report

Financial Statements

For the period from 11 November 2011 to 31 December 2012

Everything Everywhere Finance plc

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Everything Everywhere Finance plc

Directors and advisers

Directors

Olaf Swantee
Neal Milsom

Secretary

James Blendis
Charles Mowat

Registered office

Hatfield Business Park
Hatfield
Hertfordshire
AL10 9BW

Auditors

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

Everything Everywhere Finance plc

Directors' report

The Directors present their first annual report and the financial statements of the Company for the period from incorporation on 11 November 2011 to 31 December 2012.

Principal activities and review of the business

Everything Everywhere Finance plc ("EEF plc", "the Company") was incorporated on 11 November 2011 as a directly held, 100% owned subsidiary of Everything Everywhere Limited ("EE Limited"). The Company's function is to raise finance for the consolidated Group of Everything Everywhere Limited ("EE Group") via a number of financing arrangements. All cash proceeds received under these arrangements are passed onto EE Limited.

During the period, the Company has raised over £2.0 billion from the issuance of bonds under its Euro Medium Term Note ("EMTN") programme, from the receipt of a Term Loan and Revolving Credit Facility provided by a consortium of banks and a loan from the European Investment Bank. Full details are set out in note 13.

A business review describing the issues affecting the EE Group, of which the Company is a part, is set out in the consolidated financial statements of EE Limited.

Key performance indicators ("KPIs")

The Directors do not believe that KPIs for EEF plc are necessary or appropriate for an understanding of the development, performance or position of the Company.

Future developments

The Company will continue to raise finance on behalf of EE Group as appropriate.

Results for the financial period, dividends and transfers to reserves

All interest incurred by the Company has been recharged to EE Limited and therefore the Company has made nil profit or loss for the period. All other costs are borne by EE Limited.

No dividend has been proposed by the Directors.

Principal risks and uncertainties

Liquidity risk

The principal risk the Directors have identified is liquidity risk.

Long-term funding for the EE Group is provided by Euro and Sterling denominated bonds issued by EEF plc under its Euro Medium Term Note programme, together with a sterling denominated bank facility provided by a consortium of Banks and a European Investment Bank loan.

EE Limited has guaranteed the loans and bonds issued by EEF plc and therefore bears responsibility for their repayment. The Directors of EEF plc have assessed the ability of EE Limited to repay the financing and have not identified any issues.

The main sources of liquidity are: cash generated from the EE Group's operations and raising further capital funds. The business risks and uncertainties relating to the EE Group's activities are described in EE Limited's consolidated financial statements.

The continued volatility of worldwide financial markets may make it more difficult for EEF plc to raise capital externally on behalf of the EE Group in the future, if the need arises.

Foreign exchange risk

The Company is not susceptible to foreign exchange risk. Full details are set out in note 15.

Going concern review

The Company's ability to continue as a going concern is dependent upon that of EE Limited. The Directors of EE Limited have stated in that company's financial statements, that they have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of EE Limited to continue as a going concern.

Everything Everywhere Finance plc

Directors' report (continued)

Directors

The Directors who held office during the period, and up to the date of approval of the financial statements, are listed on page 1.

Employees

The Company does not have any employees. All services are provided by employees of EE Limited.

Supplier payment policy

The Company does not have any suppliers.

Political and charitable donations

The Company has not made any political or charitable donations during the period.

Corporate Governance Statement

The Directors are responsible for internal controls in EEF plc and for reviewing the effectiveness of these controls. Procedures have been designed for safeguarding assets against unauthorised use or disposition; for maintaining proper accounting records; and for the reliability and usefulness of financial information used within the business or for publication. Such procedures are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement, errors, losses or fraud. The procedures enable EEF plc to comply with its regulatory obligations. In addition, the EE Limited Finance Committee meets regularly with EE Limited's senior finance, risk, internal audit, legal and compliance management teams and the external auditor to consider its subsidiary EEF plc's financial reporting, the nature and scope of audit reviews and the effectiveness of the systems of internal control, compliance and risk management.

Subsequent material events

Subsequent to the period end, EEF plc has drawn down the available revolving credit facility of £437.5 million. This has been paid to EE Limited and is a receivable from EE Limited.

Disclosure of information to the auditor

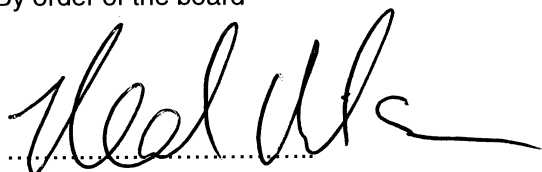
In the case of each person who was a Director at the date this report was approved under S418 of the Companies Act 2006, the following applies:

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a Director in order to make them aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Appointment of the auditor

Ernst & Young LLP were appointed as auditor during the period ended 31 December 2012. In accordance with S487(2) of the Companies Act 2006 the Company allows the deemed reappointment of Ernst & Young LLP as auditor.

By order of the board



Neal Milsom
Director

11 March 2013

Everything Everywhere Finance plc

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual report and the financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards as adopted by the European Union.

Under Company Law the Directors must not approve the financial statements unless they are satisfied that they present fairly the financial position, financial performance and cash flows of the Company for that period. In preparing the financial statements the Directors are required to:

- select suitable accounting policies in accordance with IAS 8: *Accounting Policies, Changes in Accounting Estimates and Errors* and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;
- state that the Company has complied with IFRSs, subject to any material departures disclosed and explained in the financial statements;
- make judgements and estimates that are reasonable and prudent; and
- prepare the Company's financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions, and disclose with reasonable accuracy at any time the financial position of the Company, and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Everything Everywhere Finance plc

Independent auditor's report to the members of Everything Everywhere Finance plc

We have audited the financial statements of Everything Everywhere Finance plc for the period from incorporation on 11 November 2011 to 31 December 2012 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 set out on page 4, 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. 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 December 2012 and of its result for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 period for which the financial statements are prepared is consistent with the financial statements.

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

Everything Everywhere Finance plc

Independent auditor's report to the members of Everything Everywhere Finance plc (continued)

- 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.



Philip Young (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
11 March 2013

Everything Everywhere Finance plc

Income statement

For the period from 11 November 2011 to 31 December 2012

	Note	11 November 2011 to 31 December 2012 £000
Revenue	6	<u>53,117</u>
Finance expense	7	(53,117)
Operating profit		<u>-</u>
Profit before tax		-
Income tax		<u>-</u>
Profit for the period		<u><u>-</u></u>

There was no other comprehensive income in the period.

Everything Everywhere Finance plc

Statement of financial position As at 31 December 2012

	Note	31 December 2012 £000
Current assets		
Amounts receivable from parent	11	2,160,970
Cash and cash equivalents	12	<u>50</u>
Total current assets		<u>2,161,020</u>
Total assets		<u><u>2,161,020</u></u>
Current liabilities		
Accrued interest		<u>(39,091)</u>
Total current liabilities		<u>(39,091)</u>
Non current liabilities		
Financial liabilities held at amortised cost	13	<u>(2,121,879)</u>
Total non current liabilities		<u>(2,121,879)</u>
Total liabilities		<u><u>(2,160,970)</u></u>
Total net assets		<u><u>50</u></u>
Capital and reserves		
Share capital	14	<u>50</u>
Total equity		<u><u>50</u></u>

These financial statements were approved by the board of Directors on 8 March 2013 and were signed on its behalf by



Neal Milsom
Director

Everything Everywhere Finance plc

Statement of changes in equity

For the period from 11 November 2011 to 31 December 2012

	Share capital	Retained earnings	Total
	£000	£000	£000
At 11 November 2011	-	-	-
Incorporation of company	50	-	50
Total comprehensive income for the period	-	-	-
At 31 December 2012	<u>50</u>	<u>-</u>	<u>50</u>

Everything Everywhere Finance plc

Statement of cash flows

For the period from 11 November 2011 to 31 December 2012

	11 November 2011 to 31 December 2012 £000
Operating activities	
Profit for the period	-
Interest received	10,736
Interest paid	(10,736)
Net cash used in operating activities	-
Investing activities	
Loans advanced to parent company	(2,561,710)
Receipts from parent company	458,080
Net cash used in investing activities	(2,103,630)
Financing activities	
Share capital introduced	50
<i>Proceeds from new borrowings</i>	
Non-current borrowings	2,561,710
Transaction costs paid	(20,580)
<i>Redemptions and repayments</i>	
Non-current borrowings	(437,500)
Net cash provided by financing activities	2,103,680
Net change in cash and cash equivalents	50
Cash and cash equivalents at 11 November 2011	-
Cash and cash equivalents at the end of the period	50

Everything Everywhere Finance plc

Notes to the financial statements

1. General information

The Company was incorporated on 11 November 2011 and the first reporting date for preparing financial statements is 31 December 2012. As such, there have been no previous statutory accounts prepared within the meaning of the Companies Act 2006 and these accounts cover the period from 11 November 2011 to 31 December 2012.

The financial statements of the Company for the period ended 31 December 2012 were authorised for issue in accordance with a resolution of the Directors on 8 March 2013. The statement of financial position was signed on behalf of the board by Neal Milsom. EEF plc is a public limited company incorporated and domiciled in the United Kingdom. The registered office is located at Hatfield Business Park, Hatfield, Hertfordshire, AL10 9BW.

2. Accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), as adopted by the European Union.

The financial statements are prepared in British Pounds and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

Going concern

EEF plc's ability to continue as a going concern is dependent upon EE Limited.

The business activities of EE Limited and its group, the factors likely to affect its future development and position, and the principal risks and uncertainties it faces, are set out in the Business review in EE Limited's 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 Limited to continue as a going concern. EE Limited has guaranteed the debt held by EEF plc.

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

On the basis of the assessment of EE Group's financial position, the Directors of EEF plc have a reasonable expectation that EEF plc will be able to continue in operational existence for the foreseeable future, and thus continue to adopt the going concern basis of accounting in preparing the EEF plc annual financial statements.

2.2 Significant estimates and judgements

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities. Uncertainty about these estimates and assumptions could result in outcomes which require material adjustment in future periods, to the carrying values of assets and liabilities.

Recoverability of amounts due from the parent company

The principal issue requiring the judgement of the Directors is the recoverability of the amounts due from the parent company. The Directors have considered the recoverability of the amounts due from the parent company and consider these to be fully recoverable.

2.3 Summary of significant accounting policies

a) Revenue

The Company receives interest income from its financial assets. Interest is calculated at the effective interest rate.

Everything Everywhere Finance plc

Notes to the financial statements (continued)

2.3 Summary of significant accounting policies (continued)

b) Financial assets and liabilities

Financial assets and liabilities are recognised initially at fair value. They are subsequently measured either at fair value or amortised cost using the effective interest method, in accordance with the IAS 39 category they belong to. The effective interest rate is the rate that discounts estimated future cash payments through the expected contractual term, or the most probable expected term of the financial instrument, to the net carrying amount of the financial liability. This calculation includes all fees and points paid or received between parties to the contract.

Loans and receivables

This category includes the amounts receivable from EE Limited. These receivables are recognised at fair value upon origination and are subsequently measured at amortised cost by the effective interest method.

If there is any objective evidence of impairment of these assets, the value of the asset is reviewed at each balance sheet date. An impairment loss is recognised in the income statement when the financial asset carrying amount is higher than its recoverable amount.

Financial liabilities at amortised cost

Borrowings and other financial liabilities are recognised upon origination at fair value of the sums paid or received in exchange for the liability, and subsequently measured at amortised cost using the effective interest method. The interest incurred is recognised in the income statement during the period.

Transaction costs that are directly attributable to the acquisition or issue of the financial liability are deducted from the liability's carrying value. The costs are subsequently amortised over the life of the debt, by the effective interest method.

c) Foreign currency translation

Transactions in foreign currencies are converted into the functional currency at the exchange rate prevailing at the transaction date.

Monetary assets and liabilities are remeasured at the date of each statement of financial position at the prevailing functional currency exchange rate and the resulting translation differences are recorded in the income statement.

d) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

e) Taxation

Current tax is measured at the amounts expected to be paid (or recovered) using the tax rates and tax laws that have been enacted or substantively enacted by the statement of financial position date.

Current and deferred tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred tax is recognised in respect of all temporary differences that have originated but not been reversed by the statement of financial position 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 statement of financial position date. Temporary differences are differences between the Company's taxable profits and its results as stated in the financial statements.

A net deferred tax asset is regarded as recoverable, and therefore recognised, only when, 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 temporary differences can be deducted.

3. New and revised IFRSs applied

The following revised IFRSs have been adopted in these financial statements and have no material effect on the financial statements:

Everything Everywhere Finance plc

Notes to the financial statements (continued)

3. New and revised IFRSs applied (continued)

IFRS 7 'Financial instruments: Disclosures' – Enhanced derecognition disclosure requirements

These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset.

The amendment is effective for accounting periods commencing on or after 1 July 2011. The Company has no assets with these characteristics and there has been no effect on the presentation of its financial statements.

4. New and revised IFRSs that have been issued but are not yet effective

The following is a list of standards/interpretations that have been issued and are effective for accounting periods commencing on or after 1 January 2012.

IAS 1 'Financial statement presentation' regarding other comprehensive income

The main change resulting from these amendments is a requirement for entities to group items presented in other comprehensive income on the basis of whether they are ultimately reclassifiable to profit or loss subsequently. The amendments do not address which items are presented in other comprehensive income. The effective date is 1 July 2012.

IFRS 7 'Financial Instruments: Disclosures' – offsetting financial assets and liabilities

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g. collateral agreements). The disclosure would provide users with information which is useful in evaluating the effect of netting off arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments which are set off in accordance with IAS 32 Financial instruments: Presentation. The disclosures also apply to recognised financial instruments which are subject to an enforceable netting master arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments will not affect the Company's financial position or performance. The effective date is 1 January 2013.

IFRS 9 'Financial Instruments'

IFRS 9 is the first standard issued as part of a wider project to replace IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends upon the entities business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply. The effective date is 1 January 2015.

IAS 32 'Financial Instruments' Presentation on asset and liability offsetting

These amendments are to the application guidance in IAS 32 Financial Instruments: Presentation, and clarify some of the requirements for offsetting financial assets and liabilities on the balance sheet. The effective date is 1 January 2014.

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

5. Operating segments

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

6. Revenue

Total revenue for the period is interest receivable from the parent.

7. Finance expenses

Finance expenses represent interest payable on the Company's financial liabilities.

Everything Everywhere Finance plc

Notes to the financial statements (continued)

8. Auditor's remuneration

Audit fees of £40,000 in respect of EEF plc are borne on its behalf by EE Limited.

9. Employee information

The Company does not have any employees. All services are provided by employees of the ultimate parent undertaking.

10. Directors' remuneration

The directors are also directors of EE Limited and their remuneration is paid by that company and disclosed in its financial statements. The directors do not believe that it is practicable to apportion their remuneration between remuneration for services as directors of EE Limited and remuneration for services as directors of other EE Group companies.

11. Amounts receivable from the parent company

	31 December
	2012
	£'000
Loans to parent company at amortised cost	2,121,879
Accrued interest	39,091
	<hr/>
	2,160,970
	<hr/> <hr/>

All proceeds from financing have been paid on to EE Limited, and EEF plc recognises a receivable for the amounts due from EE Limited. This is repayable on demand and mirrors the external borrowing in currency and amount. Please see notes 13 and 15 for details on the external borrowing.

The Directors consider that the carrying amount of the loans to the parent company approximates to its fair value. No allowances have been recorded against amounts receivable from the parent company because they have been assessed to be fully recoverable.

12. Cash and cash equivalents

Cash and cash equivalents comprises cash at the bank.

Everything Everywhere Finance plc

Notes to the financial statements (continued)

13. Financial liabilities and net financial debt

	Interest rate	Maturity	31 December
	%		2012 £'000
Non-current			
European medium term note programme			
Euro medium term notes – five year bond	3.5	6 February 2017	408,079
Euro medium term note – seven year bond	4.375	28 March 2019	444,456
Euro Medium term note – six year bond	3.25	3 August 2018	486,242
Total EMTN			<u>1,338,777</u>
Revolving credit facility	LIBOR plus 1.05%	November 2016	-
Syndicated loan facilities	LIBOR plus 1.3%	November 2014	433,365
European Investment Bank loan	2.21%	December 2017	349,737
Total other			<u>783,102</u>
Total non-current financial liabilities			<u><u>2,121,879</u></u>

Revolving credit facility (“RCF”)

The RCF was drawn down in November 2011 and repaid during 2012.

Syndicated loan facility

The syndicated loan facility is provided by a consortium of banks and was drawn down in November 2011.

Euro Medium Term Note Programme

On 11 January 2012, EEF plc established a £3,000 million Euro Medium Term Note (“EMTN”) programme guaranteed by EE Limited, to enable it to issue debt securities in the form of corporate bonds to the capital markets. Corporate bonds issued under the EMTN programme are traded on the London Stock Exchange main market.

The Company has capitalised £20 million of costs that were directly attributable to the bond issuances. These are being expensed through the profit and loss account over the life of the bonds using the effective interest rate method.

European Investment Bank (EIB) Loan

On 5 December 2012, the Company signed a £350 million loan agreement with the European Investment Bank (EIB) to fund investment by the EE Group in 3G and 4G mobile network equipment. The loan is repayable in full on 28 December 2017 and incurs interest at a fixed rate of 2.21% payable quarterly in arrears.

Net financial debt

Net financial debt used by the Company is defined within the Company's bank covenant agreements. It corresponds to financial liabilities excluding unamortised transaction costs (translated at the period-end closing rate), less:

- i. cash collateral paid on derivative instruments;
- ii. cash and cash equivalents and financial assets at fair value:

Everything Everywhere Finance plc

Notes to the financial statements (continued)

13. Financial liabilities and net financial debt (continued)

	31 December 2012 £'000
Euro 500m 3.5% notes due 2017	408,784
Euro 600m 3.25% notes due 2018	490,540
£450m 4.375% notes due 2019	450,000
Syndicated bank loans (nominal amount)	437,500
European Investment Bank Loan	350,000
Financial liabilities	<u>2,136,824</u>
Cash	(50)
Net financial debt	<u><u>2,136,774</u></u>

14. Share capital

	31 December 2012 £'000
Allotted, called up and fully paid	
50,000 ordinary shares of £1 each	<u>50</u>

The Company has one class of ordinary shares which carry equal voting rights and no contractual right to receive payment.

15. Financial risk management objectives and policies

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

Credit risk

Credit risk is the risk of loss from counterparty default on credit exposures. The Company has £2,137 million of financial liabilities outstanding at 31 December 2012. It is solely reliant on EE Limited to be able to repay these liabilities. EE Limited 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 Limited to repay the financing and have not identified any issues which would cause them to doubt EE Limited's ability to satisfy its obligations to EEF plc.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. All interest payments are recharged to EE Limited so EEF plc is not susceptible to changes in interest rates. EE Limited's management of the EE Group's interest rate risk is described in its consolidated financial statements.

Financial liabilities and assets

The interest rate profiles of financial liabilities were as follows:

Everything Everywhere Finance plc

Notes to the financial statements (continued)

15. Financial risk management objectives and policies (continued)

	31 December 2012		
	Fixed	Floating	Total
Financial liabilities	£'000	£'000	£'000
Sterling	800,000	437,500	1,237,500
Euro	899,324	-	899,324
	<u>1,699,324</u>	<u>437,500</u>	<u>2,136,824</u>

The weighted average interest rate on fixed rate borrowings at 31 December 2012 was 3.396% with the weighted average time for which rates are fixed being 5.23 years. Floating rate borrowings are based upon LIBOR.

	31 December 2012			
	Fixed	Floating	Non-interest bearing	Total
Financial assets	£'000	£'000	£'000	£'000
Sterling	800,000	437,500	50	1,237,550
Euro	899,324	-	-	899,324
	<u>1,699,324</u>	<u>437,500</u>	<u>50</u>	<u>2,136,874</u>

Foreign exchange rate risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has issued bonds in Euro and it is therefore susceptible to foreign exchange rate movements. However, the receivable from EE Limited is also measured in Euro and this minimises the Company's exposure to foreign exchange rate risk. Therefore, no foreign exchange gain or loss has been recognised in the income statement.

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its obligations as they fall due owing to insufficient financial resources. It has an obligation to repay the interest and principal on the loans and bonds it has issued. As stated above, the Company is solely reliant on EE Limited for its liquidity. EE Limited's liquidity risks are described in its financial statements.

The table below summarises the Company's financial liabilities at 31 December 2012 based on contractual undiscounted payments. Interest rates on variable rate loans have been based on the rates in effect at the period end.

Everything Everywhere Finance plc

Notes to the financial statements (continued)

15. Financial risk management objectives and policies (continued)

At 31 December 2012	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	-	34,545	99,875	508,659	974,268
Other	-	4,546	461,723	365,470	-
	<u>-</u>	<u>39,091</u>	<u>561,598</u>	<u>874,129</u>	<u>974,268</u>

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

16. Related party transactions

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

	31 December 2012 £000
Income and expense	
Recharge of interest to EE Limited	53,117
Cash transactions	
Payments to EE Limited	2,561,710
Receipts from EE Limited	468,816
At period end	
Amounts receivable from EE Limited	2,160,970

17. Subsequent material events

Subsequent to the period end, EEF plc has drawn down the available RCF of £437.5 million. This has been paid to EE Limited and is a receivable from EE Limited.

18. Ultimate Parent Shareholders

The Company is a 100% subsidiary of Everything Everywhere Limited, a company incorporated in England & Wales. The consolidated accounts of EE Limited is the only group within which the results of EEF plc are consolidated. The registered office of EE Limited is Hatfield Business Park, Hatfield, Hertfordshire, AL10 9BW. Copies of the EE Limited's consolidated financial statements can be obtained from the Company Secretary at the Company's registered office, or on its website www.ee.co.uk.

Everything Everywhere Finance plc

Notes to the financial statements (continued)

18. Ultimate Parent Shareholders (continued)

At 31 December 2012 the Company's ultimate shareholders each with a 50% shareholding in EE Limited were:

T-Mobile Holdings Limited ("TMH"). The registered office for TMH is Hatfield Business Park, Hatfield, Hertfordshire AL10 9BW, and its ultimate shareholder is Deutsche Telekom A.G., a company incorporated in Germany. A copy of Deutsche Telekom A.G.'s published consolidated financial statements can be obtained from The Press and Corporate Communication Department, Postfach 20 00, D 53 105 Bonn, Germany or on its website at www.telecom.com.

Orange Telecommunications Group Limited ("OTGL"). The registered office for OTGL is 3 More London Riverside, London SE1 2AQ, and its ultimate shareholder is France Telecom S.A., a company incorporated in France. Copies of France Telecom S.A.'s published consolidated financial statements can be obtained from the General Counsel Headquarters: 78 rue Olivier de Serres, Paris 75015, France, or on its website at www.orange.com and on the French Autorité des marchés financiers website www.amf-france.org.