

# **Alcatel Submarine Networks Denmark ApS**

c/o Accountor Denmark A/S  
Herlev Hovedgade 195  
2730 Herlev

CVR No. 21606391

## **Annual Report 2018**

19. financial year

The Annual Report was presented and  
adopted at the Annual General Meeting of  
the Company on 20 June 2019

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Søren Eskildsen  
Chairman

## Alcatel Submarine Networks Denmark ApS

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## **Management's Statement**

Today, Management has considered and adopted the Annual Report of Alcatel Submarine Networks Denmark ApS for the financial year 1 January 2018 - 31 December 2018.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January 2018 - 31 December 2018.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 20 June 2019

### **Executive Board**

Michael Edward Stephen  
McGovern  
Man. Director

### **Supervisory Board**

Søren Eskildsen  
Chairman

Michael Edward Stephen  
McGovern  
Man. Director

Vincent Robert Pierre Lara

## **Independent Auditor's Report**

### **To the shareholders of Alcatel Submarine Networks Denmark ApS**

#### **Opinion**

We have audited the financial statements of Alcatel Submarine Networks Denmark ApS for the financial year 1. januar 2018 - 31. december 2018, which comprise an income statement, balance sheet and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31. december 2018 and of the results of the Company's operations for the financial year 1. januar 2018 - 31. december 2018 in accordance with the Danish Financial Statements Act.

#### **Basis for opinion**

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

#### **Independence**

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

#### **Management's responsibilities for the financial statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

## **Independent Auditor's Report**

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Statement on the Management's review**

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 20 June 2019

**Ernst & Young**

**Godkendt Revisionspartnerselskab**

CVR-no. 30700228

Lissen Fagerlin Hammer

State Authorised Public Accountant

mne27747

## Alcatel Submarine Networks Denmark ApS

### Company details

<b>Company</b>	Alcatel Submarine Networks Denmark ApS c/o Accountor Denmark A/S Herlev Hovedgade 195 2730 Herlev
Telephone	4544807500
CVR No.	21606391
Date of formation	1 April 1999
Registered office	Herlev
Financial year	1 January 2018 - 31 December 2018
<b>Supervisory Board</b>	Søren Eskildsen Michael Edward Stephen McGovern, Man. Director Vincent Robert Pierre Lara
<b>Executive Board</b>	Michael Edward Stephen McGovern, Man. Director
<b>Auditors</b>	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4 PO Box 250 2000 Frederiksberg CVR-no.: 30700228

## Management's Review

### **The Company's principal activities**

The Company's principal activities have been similar to previous years consisting mainly of the operation of the Company's fleet of two cable ships, primarily working with installation and maintenance of existing sea cable systems, as well as related activities for the Group.

### **Development in activities and financial matters**

The Company's Income Statement of the financial year 1. januar 2018 - 31. december 2018 shows a result of DKK 115.436.209 and the Balance Sheet at 31. december 2018 a balance sheet total of DKK 242.042.034 and an equity of DKK 240.405.804.

In December, The Board of Directors approved the sales of the 2 vessels by Alcatel Submarine Networks Denmark ApS to Alcatel Submarine Networks Marine, France (sister company of Alcatel Submarine Networks Denmark ApS) for end of year 2018, in order to gather all Alcatel Submarine Networks vessels in a single company (legal entity).

The employees in Alcatel Submarine Network Denmark ApS continue to work for Alcatel Submarine Network Denmark ApS.

### **Post financial year events**

After the end of the financial year, no events have occurred which may change the financial position of the entity substantially.

## **Accounting Policies**

### **Reporting Class**

The Annual Report of Alcatel Submarine Networks Denmark ApS for 2018 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

### **Reporting currency**

The Annual Report is presented in Danish kroner.

## **General Information**

### **Basis of recognition and measurement**

Income is recognised in the Income Statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the Income Statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the Income Statement.

Assets are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will accrue to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the Annual Report, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

## **Income Statement**

### **Revenue**

Income and expenses relating to installation and maintenance work are recognised as work in progress. Income relating to rental of vessels are recognised concurrently with the progress of the rental period.

### **Gross margin**

The items revenue, other operating income and recharged expenses have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

### **Other operating income**

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of non-current assets.

### **Other external expenses**

Other external expenses comprise expenses regarding sale and administration.



## Accounting Policies

### Amortisation and impairment of tangible and intangible assets

Amortisation and impairment of intangible and tangible assets has been performed based on a continuing assessment of the useful life of the assets in the Company. Non-current assets are amortised on a straight line basis, based on cost, on the basis of the following assessment of useful life and residual values:

Vessels:

Hulls and adaptations	35 years
Machinery, tools and equipment	10 years
Inspection	2-5 years
Technical plant and machinery	5-10 years

Profit or loss resulting from the sale of intangible or tangible assets is determined as the difference between the selling price less selling costs and the carrying amount at the date of sale, and is recognised in the Income Statement under other operating income or expenses.

### Financial income and expenses

Financial income and expenses are recognised in the Income Statement with the amounts that concern the financial year. Financial income and expenses include interest income and expenses, realised and unrealised capital gains and losses regarding securities, debt and foreign currency transactions, dividends received from other equity investments, amortisation of financial assets and liabilities as well as surcharges and allowances under the tax repayment scheme.

### Tax on net profit/loss for the year

Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity.

## Balance Sheet

### Tangible assets

Tangible assets are measured at cost plus revaluations, if any, and less accumulated amortisation and impairment losses. Cost comprises the purchase price and costs directly attributable to the purchase until the date when the asset is available for use.

The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

### Receivables

Receivables are measured at amortised cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

### Accrued income, assets

Accrued income recognised in assets comprises prepaid costs regarding subsequent financial years.

### Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand as well as short-term securities with a term of less than three months which can be converted directly into cash at bank and in hand and involve only an insignificant risk of value changes.

## **Accounting Policies**

### **Liabilities**

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

### **Income taxes**

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity.

Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

### **Contingent assets and liabilities**

Contingent assets and liabilities are not recognised in the Balance Sheet but appear only in the notes.

## Income Statement

	Note	2018 kr.	2017 kr.
<b>Gross margin</b>		<b>32.359.075</b>	<b>32.507.472</b>
Other external costs		-807.787	-1.296.300
Staff costs	1	287.023	145.384
Depreciation and amortisation	2	-11.576.919	-11.576.919
Other operating income		92.318.973	0
<b>Profit before net financials and tax</b>		<b>112.580.365</b>	<b>19.779.637</b>
Finance income	3	405.280	62.051
Financial expenses	4	-63.189	-42.235
<b>Profit before tax</b>		<b>112.922.456</b>	<b>19.799.453</b>
Tax on profit for the year	5	2.513.753	0
<b>Net profit for the year</b>		<b>115.436.209</b>	<b>19.799.453</b>
<b>Proposed distribution of results</b>			
Proposed dividend recognised in equity		115.436.209	0
Retained earnings		0	19.799.453
<b>Distribution of profit</b>		<b>115.436.209</b>	<b>19.799.453</b>

Alcatel Submarine Networks Denmark ApS

Balance Sheet as of 31 December

	Note	2018 kr.	2017 kr.
<b>Assets</b>			
Goodwill	6	<u>0</u>	<u>8.890.934</u>
<b>Intangible assets</b>		<u><b>0</b></u>	<u><b>8.890.934</b></u>
Vessels	7	<u>0</u>	<u>38.388.594</u>
<b>Property, plant and equipment</b>		<u><b>0</b></u>	<u><b>38.388.594</b></u>
<b>Fixed assets</b>		<u><b>0</b></u>	<u><b>47.279.528</b></u>
Receivables from group enterprises		242.041.724	78.308.597
Other receivables		310	42.060
<b>Receivables</b>		<u><b>242.042.034</b></u>	<u><b>78.350.657</b></u>
<b>Cash and cash equivalents</b>		<u><b>0</b></u>	<u><b>372.308</b></u>
<b>Current assets</b>		<u><b>242.042.034</b></u>	<u><b>78.722.965</b></u>
<b>Assets</b>		<u><b>242.042.034</b></u>	<u><b>126.002.493</b></u>

## Balance Sheet as of 31 December

	Note	2018 kr.	2017 kr.
<b>Liabilities and equity</b>			
Share capital	8	7.500.000	7.500.000
Retained earnings		0	117.469.594
Proposed dividend		232.905.804	0
<b>Equity</b>		<b>240.405.804</b>	<b>124.969.594</b>
Debt to banks		682.095	0
Trade payables		205.000	334.984
Other payables	9	749.135	697.915
<b>Short-term liabilities other than provisions</b>		<b>1.636.230</b>	<b>1.032.899</b>
<b>Liabilities other than provisions within the business</b>		<b>1.636.230</b>	<b>1.032.899</b>
<b>Liabilities and equity</b>		<b>242.042.034</b>	<b>126.002.493</b>
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## Notes

	2018	2017
<b>1. Staff costs</b>		
Salaries and wages	2.976.034	2.771.565
Pension contributions	250.455	246.904
Other social security costs	24.620	21.538
Invoiced staff costs	-3.538.132	-3.185.391
	<b>-287.023</b>	<b>-145.384</b>
Average number of full time employees	<u>4</u>	<u>4</u>
<b>2. Depreciation and amortisation</b>		
Depreciation property, plant and equipment	8.343.817	8.343.817
Depreciation intangible assets	3.233.102	3.233.102
	<b>11.576.919</b>	<b>11.576.919</b>
<b>3. Finance income</b>		
Foreign exchange gain	398.783	57.964
Interest income, external	6.497	4.086
	<b>405.280</b>	<b>62.050</b>
<b>4. Financial expenses</b>		
Interest expenses to group enterprises	5.788	317
Other finance expenses	47.338	33.853
Foreign exchange loss	10.063	8.065
	<b>63.189</b>	<b>42.235</b>
<b>5. Tax on profit for the year</b>		
Income Taxes for previous years	2.513.753	0
	<b>2.513.753</b>	<b>0</b>

The company has an unrecognized deferred tax asset with a book value of DKK 81.894 thousands. This relates primarily to the taxable value of plant and equipment.

## Notes

	2018	2017
<b>6. Goodwill</b>		
Cost, beginning of year	282.678.138	282.678.138
Disposal	-282.678.138	
<b>Year-end</b>	<b>0</b>	<b>282.678.138</b>
Amortisation and impairment losses	-273.787.204	-270.554.102
Amortisation for the year	-3.233.102	-3.233.102
Disposal	277.020.306	
<b>Year-end</b>	<b>0</b>	<b>-273.787.204</b>
<b>Carrying amount</b>	<b>0</b>	<b>8.890.934</b>

**7. Plant and equipment**

## Vessels

Cost, beginning of year	525.624.071	524.948.740
Additions	0	675.331
Disposal	-525.624.071	0
<b>Year-end</b>	<b>0</b>	<b>525.624.071</b>
Amortisation and impairment losses	-487.235.477	-478.891.660
Amortisation for the year	-8.343.817	-8.343.817
Disposal	495.579.294	
<b>Year-end</b>	<b>0</b>	<b>-487.235.477</b>
<b>Carrying amount</b>	<b>0</b>	<b>38.388.594</b>

**8. Share capital**

The share capital consists of 7.500 shares of DKK 1.000.

The shares have not been divided into classes.

**Notes**

	2018	2017
<b>9. Other payables</b>		
Wages and salaries, personal income taxes, pension contributions, etc. payable	271.565	198.067
Holiday allowance	477.570	499.847
	<b>749.135</b>	<b>697.914</b>

**10. Related parties**

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statement
Alcatel Submarine Networks	France	Alcatel Submarine Networks Route de Villejust 91625 NOZAY France

**11. Contingent liabilities**

The Company is jointly taxed with Nokia Denmark A/S and together with jointly taxed group entities, the Company has joint and several liability for the payment of income taxes for the income year 2013 and onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 1 July 2012.

**12. Consolidated financial statements**

Pursuant to section 71 a of the Danish Financial Statements Act, the Company is included in the consolidated financial statements of Nokia Oy, Finland that can be downloaded from the Company's homepage on [www.nokia.com](http://www.nokia.com).

The Company is wholly owned by Alcatel Submarine Networks.