

Alcatel Submarine Networks Denmark ApS

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

CVR No. 21606391

Annual Report 2016

17. financial year

The Annual Report was presented and
adopted at the Annual General Meeting of
the Company on 30 June 2017

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 2016 - 31 December 2016.

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 2016 and of the results of the Company's operations for the financial year 1 January 2016 - 31 December 2016.

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

Copenhagen, 30 June 2017

Executive Board

Michael Edward Stephen
McGovern
Man. Director

Supervisory Board

Søren Eskildsen
Chairman

Michael Edward Stephen
McGovern
Man. Director

Frank Hervé Maccary

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 2016 - 31. december 2016, which comprise an income statement, balance sheet and notes. 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 Company's financial position at 31. december 2016 and of the results of its operations for the financial year 1. januar 2016 - 31. december 2016 in accordance with the Danish Financial Statements Act.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibility under those standards and requirements are further described in our auditors' report under "Auditors' responsibility for the audit of the financial statements". As required by the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, we are independent of the Company, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility 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 considers 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 either liquidate the Company or suspend operations, or has no realistic alternative but to do so.

The auditor's responsibility for the audit of the financial statements

Our responsibility is to obtain reasonable assurance as to whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is no guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect material misstatements. Misstatements can arise from fraud or error and can be considered material if it would be reasonable to expect that these - either individually or collectively - could influence the economic decisions taken by the users of financial statements on the basis of these financial statements.

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

- * Identify and assess the risk of material misstatements in 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 a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or 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 whether the accounting policies used are appropriate and whether the accounting estimates and the related disclosures made by Management are reasonable.
- * Conclude on whether Management's use of the going concern basis of accounting in preparing the financial statements is appropriate and, based on the audit evidence obtained, conclude on whether a material uncertainty exists relating to events or conditions, which could 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 auditors' 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 auditors' report. However, future events or conditions may imply that the Company can no longer remain a going concern.
- * Evaluate the overall presentation, structure and contents of the financial statements, including note disclosures, and whether the financial statements reflect 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 which we identify during our audit.

Statement on 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 opinion providing assurance regarding the Management's review.

Our responsibility in connection with our audit of the financial statements 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 with the knowledge we have gained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review meets the disclosure requirements in the Danish Financial Statements Act.

Based on our procedures, we are of the opinion that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements in the Danish Financial Statements Act. In our opinion, the Management's review is not materially misstated.

Copenhagen, 30 June 2017

Ernst & Young

Godkendt Revisionspartnerselskab

CVR-no. 30700228

Lissen Fagerlin Hammer

State Authorised Public Accountant

Alcatel Submarine Networks Denmark ApS

Company details

Company	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	Frederiksberg
Financial year	1 January 2016 - 31 December 2016
Supervisory Board	Søren Eskildsen, Chairman Michael Edward Stephen McGovern, Man. Director Frank Hervé Maccary
Executive Board	Michael Edward Stephen McGovern, Man. Director
Auditors	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 2016 - 31. december 2016 shows a result of DKK 18.379.857 and the Balance Sheet at 31. december 2016 a balance sheet total of DKK 183.930.577 and an equity of DKK 105.170.141.

Besides operation of the two cable ships the Company has in 2016 been involved in a major group project and has received renunciation hereof according to contracts.

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 2016 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

Changes to presentation and disclosures only

Effective 1 January 2016, the Company has implemented act no. 738 of 1 June 2015 with amendments to the Danish Financial Statements Act. As the implementation of the amendment act has no impact in terms of value on the income statement or the balance sheet in the financial year, nor on the comparative figures, the financial statements have been prepared based on the same accounting policies as last year.

The amendment act has solely implied new or changed presentation and disclosure requirements, which have been incorporated in the financial statements.

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.

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

Financial liabilities

Fixed-rate loans such as mortgage loans and loans from credit institutions are recognised initially at the proceeds received less transaction expenses incurred. In subsequent periods, loans are measured at amortised cost so that the difference between the proceeds and the nominal value is recognised in the Income Statement as an interest expense over the term of the loan.

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

Current tax liabilities

Current tax liabilities and current tax receivables are recognised in the Balance Sheet as calculated tax on the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid.

Contingent assets and liabilities

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

Alcatel Submarine Networks Denmark ApS

Income Statement

	Note	2016 kr.	2015 kr.
Revenue		105.332.461	32.387.597
Gross profit		105.332.461	32.387.597
Other external costs		-72.120.998	-797.656
Staff costs	1	0	0
Depreciation and amortisation	2	-15.019.102	-11.534.817
Profit before net financials and tax		18.192.361	20.055.124
Finance income	3	0	34.499
Financial expenses	4	-147.984	-194.369
Profit before tax		18.044.377	19.895.254
Tax on profit for the year	5	335.480	574.804
Net profit for the year		18.379.857	20.470.058
 Proposed distribution of results			
Retained earnings		18.379.857	20.470.058
Distribution of profit		18.379.857	20.470.058

Alcatel Submarine Networks Denmark ApS

Balance Sheet as of 31. December

	Note	2016 kr.	2015 kr.
Assets			
Goodwill	6	12.124.036	15.357.138
Intangible assets		12.124.036	15.357.138
Vessels	7	46.057.080	46.561.482
Property, plant and equipment		46.057.080	46.561.482
Fixed assets		58.181.116	61.918.620
Trade receivables		45.527.202	0
Receivables from group enterprises		75.927.901	20.571.719
Tax receivables		714.522	-1.152.000
Other receivables		40.687	61.661
Receivables		122.210.312	19.481.380
Cash and cash equivalents		3.539.149	6.340.297
Current assets		125.749.461	25.821.677
Assets		183.930.577	87.740.297

Alcatel Submarine Networks Denmark ApS

Balance Sheet as of 31. December

	Note	2016 kr.	2015 kr.
Liabilities and equity			
Share capital	8	7.500.000	7.500.000
Retained earnings		97.670.141	79.252.297
Equity		105.170.141	86.752.297
Trade payables		29.140	38.000
Payables to group enterprises		77.837.369	0
Other payables	9	893.927	950.000
Short-term liabilities other than provisions		78.760.436	988.000
Liabilities other than provisions within the business		78.760.436	988.000
Liabilities and equity		183.930.577	87.740.297
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Notes

	2016	2015
1. Staff costs		
Salaries and wages	2.860.557	3.810.112
Pension contributions	237.725	353.765
Other social security costs	26.412	33.232
Invoiced staff costs	-3.124.694	-4.197.109
	<u>0</u>	<u>0</u>
Average number of employees	<u>4</u>	<u>5</u>
There was only one member in the Executive Board during 2016, who has no remuneration from the Company.		
The Supervisory Board has not received any remuneration.		
2. Depreciation and amortisation		
Depreciation property, plant and equipment	11.786.000	8.301.817
Depreciation intangible assets	3.233.102	3.233.000
	<u>15.019.102</u>	<u>11.534.817</u>
3. Finance income		
Foreign exchange gain	0	32.259
Interest income, external	0	2.240
	<u>0</u>	<u>34.499</u>
4. Financial expenses		
Interest expenses to group enterprises	0	151.534
Other finance expenses	24.634	28.768
Foreign exchange loss	123.350	14.067
	<u>147.984</u>	<u>194.369</u>
5. Tax on profit for the year		
Income taxes	-714.522	1.151.196
Adjustment related to taxes from prior year	379.042	-1.726.000
	<u>-335.480</u>	<u>-574.804</u>

Notes

	2016	2015
6. Goodwill		
Cost, beginning of year	282.678.138	282.678.138
Cost at 31.12.2016	282.678.138	282.678.138
Amortisation and impairment losses at 01.01.2016	-267.321.000	-264.087.898
Amortisation for the year	-3.233.102	-3.233.102
Amortisation and impairment losses at 31.12.2016	-270.554.102	-267.321.000
Carrying amount at 31.12.2016	12.124.036	15.357.138

7. Plant and equipment

Vessels

Beginning of year	513.667.142	513.626.084
Additions	11.281.598	41.058
Disposal	0	
Year end	524.948.740	513.667.142
Beginning of year	-467.105.660	-458.803.843
Depreciations for the year	-11.786.000	-8.301.817
Year-end	-478.891.660	-467.105.660
Carrying amount at 31 December 2016	46.057.080	46.561.482

8. Share capital

The share capital consists of 7.500 shares of DKK 1.

The shares have not been divided into classes.

Notes

2016

2015

9. Other payables

Wages and salaries, personal income taxes, pension contributions, etc

payable

2.868

3.510

Holiday pay payable

643.130

758.687

Other payables

247.929

187.803

893.927

950.000

10. Related parties

Name

Registered office

Basis of influence

Alcatel-Lucent Submarine Networks S.A.S

France

Parent

Alcatel-Lucent S.A

France

Ultimate parent

Related party transactions in the financial year

Alcatel-Lucent Submarine Networks Marine ApS has had the following transactions with related parties in the financial year:

Name

Registered office

Nature of scope of transactions

Alcatel Submarine Networks S.A.S

France

Purchase of goods and services,
chartering out of vessels

ALDA Marine S.A.S

France

Ship Management

Alcatel-Lucent S.A.

France

Marketing fee & loan and cash pooling

During the financial year, the Company has included cashpool arrangements as part of receivables from the group enterprises of TDKK 38.979 (2015: TDKK 9.611)

11. Contingent liabilities

The Company is jointly taxed with Alcatel-Lucent Danmark 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.

The Company is wholly owned by Alcatel-Lucent Submarine Networks S.A.S