

**Nokia UK Holdings Limited**  
**Annual report**  
**for the year ended 31 December 2005**

**Registered Number 1500669**

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**Nokia UK Holdings Limited**  
**Annual report**  
**for the year ended 31 December 2005**  
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# **Nokia UK Holdings Limited**

## **Directors and advisers for the year ended 31 December 2005**

### **Directors**

H Mustonen  
P B Heffernan  
E Kaunistola  
M Torkko

### **Secretary and registered office**

D Gaskin  
Headland House  
Chord Business Park  
London Road  
Godmanchester  
Cambridgeshire  
PE29 2NX

### **Registered auditors**

PricewaterhouseCoopers LLP  
Abacus House  
Castle Park  
Cambridge  
CB3 0AN

### **Solicitors**

Orchard  
Snow Hill  
London  
EC1A 2AY

### **Bankers**

National Westminster Bank plc  
Wembley Park Branch  
15 Bridge Road  
Wembley Park  
Middlesex  
HA9 9AE

# Nokia UK Holdings Limited

## Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2005.

### Principal activities, review of business and future developments

The principal activity of the company is to hold investments and act as a holding company. The directors consider that the activities of the company will continue at a similar level in the future.

The profit and loss account is set out on page 7.

### Dividends

The directors do not recommend the payment of a dividend (2004: nil).

### Directors

The directors of the company at 31 December 2005 are listed on page 3.

### Directors' interests

According to the register required to be kept under Section 325 of the Companies Act, no director in office at 31 December 2005 had any interest in the shares of the company or any other group company during the year which is required to be notified to the company. For this purpose the directors are exempt from notifying the company of interests in shares in a body corporate incorporated outside Great Britain.

### Financial Risk Management

The company's operations expose it to a variety of financial risks that include credit risk, liquidity risk and interest rate risk.

#### a) Credit risk

The company has no exposure to credit concentration risk as it has no third party sales.

#### b) Liquidity and interest rate risk

The company has interest bearing assets, which is debt due from group undertakings. Cash balances earn interest at a floating rate.

### Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit of the company for that period. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the period ended 31 December 2005 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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 1985. 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.

## Nokia UK Holdings Limited

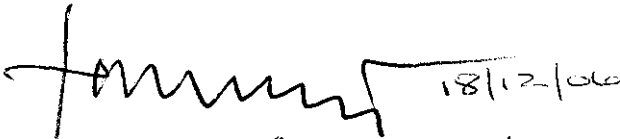
### Auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue as auditors. Pursuant to section 386 of the Companies House Act 1985, the Company has elected to dispense with the obligation to appoint auditors annually.

By order of the board

Director

  
Hanna Mustonen  
18/12/06

  
Esa Kannistola  
18/12/06

# Nokia UK Holdings Limited

## Independent auditors' report to the members of Nokia UK Holdings Limited

We have audited the financial statements of Nokia UK Holdings Ltd for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### Basis of audit opinion


We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and

  
have been properly prepared in accordance with the Companies Act 1985.  
**PricewaterhouseCoopers LLP**  
Chartered Accountants and Registered Auditors  
Cambridge

21<sup>st</sup> December 2006

## Nokia UK Holdings Limited

### Profit and loss account for the year ended 31 December 2005

	Notes	2005 £'000	2004 £'000
Net operating expenses	2	(21)	(30)
<b>Operating loss</b>		<b>(21)</b>	<b>(30)</b>
Profit on sale of investment	9	9,655	-
<b>Profit/(loss) on ordinary activities before interest and taxation</b>		<b>9,634</b>	<b>(30)</b>
Interest receivable and similar income	5	504	514
Interest payable and similar charges	6	-	(57)
<b>Profit on ordinary activities before taxation</b>	7	<b>10,138</b>	<b>427</b>
Tax on profit on ordinary activities	8	(145)	(108)
<b>Retained profit for the financial year</b>	14	<b>9,993</b>	<b>319</b>

All revenue and expenses included in the profit and loss account relate to continuing operations.

The company has no recognised gains and losses other than the results above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the loss for the year stated above, and their historical cost equivalents.

# Nokia UK Holdings Limited

## Balance sheet as at 31 December 2005

	Notes	2005 £'000	2004 £'000
<b>Fixed assets</b>			
Investments	9	41,262	49,800
<b>Current assets</b>			
Debtors	10	16,428	9,904
Cash at bank and in hand		15,457	3,162
		31,885	13,066
<b>Creditors: amounts falling due within one year</b>	11	(279)	(133)
<b>Net current assets</b>		31,606	12,933
<b>Total assets less current liabilities</b>		72,868	62,733
<b>Creditors: amounts falling due outside one year</b>	12	(142)	-
<b>Net assets</b>		72,726	62,733
<b>Capital and reserves</b>			
Called up share capital	13	32,654	32,654
Profit and loss account	14	40,072	30,079
<b>Total shareholders' funds</b>	15	72,726	62,733

The financial statements on pages 7 to 14 were approved by the board of directors on 18 December 2006 and were signed on its behalf by:

Director



Hanna Mustonen



Esa Kaunistola



# **Nokia UK Holdings Limited**

## **Notes to the financial statements for the year ended 31 December 2005**

### **1 Principal accounting policies**

#### **Basis of accounting**

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been reviewed by the Board in accordance with Financial Reporting Standard ('FRS') 18 'Accounting Policies', and which have been applied consistently (with the exception of the adoption of the new accounting standards as set out below), is set out below.

#### **Changes in accounting policy**

The Company has adopted FRS 21, 'Events after the balance sheet date' and the presentational requirements of FRS 25, 'Financial Instruments: Disclosure and presentation'. The adoption of these standards represents a change in accounting policy. The effect of the change has not yielded any differences to the results for the year or that of the comparative year.

#### **Fixed asset investments**

Fixed asset investments are stated at cost less any impairment.

#### **Deferred taxation**

Provision is made for deferred taxation in accordance with FRS 19 'Deferred taxation' using the incremental liability method. Deferred tax assets are recognised to the extent that they are regarded as recoverable. Deferred tax assets and liabilities are not discounted.

#### **Operating and finance leases**

Costs in respect of operating leases are charged on a straight line basis over the lease term. In the opinion of the directors there are no assets held under finance leases.

#### **Foreign exchange**

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences arising in the ordinary course of business are included in trading profit.

Assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date.

#### **Group financial statements**

The company is exempt by virtue of Section 228 of the Companies Act 1985 from the requirement to prepare group accounts on the grounds that it is a wholly owned subsidiary undertaking of Nokia Corporation, a company incorporated in Finland, and its subsidiary undertakings are included by full consolidation in the consolidated accounts of that undertaking. Nokia Corporation prepares its financial statements, in all material respects, in accordance with the EC 7<sup>th</sup> Directive.

These financial statements represent information about the company as an individual undertaking and not about its group.

The consolidated financial statements of Nokia Corporation, in which the results of Nokia UK Holdings Limited and its subsidiaries are included, are available from the address given in note 18.

#### **Cash flow statement**

The company is a wholly-owned subsidiary of Nokia Corporation, a company incorporated in Finland, and the cash flows of the company are included in the consolidated cash flow statement of Nokia Corporation. Consequently the company has taken advantage of the exemption available under FRS 1 'Cash Flow Statements' from publishing a cash flow statement.

# Nokia UK Holdings Limited

## 1 Principal accounting policies (continued)

### Related party transactions

The company has taken advantage of the exemption within FRS 8 'Related party transactions' not to disclose transactions with other group companies.

## 2 Operating expenses

	2005 £'000	2004 £'000
Administration expenses	21	30

## 3 Directors' emoluments

There were no emoluments paid or payable to any of the directors during the year in respect of qualifying services to the company (2004: £Nil).

## 4 Employee information

There were no employees during the year (2004: None).

## 5 Interest receivable and similar charges

	2005 £'000	2004 £'000
On loans to group undertakings	504	514

## 6 Interest payable and similar charges

	2005 £'000	2004 £'000
Interest payable on loan notes	-	57

## 7 Profit on ordinary activities before taxation

	2005 £'000	2004 £'000
Profit on ordinary activities before taxation is stated after charging:		
Operating lease charges – land and buildings	14	14

The audit fee for the 2005 and 2004 financial years have been borne by the ultimate parent company, Nokia Corporation.

# Nokia UK Holdings Limited

## 8 Taxation

### a) Analysis of charge for the year

	2005 £'000	2004 £'000
United Kingdom taxation based on profits for the year:		
Current tax:		
Current corporation tax on profit for the year	145	129
Over provision in respect of prior years	-	(21)
Tax charge on profit on ordinary activities	145	108

### b) Factors affecting tax charge for the year

The tax assessed for the period differs from the standard rate in the UK (30%). The differences are explained below:

	2005 £'000	2004 £'000
Profit on ordinary activities before tax	10,138	427
Profit on ordinary activities multiplied by the standard rate of Corporation Tax in the UK of 30% (2004: 30%)	3,041	128
Effects of:		
Expenses not deductible for tax purposes and similar tax adjustments	-	1
Income not chargeable to tax	(2,896)	-
Adjustments to tax charge in respect of previous years	-	(21)
Current tax charge for the year (note 8a)	145	108

## 9 Fixed asset investments

	£'000
<b>Cost</b>	
At 1 January 2005	54,654
Disposals in the year	(8,538)
<b>At 31 December 2005</b>	<b>46,116</b>
<b>Provision against carrying value</b>	
At 1 January 2005 and 31 December 2005	4,854
<b>Net book value</b>	
At 1 January 2005	49,800
<b>At 31 December 2005</b>	<b>41,262</b>

# Nokia UK Holdings Limited

## 9 Fixed asset investments (continued)

During the year Nokia UK Holdings Ltd reduced their share in Aircom International Limited to approximately 10%. The consideration received for the sale was £13,900,000 cash and £5,000,000 deferred consideration in the form of a 3 year guaranteed unsecured loan note at a rolled up coupon rate of 4%. In addition to this, Nokia has a put and call option for the retained shares held in Aircom International Limited. This option may be exercised 18 months after the date of completion of the deal, unless accelerated in certain circumstances. If exercised after 18 months the value of the call option is £5,460,000 together with interest of 6% per annum from the date of completion to the date of exercise. If the call or put option is exercised before the 18 month deadline then the exercise price will be £5,460,000 plus interest of 12% per annum accruing from the completion date to the exercise date on a daily basis.

As a result of this transaction Nokia UK Holdings Ltd has recognised a profit on disposal of £9,655,000. This represents the difference between the net present value of the loan note discounted at 5% (£4,858,000) plus the net cash consideration received after selling expenses of £565,000 (£13,335,000) and the book value of the share disposal in the year (£8,538,000).

### Interests in group undertakings

Name and activity of undertaking	Country of incorporation or registration	Description of shares held	Proportion of voting rights and nominal value of issued shares held %
<b>Subsidiary undertakings</b>			
Nokia UK Limited (Telecommunications systems and equipment)	England and Wales	£1 ordinary shares	100
Nokia R&D (UK) Limited (Intermediate holding company)	England and Wales	£1 ordinary shares	100
<b>Fixed asset investments</b>			
Aircom International Limited (Telecommunications software and consultancy)	England and Wales	£0.50 'A' shares	<1
		£0.50 'B' shares	27.6
		£0.01 'C' shares	27.6

The financial statements of Aircom International Limited for the year ended 30 June 2005 show the following information:

	2005 £'000
Consolidated Profit for the financial year	5,986
Aggregate capital and reserves at 30 June 2005	19,320

# Nokia UK Holdings Limited

## 10 Debtors

	2005 £'000	2004 £'000
<b>Amounts falling due within one year:</b>		
Amounts owed by group undertakings	10,393	9,882
Group relief receivable	19	19
Other debtors	6,016	3
	<b>16,428</b>	<b>9,904</b>

Amounts owed by group undertakings comprise an unsecured loan owed from Nokia UK Ltd with no fixed maturity date and an interest rate of 5.04%.

## 11 Creditors: amounts falling due within one year

	2005 £'000	2004 £'000
Corporation tax	273	129
Accruals and deferred income	6	4
	<b>279</b>	<b>133</b>

## 12 Creditors: amounts falling due outside one year

	2005 £'000	2004 £'000
Accrued interest	142	-

## 13 Called up share capital

	2005 £'000	2004 £'000
<b>Authorised</b>		
50,000,000 (2004: 50,000,000) ordinary shares of £1 each	<b>50,000</b>	<b>50,000</b>
<b>Allotted, called up and fully paid</b>		
32,653,500 (2004: 32,653,500) ordinary shares of £1 each	<b>32,654</b>	<b>32,654</b>

# Nokia UK Holdings Limited

## 14 Reserves

	Profit and loss account £'000
At 1 January 2005	30,079
Profit for the financial year	9,993
At 31 December 2005	40,072

## 15 Reconciliation of movements in shareholders' funds

	2005 £'000	2004 £'000
Opening shareholders' funds	62,733	62,414
Profit for the financial year	9,993	319
Closing shareholders' funds	72,726	62,733

## 16 Financial commitments

At 31 December 2005 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2005 £'000	Land and buildings 2004 £'000
Operating leases expiring within one year	14	-
Within two and five years	-	14
	14	14

## 17 Related party transactions

The company incurred expenses of £14,000 during the year in respect of legal services provided by Orchard Solicitors and Orchard, Brayton and Graham LLP. P B Heffernan, director of Nokia (UK) Holdings Limited, is a partner in Orchard Solicitors and a full member of Orchard, Brayton and Graham LLP.

The company has taken advantage of the exemption available under FRS 8 not to disclose transactions with other group companies.

## 18 Ultimate parent company

The immediate and ultimate parent company and ultimate controlling party is Nokia Corporation, a company incorporated in Finland.

Copies of the financial statements of Nokia Corporation can be obtained from PO Box 226, FIN-00045 NOKIA GROUP, Helsinki, Finland.