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NOKIA TELECOMMUNICATIONS LIMITED

1st Floor Office,
Mullin Place,
Milton Road,
CAVERIDGE

ACCOUNTS

31ST DECEMBER 1983

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NOKIA TELECOMMUNICATIONS LIMITED

DIRECTORS AND OFFICERS

DIRECTORS

Mr. M.J. Aichukta (Chairman)
Mr. S.M. Baldauf
Mr. I.A. Seppa
Mr. J. Sormanen

SECRETARY

R.J. Thompson, F.C.A.

REGISTERED OFFICE

Christchurch House,
Upper George Street,
Luton,
Herts.
LU1 2RS

AUDITORS

Coopers & Lybrand Deloitte,
Chartered Accountants,
Abacus House,
Castle Park,
Gloucester Street,
Cambridge.
CB3 0AN

BANKERS

National Westminster Bank PLC,
10, Bene't Street,
Cambridge,
CB2 3PU

SOLICITORS

Watson, Farley & Williams
Mineries House,
2-5, Mineries,
London,
E.C.3.

DIRECTORS' REPORT

Directors

Mr. M.A. Alahakka (Chairman)
 Mr. S.V. Baldauf
 Mr. I.A. Seppä
 Mr. J. Sormanen

The directors have pleasure in presenting their report together with the accounts of the company for the year ended 31st December 1989.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £450,730 (1988 - loss £183,121), which is carried to revenue reserves.

The directors do not recommend the payment of a dividend on the ordinary share capital.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company's principal activities are the marketing, sale, implementation, service and development of telecommunications equipment and systems, mainly supplied by Nokia group companies. The company's activity is divided into three departments: dedicated networks, cellular systems and public networks.

During the year both sales and personnel of the company have grown significantly. This was primarily a result of the implementation of the projects which were awarded during 1988 and 1989 but also because of the establishment of a research and development unit within the company. The company was successful in winning new orders for projects where the implementation will take place from 1990 onwards.

In 1990 the company will further grow both in terms of sales and number of personnel. The market for all three departments looks promising and the activities will be further strengthened in marketing and product development. The company will also establish new manufacturing facilities in 1990 in the Cambridge area.

RESEARCH AND DEVELOPMENT

The company has carried out research and development work for other group companies.

CHANGES IN FIXED ASSETS

The changes in fixed assets during the year are detailed in note 9 on page 9.

DIRECTORS' INTERESTS IN SHARES

The directors have no interest in the shares of the company, other than by way of their interest in the shares of OY Nokia AB which are as stated below:-

	<u>Restricted Common Shares</u>		<u>Restricted Preferred Shares</u>	
	At 1st January 1989	At 31st December 1989	At 1st January 1989	At 31st December 1989
S.M. Baldauf	-	-	550	550
J. Sormanen	-	-	285	285
I.A. Seppä	15	15	578	578

ASALA TELECOMMUNICATIONS LIMITED

DIRECTORS' REPORT

INCOME AND CORPORATION TAXES ACT 1933

In the opinion of the directors the company is not a close company as defined by the Act.

AUDITORS

During the year Ernst & Young resigned as auditors to the company. The directors have appointed Coopers & Lybrand Deloitte in their place.

In accordance with Section 233(1)(c) of the Companies Act 1933 a resolution proposing the reappointment of Coopers & Lybrand Deloitte as auditors to the company will be put to the Annual General Meeting.

By order of the Board,



R.J. Thompson
SECRETARY

Christchurch House,
Upper George Street,
LUTON, Beds.
LU1 2RS

14th February 1980

NOKIA TELECOMMUNICATIONS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 1988

	<u>Note</u>	<u>Year ended</u> <u>31st December 1988</u> <u>£</u>	<u>20th January 1989</u> <u>to 31st December 1988</u> <u>£</u>
<u>Turnover</u>	2	4,376,833	175,835
<u>Cost of sales</u>		3,551,681	125,527
<u>Gross profit</u>		825,152	52,308
<u>Administrative expenses</u>		243,629	248,578
<u>Other operating income</u>	3	460,453	(196,270)
		172,129	"
<u>Operating profit (loss)</u>		632,632	(196,270)
<u>Investment income</u>	4	16,927	3,135
<u>Profit (loss) before interest payable</u>		649,559	(193,135)
<u>Interest payable</u>	5	4,495	424
<u>Profit (loss) on ordinary activities before taxation</u>		645,064	(193,559)
<u>Taxation</u>	8	184,334	(110,438)
<u>Retained profit (loss) for year</u>	16	460,730	(183,121)

NRMA TELECOMMUNICATIONS LIMITED

BALANCE SHEET - 31ST DECEMBER 1929

	<u>Note</u>	<u>1929</u> £	<u>1928</u> £
<u>FIXED ASSETS</u>			
Tangible assets	9	165,930	39,750
<u>CURRENT ASSETS</u>			
Stocks	11	135,797	2,556
Debtors	12	4,480,217	171,528
Cash at bank		581,369	35,435
		<u>5,197,383</u>	<u>209,519</u>
<u>LESS: CURRENT LIABILITIES</u>			
Creditors: amounts falling due within one year	13	<u>4,726,440</u>	<u>139,265</u>
<u>NET CURRENT ASSETS</u>		<u>420,943</u>	<u>80,254</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>			
Creditors: amounts falling due after more than one year	13	4,070	3,125
Provisions for liabilities and charges	14	<u>6,194</u>	<u>3,125</u>
		<u>10,264</u>	<u>3,125</u>
<u>NET ASSETS</u>		<u>577,609</u>	<u>116,879</u>
<u>CAPITAL AND RESERVES</u>			
Called up share capital	15	300,000	300,000
Profit and loss account	16	277,609	(183,121)
<u>SHAREHOLDERS FUNDS</u>		<u>577,609</u>	<u>116,879</u>

The accounts on pages 4 to 13 were approved by the Board of Directors on 19th February 1930 and were signed on its behalf by:

[Signature]
[Signature]
[Signature]

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DIRECTORS

NOKIA TELECOMMUNICATIONS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1988

1. ACCOUNTING POLICIES

(a) Basis of accounting

The accounts of the company have been prepared under the historical cost convention.

(b) Finance lease interest

Finance charges under finance lease agreements are allocated over the period of the agreement so as to produce a constant periodic rate of charge on the balance outstanding at the end of each accounting period.

(c) Depreciation

Tangible assets

Rate

Method

Improvements to leasehold property

over the period
of the lease

straight line

Fixtures, fittings, tools and equipment

10 - 20% p.a.

straight line

Assets purchased during the year are depreciated by the relevant fraction of the above rates.

The rates used are designed to write the assets down to residual value over their expected useful lives except in the case of assets held under finance leases where the assets are written off over the period of the lease.

(d) Operating leases

Commitments under operating leases are charged to the profit and loss account on a straight line basis over the period of each lease.

(e) Finance leases

Assets used by the company which are the subject of finance leases are included as tangible fixed assets in the company's balance sheet at the value of the minimum lease payments reduced by the interest element.

(f) Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value.

(g) Deferred taxation

Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is probable that a liability or asset will crystallise. Provision is made at the rate which is expected to be applied when the liability or asset is expected to crystallise. Where this is not known the latest estimate of the long term tax rate applicable has been adopted.

(h) 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 the trading profit.

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

NEKLA TELECOMMUNICATIONS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1989

2. TURNOVER

Turnover represents equipment sales and services provided net of value added tax.

3. OTHER OPERATING INCOME

Research, development and other costs incurred on behalf of and recharged to group companies

Year ended
31st December 1989
£

20th January 1988
to 31st December 1988
£

172,169

-

4. INVESTMENT INCOME

Interest receivable on short term bank deposits
Other interest

13,131
3,796

3,135
-

16,927

3,135

5. INTEREST PAYABLE

(On bank loans, overdrafts and other loans:
Repayable within 5 years (not by instalments)
Finance lease interest

1,571
2,924

424
-

4,495

424

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation
is stated after charging:

Depreciation - tangible assets:
Owned
Subject to finance leases

12,758
1,000

5,724
833

13,758

6,557

Auditors' remuneration
Hire of plant and machinery
Operating leases - plant and machinery
- premises

8,000
9,181
31,423
38,158

3,000
2,799
11,812
23,833

IONIA TELECOMMUNICATIONS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1989

	Year ended 31st December 1989	20th January 1988 to 31st December 1988
7. EMPLOYEES	£	£
Staff costs during the year (including directors):		
Wages and salaries	274,521	81,220
Social Security costs	22,667	4,934
Other pension costs	2,661	-
	<u>299,849</u>	<u>86,154</u>
 The average number of persons employed calculated on a weekly basis was:	 Number	 Number
Administration	6	2
Marketing and projects	3	3
Research and development	2	-
	<u>15</u>	<u>5</u>
 The number of employees whose emoluments were within the ranges:		
£30,000 - £34,999	<u>3</u>	<u>-</u>
 DIRECTORS' REMUNERATION		
Staff costs include the following remuneration	£	£
In respect of the directors:		
Fees	<u>39,466</u>	<u>21,303</u>
 The directors' remuneration disclosed above included amounts paid to:		
Chairman	<u>-</u>	<u>-</u>
Highest paid director	<u>39,466</u>	<u>21,303</u>
	Number	Number
Other directors receiving no emoluments	<u>2</u>	<u>2</u>
 8. TAXATION	£	£
U.K. corporation tax at 35%	179,577	-
Provision for deferred taxation	6,194	-
Consideration for tax losses surrendered to group companies	(1,437)	(10,438)
	<u>184,334</u>	<u>(10,438)</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1988

9. TANGIBLE FIXED ASSETS

Cost

At 1st January 1989

Additions

At 31st December 1989

Depreciation

At 1st January 1989

Charge for year

At 31st December 1989

Net book value 31st December 1989

Net book value 31st December 1988

Fixtures, Fittings,
Tools and Equipment

£

46,507

140,910

187,245

6,557

13,758

20,315

166,930

39,750

The above figures include fixed assets which are the subject of finance leases as follows:

Cost

Accumulated depreciation

Net book value at 31st December 1989

Net book value at 31st December 1988

£

5,000

1,833

3,167

4,167

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1989

	1989 £	1988 £
10. COMMITMENTS		
(a) Capital expenditure that has been contracted for but has not been provided for in the accounts	365,817	Nil
(b) Capital expenditure that has been authorised by the directors but has not yet been contracted for	Nil	40,000
(c) Leases		
The company is committed to making the following lease payments in 1990:-	Land and Buildings £	Land and Buildings £
Leases expiring in:	Others £	Others £
1990	- 3,785	35,750 6,544
1991 - 1994	120,000 28,603	- 7,775
1995 onwards	- -	- -
	120,000 32,388	35,750 14,319
11. STOCKS	£	£
Finished goods and goods for resale	91,643	2,556
Work in progress	44,154	-
	135,797	2,556
12. DEBTORS		
Trade debtors	3,062,680	154,438
Amounts owed by group companies	120,159	10,438
Other debtors	1,245,528	6,652
Prepayments and accrued income	51,850	-
	4,480,217	171,528

Included in trade debtors are amounts totalling £32,116 due after one, but less than five years from the balance sheet date (1988 - nil).

NOKIA TELECOMMUNICATIONS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1989

	<u>1989</u>	<u>1988</u>
	<u>£</u>	<u>£</u>
13. CREDITORS		
<u>Amounts falling due within one year</u>		
Current obligations under finance leases	1,254	833
Bank overdraft	-	31,139
Trade creditors	111,465	44,379
Current corporation tax	179,577	-
Amounts due to group companies	4,301,758	36,166
Other taxation and Social Security payable	100,621	3,278
Other creditors	4,076	-
Accruals and deferred income	77,689	13,470
	4,776,440	129,265
<u>Amounts falling due after more than one year</u>		
Obligations under finance leases	5,324	3,958
<u>Less: Current instalments due</u>	1,254	833
	4,070	3,125
14. PROVISIONS FOR LIABILITIES AND CHARGES		
<u>Deferred taxation</u>		
Capital allowances	6,194	1,009
Tax losses	-	(1,009)
	6,194	-
15. CALLED UP SHARE CAPITAL		
<u>Authorised</u>		
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000
<u>Issued and called up</u>		
300,000 ordinary shares of £1 each	300,000	300,000

Details of directors' interests in shares of the company are included in the directors' report.

NOKIA TELECOMMUNICATIONS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1989

16. <u>RESERVES</u>	<u>Profit and Loss Account</u>
	<u>£</u>
Absorbed loss brought forward	(183,121)
Retained profit for year	460,730
Retained profit carried forward	277,609

17. CONTINGENT LIABILITIES

The company is liable, under the terms of a cash pooling arrangement with National Westminster Bank Plc, to contribute to the overdrafts of certain fellow U.K. subsidiaries of Nokia Corporation.

The company's liability is limited to its credit balance at any time on its accounts with that bank. At 31st December 1989 the fellow U.K. subsidiaries concerned did not have any overdrafts.

The company has indemnified its bankers in respect of a performance bond for £79,550 issued by them to a customer of the company. This indemnity expires on 2nd July 1990.

The directors consider that the likelihood of any loss arising from these arrangements is remote.

18. PARENT COMPANY

The company is a wholly owned subsidiary of Nokia (U.K.) Limited, a company incorporated in England.

19. ULTIMATE HOLDING COMPANY

The ultimate holding company is OY Nokia Ab, a company incorporated in Finland.

INXIA TELECOMMUNICATIONS LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED 31ST DECEMBER 1989

	Year ended 31st December 1989 £	20th January 1988 to 31st December 1988 £
SOURCE OF FUNDS		
<u>Funds generated from operations</u>		
Profit on ordinary activities before taxation	645,084	(195,559)
Items not involving the movement of funds:		
Depreciation	13,758	6,557
	<u>658,822</u>	<u>(187,002)</u>
<u>Funds from other sources</u>		
Consideration for tax losses surrendered to group companies	11,875	-
Calls received on shares issued	-	300,000
Finance lease advances	-	5,000
	<u>11,875</u>	<u>305,000</u>
	<u>670,697</u>	<u>117,998</u>
 APPLICATION OF FUNDS		
Purchase of fixed assets	140,938	46,307
Finance lease repayments	<u>(1,366)</u>	<u>1,042</u>
	139,572	47,349
 INCREASE IN WORKING CAPITAL	 531,125	 70,649
 Represented by:-		
Increase in stocks	133,241	2,556
Increase in debtors	4,319,127	161,090
(Increase) in creditors	<u>(4,498,316)</u>	<u>(97,293)</u>
	(45,948)	66,353
 Movement in net liquid funds:		
Increase in cash at bank	577,073	4,296
	<u>531,125</u>	<u>70,649</u>

REPORT OF THE AUDITORS TO THE MEMBERS OF
NOKIA TELECOMMUNICATIONS LIMITED

We have audited the accounts set out on pages 4 to 13 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company at 31st December 1987 and of the profit and source and application of funds for the year ended on that date and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand Deloitte

Coopers & Lybrand Deloitte
Chartered Accountants

Coopers & Lybrand Deloitte,
Abacus House,
Castle Park,
Gloucester Street,
Cambridge.
CB3 0AN

19 February 1988