

**MITEL EUROPE LIMITED**

**Report and Financial Statements  
for the period from 28 May 2014  
to 31 December 2014**



**REPORT AND FINANCIAL STATEMENTS 2014**

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**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

G Bevington (appointed 28 May 2014)  
J A Evans (appointed 28 May 2014)  
S E Spooner (appointed 28 May 2014)

**SECRETARY**

G J Hiscock

**REGISTERED OFFICE**

5 New Street Square  
London  
EC4A 3TW

**BANKERS**

HSBC plc

**SOLICITORS**

Taylor Wessing

**AUDITOR**

Deloitte LLP  
Cardiff

## **STRATEGIC REPORT**

### **BUSINESS REVIEW**

The audited financial statements for the period from 28 May 2014 to 31 December 2014 are set out in the attached financial statements.

Mitel Europe Limited was incorporated on 28 May 2014 as a holding company for European entities within the Mitel Networks Corporation group. During the period the company acquired shares in several subsidiaries from fellow group companies. The acquisitions were settled by either share-for-share exchange or dividend in specie.

### **POST BALANCE SHEET EVENTS**

On 12 February 2015, the entire share capital of Telepo Limited, Mitel Sweden AB and Mitel Spain SL was transferred to the company by way of dividend in specie for £10,779,000, £11,373,000 and £6,835,000, respectively.

On 27 April 2015, Aastra Telecom Europe A/S declared a dividend of £199,500,000, reducing the loan note to Mitel Europe Limited by this amount.

### **FUTURE DEVELOPMENTS**

It is anticipated that the company will continue to exist as an intermediate holding company for the foreseeable future.

### **KEY PERFORMANCE INDICATORS, FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

Given the nature of the company as an intermediate holding company, there are no key performance indicators that the directors feel are specific to this entity. The main financial risk is the carrying value of the investments in its subsidiaries. The directors will prepare annual impairment reviews in order to ascertain whether impairment is required against the investments.

### **GOING CONCERN**

The company's financial statements as at and for the period ended 31 December 2014 have been prepared in accordance with United Kingdom Generally Accepted Accounting Principles applicable to a going concern, which assumes that the company will continue in operation for the foreseeable future and will be able to realise its assets and discharge its liabilities in the normal course of operations.

The company is a wholly-owned subsidiary within the Mitel group of companies, which is headed by Mitel Networks Corporation. As a holding company, Mitel Europe Limited has limited financial obligations within the next 12 months. The net current liabilities position at the period-end is mainly driven by an inter-company liability with the ultimate parent company, Mitel Networks Corporation.

The directors, having assessed the responses of the directors of Mitel Networks Corporation to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Mitel group to continue as a going concern. Accordingly, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and, therefore, they continue to adopt the going concern basis in preparing the report and accounts.

Approved by the Board of Directors  
and signed on behalf of the Board



J A Evans  
Director

27 November 2015

## **DIRECTORS' REPORT**

The directors present their report and the audited financial statements for the period from 28 May 2014 to 31 December 2014.

### **ACCOUNTING PERIOD**

These are the first financial statements of the company and are for the period from 28 May 2014 to 31 December 2014.

### **DIVIDENDS**

The directors do not recommend a dividend for the financial period.

### **DIRECTORS**

The directors of the company, who served throughout the financial period and subsequently, are as shown on page 1.

### **AUDITOR**

In the case of each of the persons who are directors of the company at the date when this report is approved:

- so far as each of the directors is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP were appointed as the company's auditor during the financial period. A resolution to reappoint Deloitte LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



J A Evans  
Director

27 November 2015

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MITEL EUROPE LIMITED**

We have audited the financial statements of Mitel Europe Limited for the period 28 May 2014 to 31 December 2014 which comprise the profit and loss account, the balance sheet and the related notes 1 to 11. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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, 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2014 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

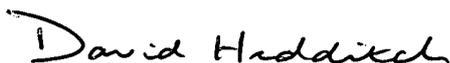
### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and 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
- 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.



**David Hedditch (Senior statutory auditor)**  
**for and on behalf of Deloitte LLP**  
Chartered Accountants and Statutory Auditor  
Cardiff, United Kingdom

30 November 2015

**PROFIT AND LOSS ACCOUNT**  
**Period from 28 May 2014 to 31 December 2014**

	Note	2014 £'000
Administrative expenses		(8)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	2	(8)
Tax on loss on ordinary activities	3	-
<b>LOSS FOR THE FINANCIAL PERIOD</b>	8	(8)

All activities derive from continuing operations.

There have been no recognised gains and losses for the current financial period other than as stated in the profit and loss account and, accordingly, no separate statement of total recognised gains and losses is presented.

**BALANCE SHEET**  
**At 31 December 2014**

	Note	31 December 2014 £'000
<b>FIXED ASSETS</b>		
Investments	4	482,780
<b>CURRENT ASSETS</b>		
Debtors	5	146
Cash at bank and in hand		11
		157
<b>CREDITORS: amounts falling due within one year</b>	6	(205,514)
<b>NET CURRENT LIABILITIES</b>		(205,357)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES, BEING NET ASSETS</b>		277,423
<b>CAPITAL AND RESERVES</b>		
Called up share capital	7	2
Share premium account	8	277,429
Profit and loss account	8	(8)
<b>SHAREHOLDERS' FUNDS</b>	8	277,423

The financial statements of Mitel Europe Limited, registered number 09059484, were approved by the Board of Directors and authorised for issue on 27 November 2015.

Signed on behalf of the Board of Directors



J A Evans  
 Director

**NOTES TO THE FINANCIAL STATEMENTS**

**Period from 28 May 2014 to 31 December 2014**

**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards. The particular accounting policies adopted, which have been applied consistently throughout the financial period, are described below.

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Basis of preparation**

The financial statements present the results of the company and not the group as the company has taken advantage of the exemption from preparing consolidated financial statements afforded by section 401 of the Companies Act 2006 because it is a wholly-owned subsidiary of Mitel Networks Corporation which prepares consolidated financial statements which are publicly available.

**Going concern**

The company's financial statements for the period from 28 May 2014 to 31 December 2014 have been prepared in accordance with United Kingdom Generally Accepted Accounting Principles applicable to a going concern, which assumes that the company will continue in operation for the foreseeable future and will be able to realise its assets and discharge its liabilities in the normal course of operations.

The company is a wholly-owned subsidiary within the Mitel group of companies, which is headed by Mitel Networks Corporation. As a holding company, Mitel Europe Limited has limited financial obligations within the next 12 months. The net current liabilities position at the period-end is mainly driven by an inter-company liability with the ultimate parent company, Mitel Networks Corporation.

The directors, having assessed the responses of the directors of Mitel Networks Corporation to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Mitel group to continue as a going concern. Accordingly, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and, therefore, they continue to adopt the going concern basis in preparing the report and accounts.

**Cash flow statement**

The company has taken advantage of the exemption from including a cash flow statement, available to subsidiary undertakings where 90% or more of the voting rights are controlled within the group and consolidated financial statements which present a cash flow statement incorporating the cash flows of the subsidiary company are publicly available.

**Investments**

Fixed asset investments are stated at cost less any provision for impairment.

**Foreign currency**

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Period from 28 May 2014 to 31 December 2014**

**1. ACCOUNTING POLICIES (continued)**

**Taxation**

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

**2. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION**

The company had no employees during the financial period and the directors received no remuneration for services to the company during the period.

The loss on ordinary activities is stated after a charge for auditor's remuneration of £8,000.

**3. TAX ON LOSS ON ORDINARY ACTIVITIES**

	<b>2014</b>
	<b>£'000</b>
Loss on ordinary activities before tax	(8)
	<u>          </u>
Tax on loss on ordinary activities before tax at 21.49%	(2)
<b>Factors affecting charge for the period</b>	
Tax losses surrendered to fellow group companies	<u>          2</u>
<b>Current tax charge for the period</b>	<u>          -</u>

The forthcoming change in the corporation tax rate to 20% will not materially affect the future tax charge.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Period from 28 May 2014 to 31 December 2014**

**4. INVESTMENTS**

	<b>Subsidiary companies £'000</b>
<b>Cost and net book value</b>	
At beginning of financial period	-
Additions	482,780
	482,780
At 31 December 2014	482,780

The company has investments in the following subsidiary undertakings:

	<b>Country of incorporation</b>	<b>Principal activity</b>	<b>Holding</b>	<b>%</b>
Mitel Networks Holdings Limited	UK	Holding company	Ordinary shares	100
Aastra Telecom (UK) Limited	UK	Telecommunications	Ordinary shares	100
Mitel Deutschland GmbH	Germany	Telecommunications	Ordinary shares	100
DeTeWe Communications GmbH	Germany	Telecommunications	Ordinary shares	100
Comdasys AG	Germany	Telecommunications	Ordinary shares	100
Mitel Netherlands BV	Netherlands	Telecommunications	Ordinary shares	100
Mitel Schweiz AG	Switzerland	Telecommunications	Ordinary shares	100
Aastra Telecom Europe A/S	Denmark	Holding company	Ordinary shares	100
Mitel Denmark A/S	Denmark	Telecommunications	Ordinary shares	100
Mitel France SAS	France	Telecommunications	Ordinary shares	100
Mitel Italia SpA	Italy	Telecommunications	Ordinary shares	100
Mitel Communications Finland Oy	Finland	Telecommunications	Ordinary shares	100
Mitel Norway AS	Norway	Telecommunications	Ordinary shares	100
Mitel Flanders BVBA	Belgium	Telecommunications	Ordinary shares	100
Mitel Lease SA (a)	Belgium	Leasing	Ordinary shares	100
Mitel Belgium SA (a)	Belgium	Telecommunications	Ordinary shares	100
Mitel Austria GmbH	Austria	Telecommunications	Ordinary shares	100
Aastra Telecom Portugal SA	Portugal	Telecommunications	Ordinary shares	100
Mitel Networks Limited (b)	UK	Telecommunications	Ordinary shares	100
Mitel Financial Services Limited (b)(c)	UK	Marketing	Ordinary shares	100
Cordless Technology A/S (b)	Denmark	Telecommunications	Ordinary shares	100
Winfinity GmbH (b)	Germany	Telecommunications	Ordinary shares	100
Mitel Europe AG (b)	Switzerland	Telecommunications	Ordinary shares	100
Mitel Spain SL (b)	Spain	Telecommunications	Ordinary shares	100
Telepo Limited (b)	UK	Telecommunications	Ordinary shares	100
Mitel Sweden AB (b)	Sweden	Telecommunications	Ordinary shares	100
Telepo Holding AB (b)	Sweden	Holding company	Ordinary shares	100
Mitel Communications AB (b)	Sweden	Telecommunications	Ordinary shares	100

(a) Mitel Networks Corporation, the parent company of Mitel Europe Limited, owns less than 1% of these entities.

(b) These subsidiaries are held indirectly by the company.

(c) Mitel Financial Services Limited was struck off on 19 May 2015.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Period from 28 May 2014 to 31 December 2014**

**5. DEBTORS**

	<b>31 December 2014 £'000</b>
Amounts owed by subsidiary undertakings	146
	<u>146</u>

**6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>31 December 2014 £'000</b>
Amounts owed to group undertakings	205,506
Accruals and deferred income	8
	<u>205,514</u>

Included within amounts owed to group undertakings is a loan note of £205,350,000 payable to Aastra Telecom Europe A/S in respect of the transfer of an investment in a subsidiary to the company during the period. The loan note carries interest at 0.98% per annum and is repayable in full by 31 December 2015.

**7. CALLED UP SHARE CAPITAL**

	<b>31 December 2014 £'000</b>
<b>Called up, allotted and fully paid</b>	
2,004 £1 ordinary shares	2
	<u>2</u>

During the period, the company issued 2,004 ordinary shares of £1 each at a premium of £277,429,000 in aggregate.

**8. COMBINED RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENTS ON RESERVES**

	Share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
Shares issued in the period	2	277,429	-	277,431
Loss for the financial period	-	-	(8)	(8)
At 31 December 2014	<u>2</u>	<u>277,429</u>	<u>(8)</u>	<u>277,423</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**Period from 28 May 2014 to 31 December 2014**

**9. RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemption under FRS 8 Related Party Disclosures, not to disclose related party transactions between companies which are owned 100% within the group.

**10. POST BALANCE SHEET EVENTS**

On 12 February 2015, the entire share capital of Telepo Limited, Mitel Sweden AB and Mitel Spain SL was transferred to the company by way of capital distribution for £10,779,000, £11,373,000 and £6,835,000, respectively.

On 27 April 2015, Aastra Telecom Europe A/S declared a dividend of £199,500,000, reducing the loan note to Mitel Europe Limited by this amount.

**11. PARENT UNDERTAKING AND ULTIMATE CONTROLLING PARTY**

In the directors' opinion, the parent undertaking and ultimate controlling party is Mitel Networks Corporation, a company registered in Canada and whose common shares are traded on the NASDAQ stock exchange.

Mitel Networks Corporation is the smallest and largest group for which consolidated financial statements are prepared. Copies of the financial statements of Mitel Networks Corporation are available from 350 Leggett Drive, Ottawa, Ontario, K2K 2W7.