

Elenia Finance (SPPS) S.à r.l.

Société à responsabilité limitée

Annual accounts

As at 31 December 2015

and

Independent auditor's report

Address of the registered office :

2, rue du Fossé

L-1536 Luxembourg

R.C.S. Luxembourg : B 181 775

Share capital: EUR 64,745,300.00

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Independent auditor's report

To the Shareholders of
Elenia Finance (SPPS) S.à r.l.
2, rue du Fossé
L-1536 Luxembourg

We have audited the accompanying annual accounts of Elenia Finance (SPPS) S.à r.l., which comprise the balance sheet as at 31 December 2015 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Managers' responsibility for the annual accounts

The Board of Managers is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts and for such internal control as the Board of Managers determines is necessary to enable the preparation and presentation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the "réviseur d'entreprises agréé"

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgment of the "réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the "réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the annual accounts 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Managers, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of Elenia Finance (SPPS) S.à r.l. as of 31 December 2015, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Ernst & Young
Société anonyme
Cabinet de révision agréé

A handwritten signature in blue ink, which appears to read 'O. Coekelbergs', is written over a horizontal blue line. A vertical blue line extends downwards from the right side of the signature, crossing the horizontal line.

Olivier Coekelbergs

Elenia Finance (SPPS) S.à r.l.
 Société à responsabilité limitée
Balance sheet as at 31 December 2015
 Expressed in EUR

	Notes	31 December 2015 EUR	31 December 2014 EUR
ASSETS			
Fixed assets		1,501.00	1,501.00
Financial fixed assets	4		
Securities and other financial instruments held as fixed assets	4.1	1,500.00	1,500.00
Loan and claims held as fixed assets	4.2	1.00	1.00
Current assets		60,897.08	23,850.57
Other receivables			
- becoming due and payable within one year		6,420.00	3,210.00
Cash at bank, cash in postal cheque accounts, cheques and cash in hand		54,477.08	20,640.57
TOTAL ASSETS		62,398.08	25,351.57
LIABILITIES			
Capital and reserves	5	19,447.73	806.57
Subscribed capital		64,745,300.00	64,745,300.00
Share premium and similar premiums		990,680,200.00	915,630,200.00
Profit or loss brought forward		(980,374,693.43)	-
Profit or loss for the financial year		(75,031,358.84)	(980,374,693.43)
Provisions		9,680.00	6,445.00
Non subordinated debts		33,270.35	18,100.00
Other creditors			
- becoming due and payable within one year		33,270.35	18,100.00
TOTAL LIABILITIES		62,398.08	25,351.57

The accompanying notes form part of these annual accounts.

Elenia Finance (SPPS) S.à r.l.

Société à responsabilité limitée

Profit and loss account for the year ended 31 December 2015

Expressed in EUR

		From 1 January 2015 to 31 December 2015 EUR	From 13 November 2013 to 31 December 2014 EUR
C H A R G E S	Notes		
Other external charges	6	28,123.84	40,249.43
Value adjustment and fair value adjustment in financial fixed assets	4.2	75,000,000.00	980,327,999.00
Income tax	7	3,210.00	6,420.00
Other taxes not included in the previous caption	7	25.00	25.00
TOTAL CHARGES		75,031,358.84	980,374,693.43
I N C O M E			
Loss for the financial year		75,031,358.84	980,374,693.43
TOTAL INCOME		75,031,358.84	980,374,693.43

The accompanying notes form part of these annual accounts.

NOTE 1 - GENERAL INFORMATION

Elenia Finance (SPPS) S.à r.l. (hereafter the 'Company') was incorporated on 13 November 2013 and organised under the laws of Luxembourg as a société à responsabilité limitée for an unlimited period. The registered office of the Company is established at 2, rue du Fossé L-1536 Luxembourg. The Company is registered with the "Registre de Commerce et des Sociétés" under RCS B 181 775.

The Company's object is the acquisition of participations, in Luxembourg or abroad, in any company or enterprise in any form whatsoever, and the management of those participations. The Company may in particular acquire, by subscription, purchase and exchange or in any other manner, any stock, shares and other participation securities, bonds, debentures, certificates of deposit and other debt instruments and, more generally, any securities and financial instruments issued by any public or private entity. It may participate in the creation, development, management and control of any company or enterprise. Further, it may invest in the acquisition and management of a portfolio of patents or other intellectual property rights of any nature or origin. The Company may use any techniques, legal means and instruments to manage its investments efficiently and protect itself against credit risks, currency exchange exposure, interest rate risks and other risks.

The Company may in particular advance, lend or deposit money or give credit, in any form whatsoever, to or with or to subscribe to or purchase any debt instrument issued by any Luxembourg or foreign entity on such terms as may be thought fit and with or without security. It may also issue guarantees or grant security in favour of third parties to guarantee the obligations of affiliate companies as well as non-affiliate companies. In addition to the foregoing, the Company can perform all legal, commercial, technical and financial investments or operation and in general, all transactions which are necessary or useful to fulfil its objects as well as all operations connected directly or indirectly to facilitating the accomplishment of its purpose in all areas described above. The Company shall not enter into any transaction, which would cause it to be engaged in any activity that would be considered as a regulated activity of the financial sector.

The Company may borrow in any form (provided that it cannot offer its securities to the public). It may enter into a type of loan agreement and it may issue notes, bonds, debentures, certificates, shares, beneficiary parts, warrants and any kind of debt or equity securities including under one or more issue programmes. The Company may lend funds including the proceeds of any borrowings and/or issues of securities to its subsidiaries, affiliated companies or to any other company.

The Company may carry out any commercial, industrial or financial activities which may deem useful in accomplishment of its purpose.

The Company's financial year starts on 1 January and ends on 31 December of each year except the first financial year which starts on 13 November 2013 and ends on the 31 December 2014.

The Company is included in the consolidated annual financial statements of Lakeside Network Investments S.à r.l. The registered office of that company is located at 2 rue du Fossé, L-1536 Luxembourg, and the consolidated financial statements are available at this address.

NOTE 2 - GOING CONCERN

A fundamental principle of the preparation of annual accounts in accordance with the Luxembourg legal and regulatory requirements relating to the preparation and presentation of annual accounts is the assumption that the entity will continue in existence as a going concern, which contemplates continuity of operations and the realization of assets and settlement of liabilities occurring in the ordinary course of business. This principle is applicable to all entities except for entities in liquidation or entities for which liquidation appears imminent. In accordance with this requirement, the Board of Managers' policy is to prepare the Company's annual accounts on a going concern basis unless it intends to liquidate or has no other alternative but to liquidate.

For the year ended 31 December 2015, the Company has incurred a loss of EUR 75,031,358.84 and has cumulative losses brought forward of EUR 980,374,693.43 which is due to the value adjustment of an amount of EUR 75,000,000.00 (2014: EUR 980,327,999.00) recorded on the value of Subordinated Profit Participation Securities. Consequently, the going concern of the activities of the Company is dependent on its future cash flows and profitable operations, as well as the continuous financial support from its sole shareholder.

On 22 February 2016, the sole shareholder of the Company confirmed that it will make available all such financial resources as are necessary to enable the Company to continue its normal operating activities and to meet its financial obligations as they arise.

The Board of Managers has therefore prepared these annual accounts under the assumption that the Company will continue on a going concern basis.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The annual accounts have been prepared in accordance with the Luxembourg legal and regulatory requirements ("Luxembourg GAAP"), notably with Title II of the law of 19 December 2002 relating to the accounting and the annual accounts of companies and to the register of commerce as amended. Accounting policies and valuation rules are, besides the ones set down by the Accounting Law, determined and applied by the Board of Managers of the Company.

3.2 Significant accounting policies

The main valuation rules applied by the Company are the following :

3.2.1 Financial fixed assets

Financial fixed assets represents securities and other financial instruments held as fixed assets and loan and claims held as fixed assets.

a) Securities and other financial instruments held as fixed assets

Securities and other financial instruments held as fixed assets are recorded in the balance sheet at their acquisition price less value adjustments for permanent impairment in value that are considered necessary in the opinion of the Board of Managers. The acquisition price includes charges and expenses in connection with the acquisition. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

b) Loan and claims held as fixed assets

Loan and claims held as fixed assets are accounted for at their nominal value. They are subject to value adjustments where their recovery is comprised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

3.2.2 Debtors

Debtors are accounted for at their nominal value. They are subject to value adjustments where their recovery is comprised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

3.2.3 Foreign currency translation

The annual accounts are presented in Euro ("EUR"). The balance sheet and the profit and loss account are expressed in this currency. Transactions expressed in currencies other than EUR are translated into EUR at the exchange rate effective at the time of the transaction. Cash at bank and in hand is translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss account of the year.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing, or approximating thereto, at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of these transactions are recognised in the accompanying profit and loss account. Losses arising from the translation of monetary assets and liabilities not denominated in EUR at year end exchange rates are also recognised in the profit and loss account.

3.2.4 Provisions

Provisions are intended to cover losses or debts, the nature of which is clearly defined and which, at the date of the balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date on which they will arise.

Provisions may also be created to cover charges which originate in the financial year under review or in a previous financial year, the nature of which is clearly defined and which at the date of the balance sheet are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date on which they will arise.

Provisions for taxation corresponding to the tax liability estimated by the Company for the financial years for which the tax return has not yet been filed are recorded under the caption "Provisions". The advance payments are shown on the assets side of the balance sheet under the "Other receivables" item.

3.2.5 Creditors

Creditors are recorded in the balance sheet at their reimbursement value.

NOTE 4 - FINANCIAL FIXED ASSETS

4.1. Securities and other financial instruments held as fixed assets

Name (registered office)	Ownership %	Annual accounts as at	Currency	Shareholders' equity EUR'000	Result for the year EUR'000
Elenia Holdings S.à r.l.* 2 rue du Fossé, Luxembourg	10.71%	31/12/2015	EUR	(85,427.00)	(25,274.00)

* Based on the audited consolidated financial statements of the investee company as of 31 December 2014 prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union (the "EU").

Name (registered office)	Acquisition costs as at 31.12.2014 EUR	Additions / (disposals) for the year EUR	Acquisition costs as at 31.12.2015 EUR	Value adjustments as at 31.12.2014 EUR	Value adjustment / (Reversals) for year EUR	Value adjustments as at 31.12.2015 EUR	Net carrying value as at 31.12.2015 EUR
Elenia Holdings S.à r.l.* 2 rue du Fossé, Luxembourg	1,500.00	-	1,500.00	-	-	-	1,500.00
At the end of the period/ year	1,500.00	-	1,500.00	-	-	-	1,500.00

On 13 December 2013, the Company acquired 10.71% of Elenia Holdings S.à r.l. represented by 150,000 shares with an unitary value of EUR 0.01.

According to the Board of Managers, there is no permanent impairment in the value of the shares in affiliated undertakings.

4.2. Loan and claims held as fixed assets

The Company is part of a group of companies (the Group), which comprises, among others:

- (i) Elenia Holdings S.à r.l., a private limited liability company (société à responsabilité limitée) incorporated in Luxembourg,
- (ii) Elenia Oy, a private company incorporated with limited liability in Finland and a wholly owned subsidiary of Elenia Holdings S.à r.l. and
- (iii) Elenia Finance Oyj (the "Issuer"), a public company incorporated with limited liability in Finland and a wholly owned subsidiary of Elenia Oy. The Issuer is sole shareholder of the Company.

As part of the reorganization of the Group's financing arrangements carried out in December 2013 (the "Refinancing"), the Issuer (x) had established a EUR 3,000,000,000.00 multicurrency programme (the "Programme") for the issuance of a single class of bonds on terms set out in the prospectus dated 5 December 2013 and (y) had so far issued under the Programme several series of bonds having the following total principal amounts and maturities: (i) EUR 500,000,000.00 bonds maturing on 17 December 2020, (ii) EUR 150,000,000.00 bonds maturing on 17 December 2030, (iii) EUR 120,000,000.00 bonds maturing on 2 July 2026, (iv) EUR 20,000,000.00 bonds maturing on 17 July 2026, (v) EUR 25,000,000.00 bonds maturing on 4 August 2029 and (vi) EUR 13,000,000.00 maturing on 4 September 2034 and (z) had so far issued, by way of private placement, EUR 120,000,000.00 with a 3.75% Guaranteed Secured Senior Notes maturing on 2034.

The primary purpose of the Refinancing was to support the operational activities of the Group, therefore, the Issuer used the funds received under the above Refinancing to finance the equity of the Company and the Company used these funds for the subscription of the following Subordinated Profit Participating Securities ("SPPS") issued by Elenia Holdings S.à r.l..

- On 17 December 2013, the Company subscribed 64,732,800,000 SPPS with a nominal value of EUR 0.01 each for a total amount of EUR 647,328,000.00;
- On 2 July 2014, the Company subscribed 12,000,000,000 SPPS with a nominal value of EUR 0.01 each for a total amount of EUR 120,000,000.00;
- On 17 July 2014, the Company subscribed 2,000,000,000 SPPS with a nominal value of EUR 0.01 each for a total amount of EUR 20,000,000.00;
- On 30 July 2014, the Company subscribed 12,000,000,000 SPPS with a nominal value of EUR 0.01 each for a total amount of EUR 120,000,000.00;
- On 4 August 2014, the Company subscribed 2,500,000,000 SPPS with a nominal value of EUR 0.01 each for a total amount of EUR 25,000,000.00;
- On 4 September 2014, the Company subscribed 1,300,000,000 SPPS with a nominal value of EUR 0.01 each for a total amount of EUR 13,000,000.00;
- On 9 September 2014, the Company subscribed 3,500,000,000 SPPS with a nominal value of EUR 0.01 each for a total amount of EUR 35,000,000.00; and
- On 19 August 2015, the Company subscribed 7,500,000,000 SPPS with a nominal value of EUR 0.01 each for a total amount of EUR 75,000,000.00.

In accordance with the terms and condition of SPPS, the mandatory redemption date is agreed on the 99 anniversary of the date of issuance. On the mandatory redemption date Elenia Holdings S.à r.l. shall redeem all outstanding SPPS at a redemption price equal to the redemption value of the outstanding SPPS, but only to the extent that such payment does not leave Elenia Holdings S.à r.l. insolvent.

In accordance with the terms and condition of SPPS, the Company may at any time redeem all or part of SPPSs at a redemption price equal to the redemption value for each outstanding SPPS provided that:

- (I) the redemption price will be equal to the redemption value only to the extent that Elenia Holdings S.à r.l. will not be Insolvent after making payment of such redemption price and is not in a tax loss situation at that time;
- (II) the optional redemption is carried out in a manner such that, after the redemption, each Holder shall hold the same proportion of SPPSs to other shareholder instruments; and
- (III) to the extent Elenia Holdings S.à r.l. would have declared though not yet paid any yield on any date selected by the Board of Manager of Elenia Holdings S.à r.l. for making an optional redemption, Elenia Holdings S.à r.l. shall first proceed to the payment of such yield.

In accordance with the terms and condition of SPPS, the Company receives annually a yield equal to:

- a fixed coupon of 1% p.a. computed on the adjusted profit; and
- a variable coupon as determined by the Board of Managers of Elenia Holdings S.à r.l..

The yield shall be payable and due on the payment date and to be paid only if to the extent that:

- a- The yield has been declared by the Board of Managers of Elenia Holdings S.à r.l.;
- b- Elenia Holdings S.à r.l. is not in tax loss position; and
- c- Elenia Holdings S.à r.l. will not be insolvent after making the payment.

As of 31 December 2015, no yield has been declared by Elenia Holdings S.à r.l..

As at 31 December 2015, the Company has subscribed 105,532,800,000 SPPS (2014: 98,032,800,000 SPPS) with an aggregate nominal value of EUR 1,055,328,000.00 (2014: EUR 980,328,000.00).

As at 31 December 2015, the movement in SPPS is as follows:

	Acquisition costs as at 31.12.2014 EUR	Subscription / (Redemption) for the year EUR	Acquisition costs as at 31.12.2015 EUR	Value adjustment as at 31.12.2014 EUR	Reversal / (depreciation) for the year EUR	Value adjustment as at 31.12.2015 EUR	Net carrying value as at 31.12.2015 EUR
SPPS - issued by Elenia Holdings S.à r.l.	980,328,000.00	75,000,000.00	1,055,328,000.00	(980,327,999.00)	(75,000,000.00)	(1,055,327,999.00)	1.00
At the end of the year	980,328,000.00	75,000,000.00	1,055,328,000.00	(980,327,999.00)	(75,000,000.00)	(1,055,327,999.00)	1.00

NOTE 4 - FINANCIAL FIXED ASSETS (CONTINUED)

During the year ended 31 December 2015, the Board of Managers assessed the recoverability of SPPS and decided to record a permanent impairment in the value of SPPS for an amount of EUR 75,000,000.00 (2014: EUR 980,327,000.00).

NOTE 5 - CAPITAL AND RESERVES

5.1 Subscribed capital

The Company was incorporated on 13 November 2013 with a subscribed and fully paid-up capital of EUR 12,500,00 represented by 1,250,000 shares at a nominal value of EUR 0.01 each.

On 17 December 2013, the Sole Shareholder resolves to increase the share capital of the Company by an amount of EUR 64,732,800.00 in order to bring it from its present amount of EUR 12,500.00 to EUR 64,745,300.00 by way of issuance of the 6,473,280,000 new shares. The Sole Shareholder acknowledges that the cash payment in consideration for the issuance of the new shares in the aggregate amount of EUR 647,328,000.00 should be allocated as follows:

- (i) an amount of EUR 64,732,800.00 to the share capital account of the Company; and
- (ii) an amount of EUR 582,595,200.00 to the share premium account of the Company.

As of 31 December 2015, the subscribed capital of the Company is divided into 6,474,530,000 shares fully paid-up with a nominal value of EUR 0.01 each.

5.2 Share premium and similar premiums

Apart from the allocation of the amount from the issuance of shares to share premium as mentioned above, the Sole Shareholder has made the following contributions:

- On 2 July 2014, Sole Shareholder contributed an amount of EUR 120,035,000.00;
- On 30 July 2014, Sole Shareholder contributed an amount of EUR 120,000,000.00;
- On 4 September 2014, Sole Shareholder contributed an amount of EUR 13,000,000.00;
- On 17 July 2014, Sole Shareholder contributed an amount of EUR 20,000,000.00;
- On 4 August 2014, Sole Shareholder contributed an amount of EUR 25,000,000.00;
- On 9 September 2014, Sole Shareholder contributed an amount of EUR 35,000,000.00; and
- On 19 August 2015, Sole Shareholder contributed an amount of EUR 75,050,000.00.

The Company has recorded this contribution as a non-share equity contribution under Share premium and similar premiums (account 115 of the plan comptable Luxembourg dated 10 June 2010; capital contribution without the issuance of new shares in the Company ("Capital Surplus Amount")).

As of 31 December 2015, the share premium and similar premiums account of the Company is EUR 990,680,200.00 (2014: EUR 915,630,200.00).

5.3 Legal reserve

In accordance with the Luxembourg law, the Company is required to allocate to a legal reserve a minimum of 5% of the annual net income, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed. No appropriation is required for the year ended 31 December 2015.

5.4 Movements for the year

	Subscribed capital	Share premium and similar premiums	Legal reserve	Profit or loss brought forward	Profit or loss for the financial year
	EUR	EUR	EUR	EUR	EUR
As at 1 January 2014	64,745,300.00	915,630,200.00	-	-	(980,374,693.43)
Movements for the year					
- Allocation of prior period's result	-	-	-	(980,374,693.43)	980,374,693.43
- Dividends distribution	-	-	-	-	-
- Result of the year	-	-	-	-	(75,031,358.84)
- Capital contribution without the issuance of new shares	-	75,050,000.00	-	-	-
As at 31 December 2015	64,745,300.00	990,680,200.00	-	(980,374,693.43)	(75,031,358.84)

NOTE 6 - RELATED PARTY TRANSACTIONS

The Company entered into a Partnership Agreement as a Silent Partner with GS Lux Management Services S.à r.l. relating to the sharing of costs for certain material, administrative support and facilities. Accordingly, GS Lux Management Services S.à r.l. has charged to the Company an amount of EUR 8,672.84 (2014: EUR 14,000) in relation to the services provided for the year ended 31 December 2015. These expenses are included under the caption "other external charges" in the profit and loss account.

As at 31 December 2015, the Company has subscribed 105,532,800,000 SPPS (2014: 98,032,800,000 SPPS) with an aggregate nominal value of EUR 1,055,328,000.00 (2014: EUR 980,328,000.00) issued by the related party. For further details refer Note 4.2.

NOTE 7 - TAX STATUS

The Company is subject to all taxes applicable to commercial companies in Luxembourg.

NOTE 8 - OFF-BALANCE SHEET COMMITMENTS

The Company had provided its assets as security for and guaranteed (the Existing Guarantees and Security Interests) the payment of all amounts due in respect of SPPS issued by Elenia Holdings S.à r.l. under the Programme and notes issued and offered by way of private placements (including the PP Notes) and any other amounts outstanding under the applicable finance and security documents entered into by the Company in connection with the Refinancing.

The initial 1,250,000 shares subscribed by the sole shareholder of the Company at the incorporation have been pledged in favour of Crédit Agricole Corporate and Investment Banking, acting for itself and in favour for the account of secured parties pursuant to a Share Pledge Agreement dated 27 November 2013 between Elenia Finance Oyj as pledgor and Citicorp Trustee Company Limited as Security agent. On 16 December 2013, the share pledge agreement has been released, in accordance with the terms of a deed of release signed on that date between the parties.

The additional 6,473,280,000 shares subscribed on 17 December 2013 by the sole shareholder of the Company have been pledged in favour of Citicorp Trustee Company Limited, acting for itself and on behalf of the secured creditors, pursuant to a Share Pledge Agreement dated 17 December 2013 between Elenia Finance Oyj as pledgor and Citicorp Trustee Company Limited as Security trustee.

NOTE 9 - SUBSEQUENT EVENTS

No subsequent event needs to be reported in the annual accounts for the fiscal year ended 31 December 2015.