

TRANSMODE (UK) LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2015**

**The MGroup Partnership
Registered Auditors
Cranbrook House
287-291 Banbury Road, Oxford
OX2 7JQ**

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Company Registration Number: 04968653

TRANSMODE (UK) LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

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TRANSMODE (UK) LIMITED

COMPANY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2015

DIRECTORS

K Thedeen
J Wilsby (resigned 31 July 2015)
S Karlsson (appointed 1 August 2015)

SECRETARY

The company does not have an appointed secretary

REGISTERED OFFICE

Cranbrook House
287-291 Banbury Road
Oxford
OX2 7JQ

COMPANY REGISTRATION NUMBER

04968653 England and Wales

AUDITORS

The MGroup Partnership
Registered Auditors
Cranbrook House
287-291 Banbury Road
Oxford
OX2 7JQ

TRANSMODE (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their annual report with the audited financial statements of the company for the year ended 31 December 2015.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the management of certain contracts for optical networking undertaken by the immediate parent company, Transmode Systems AB.

RISKS AND UNCERTAINTIES

As with many businesses, the company is exposed to macroeconomic factors of an uncertain nature such as changes in inflation and interest rates, consumer spending patterns and levels of disposable income.

FUTURE DEVELOPMENTS

It is intended that the company will cease to trade and will be wound up within the next twelve months.

DIRECTORS

The following directors held office during the year:

K Thedeen

J Wilsby (resigned 31 July 2015)

S Karlsson (appointed 1 August 2015)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' 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 (Financial Reporting Standard 102). 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 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 estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

TRANSMODE (UK) LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015**

STATEMENT OF DIRECTORS' RESPONSIBILITIES (continued...)

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.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

The directors confirm that so far as they are aware, there is no relevant audit information of which the auditor is unaware. The directors have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

SPECIAL EXEMPTION

The above report is prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

BY ORDER OF THE BOARD OF DIRECTORS



S Karlsson
Director

Date approved by the board:

June 29, 2016

TRANSMODE (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRANSMODE (UK) LIMITED FOR THE YEAR ENDED 31 DECEMBER 2015

TO THE MEMBERS OF TRANSMODE (UK) LIMITED

We have audited the financial statements of Transmode (UK) Limited for the year ended 31 December 2015 which comprise the Profit and Loss Account, the Balance Sheet, Statement of Changes in Equity and the related notes. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 THE DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibility Statement set out on pages 2 and 3, 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 (APB'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 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 Directors' 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.

BASIS FOR QUALIFIED OPINION ON THE FINANCIAL STATEMENTS

The vacation reserve accrual included within the accounts as at 31 December 2014 totalled £77,134 and the accrual as at 31 December 2015 totalled £114,779. These amounts have been included within Note 10 of the financial statements within other creditors.

The financial statements of Transmode (UK) Limited for the year ended 31 December 2014 were not audited and we have not been able to satisfy ourselves as to whether the vacation reserve accrual at that date was materially misstated in the accounts.

We have been able to obtain sufficient audit evidence in respect of the number of outstanding vacation days as at 31 December 2015 and based on this evidence the vacation reserve accrual is materially overstated at this date within the accounts.

TRANSMODE (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRANSMODE (UK) LIMITED FOR THE YEAR ENDED 31 DECEMBER 2015

QUALIFIED OPINION ON FINANCIAL STATEMENTS

In our opinion, except for the effect of the adjustments, if any, which we might have determined to be necessary had we been able to audit the opening vacation days as described in the Basis for Qualified Opinion paragraph, the financial statements give a true and fair view, in all material respects, of the financial performance of Transmode (UK) Limited for the year ended 31 December 2015, in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

EMPHASIS OF MATTER

We draw attention to Note 2 of the financial statements, which explains why the financial statements have not been drawn up on the going concern basis. Our opinion is not modified in respect of this matter.

OTHER MATTER

The financial statements of the company for the year ended 31 December 2014, forming the corresponding figures in these financial statements for the year ended 31 December 2015, are not audited because the company took advantage of S479A subsidiary companies audit exemption in the prior period.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year 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.



PD Smith (Senior Statutory Auditor)

For and on behalf of
THE MGROUPE PARTNERSHIP
STATUTORY AUDITORS
Cranbrook House
287-291 Banbury Road
Oxford
OX2 7JQ
22 September 2016

TRANSMODE (UK) LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2015**

| | Notes | 2015 £ | 2014 £ |
|------------------------------------------------------|-------|-----------|-----------|
| TURNOVER | 3 | 2,733,814 | 2,548,900 |
| Cost of sales | | 2,489,005 | 2,313,497 |
| GROSS PROFIT | | 244,809 | 235,403 |
| Administrative expenses | | 95,474 | 91,773 |
| OPERATING PROFIT | 4 | 149,335 | 143,630 |
| Other interest receivable and similar income | | - | 167 |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 149,335 | 143,797 |
| Tax on profit or loss on ordinary activities | 7 | 39,274 | 41,884 |
| PROFIT FOR THE FINANCIAL YEAR | 14 | 110,061 | 101,913 |

There were no acquisitions and no discontinued operations in either of the years.

The only recognised gains or losses for both periods are the profits reported above.

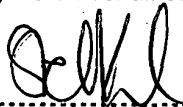
TRANSMODE (UK) LIMITED

**BALANCE SHEET
AS AT 31 DECEMBER 2015**

| | Notes | 2015 £ | 2014 £ |
|-------------------------------------------------------|-------|----------------|----------------|
| CURRENT ASSETS | | | |
| Debtors | 9 | 516,302 | 370,193 |
| Cash at bank and in hand | | 132,753 | 90,411 |
| | | <u>649,055</u> | <u>460,604</u> |
| CREDITORS: Amounts falling due within one year | 10 | 436,203 | 357,813 |
| | | <u>212,852</u> | <u>102,791</u> |
| NET CURRENT ASSETS | | <u>212,852</u> | <u>102,791</u> |
| NET ASSETS | | <u>212,852</u> | <u>102,791</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 13 | 1 | 1 |
| Profit and loss account | 14 | 212,851 | 102,790 |
| SHAREHOLDER'S FUNDS | | <u>212,852</u> | <u>102,791</u> |

The financial statements were approved by the Board of Directors on

Signed on behalf of the board of directors



S Karlsson
Director

Date approved by the board:

June 29, 2016

TRANSMODE (UK) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

| | Called up share capital £ | Profit and loss account £ | Total £ |
|---------------------|----------------------------------------------|----------------------------------------------|--------------------|
| At 1 January 2014 | 1 | 205,877 | 205,878 |
| Profit for the year | - | 101,913 | 101,913 |
| Dividends paid | - | (205,000) | (205,000) |
| At 31 December 2014 | 1 | 102,790 | 102,791 |
| Profit for the year | - | 110,061 | 110,061 |
| At 31 December 2015 | 1 | 212,851 | 212,852 |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

1 COMPANY INFORMATION

Transmode (UK) Limited is a company domiciled in England and Wales, registration number 04968653. The registered office is Cranbrook House, 287-291 Banbury Road, Oxford, OX2 7JQ.

2 STATEMENT OF ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102)", and with the Companies Act 2006. There were no material departures from these standards.

This is the first year in which financial statements have been prepared under FRS 102. Refer to note 17 for an explanation of the transition.

The financial statements are presented in Sterling (£).

These financial statements have adopted the following disclosure exemptions as its results are incorporated within the publicly available group consolidated financial statements. Further details about the consolidated accounts can be found in Note 16:

- the requirement to present a statement of cashflows and related notes;
- the requirement to disclose inter-group transactions;
- financial instruments disclosures including:
 - categories of financial instruments;
 - items of income, expenses, gains or losses relating to financial instruments, and
 - exposure to and management of financial risks.

The following is a summary of the significant accounting policies adopted by the company in the preparation of the financial statements.

Going concern

The accounts have not been drawn up on a going concern basis as it is intended that the company will be wound up within the next twelve months.

Turnover

Turnover represents the amounts, excluding value added tax, receivable during the year for the provision of contract management services to Transmode Systems AB. The company recognises revenue on a cost plus basis, based on the level of expenses incurred during the year in delivering contract management services to Transmode Systems AB.

2 STATEMENT OF ACCOUNTING POLICIES (Continued)

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Trade and other debtors

Short term debtors are measured at transaction price, less any impairment.

Trade and other creditors

Short term trade creditors are measured at the transaction price.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods based on current tax rates and laws.

Deferred taxation is the taxation attributable to timing differences between profits computed for taxation purposes and profits as stated in the financial statements and is fully provided for, except in circumstances where losses are deemed irrecoverable, at the average tax rates that are expected to apply when the timing differences reverse, based on current tax rates and laws.

Pensions

The company operates a defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the amount payable in the year. Differences between contributions payable and contributions actually paid in the year are shown as either accruals or prepayments in the balance sheet.

Provisions for liabilities

The company recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward. The provision is measured at the salary cost payable for the period of absence.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

2 STATEMENT OF ACCOUNTING POLICIES (continued...)

Foreign currencies

Transactions in foreign currencies are translated at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rate of exchange prevailing at that date. Exchange differences are taken into account in arriving at the operating profit or loss.

3 TURNOVER

| | 2015 | 2014 |
|--------------------------------------------------------------|------------------|------------------|
| | £ | £ |
| The analysis of turnover by geographical area is as follows: | | |
| Europe | 2,733,814 | 2,548,900 |
| | <u>2,733,814</u> | <u>2,548,900</u> |

4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

| | 2015 | 2014 |
|------------------------------------------------------------------------------------|---------------|---------------|
| | £ | £ |
| The profit on ordinary activities before taxation is stated after charging: | | |
| Company contributions to employee pension schemes | 114,633 | 108,056 |
| Auditors' remuneration - audit fees | 3,950 | - |
| Non audit and accountancy fees | 33,713 | 34,608 |
| | <u>33,713</u> | <u>34,608</u> |
| Non audit and accountancy fees comprise the following: | | |
| Auditors' remuneration - non audit fees | 2,800 | 3,500 |
| Fees relating to tax advisory and share options | 3,493 | 2,532 |
| Payroll fees | 5,210 | 5,516 |
| Management accounts | 22,210 | 23,060 |
| | <u>33,713</u> | <u>34,608</u> |

TRANSMODE (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015****5 STAFF COSTS**

| | 2015 Number | 2014 Number |
|------------------------------------------------------------------------------------------|------------------------|------------------------|
| Average number of persons employed by the company, including directors, during the year: | | |
| Sales | 14 | 15 |
| | 14 | 15 |
| | 2015 £ | 2014 £ |
| Staff costs incurred during the year in respect of these employees were: | | |
| Wages and salaries | 1,692,749 | 1,634,328 |
| Social security costs | 237,826 | 183,970 |
| Other pension costs | 114,633 | 108,056 |
| | 2,045,208 | 1,926,354 |

6 PENSION COSTS

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. During the year, the company made pension contributions of £114,633 (2014 - £108,056) on behalf of its employees. At the year end, there were contributions owing to the pension scheme of £17,783 (2014 - £8,420).

TRANSMODE (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

7 TAXATION ON ORDINARY ACTIVITIES

| | 2015 | 2014 |
|-------------------------------------------------|---------------|---------------|
| | £ | £ |
| Corporation tax charge | 39,245 | 37,492 |
| Corporation tax adjustment regarding prior year | 29 | 4,392 |
| | <u>39,274</u> | <u>41,884</u> |
| Tax on profits on ordinary activities | <u>39,274</u> | <u>41,884</u> |

The taxation charge for 2015 was calculated at 20.24% (2014 - 21.33%.)

Reconciliation of current tax charge

| | | |
|---------------------------------------------------------------|----------------|----------------|
| Profit on ordinary activities before taxation | 149,335 | 143,797 |
| | <u>149,335</u> | <u>143,797</u> |
| Profit on ordinary activities by rate of tax 20% (2014 - 21%) | 29,867 | 30,197 |
| Expenses not deductible for tax purposes | 8,912 | 6,608 |
| Loss utilised during the year | - | - |
| Effect of rate change | 479 | 833 |
| Marginal relief | (13) | (146) |
| Adjustment to tax charge in respect of previous periods | 29 | 4,392 |
| | <u>39,274</u> | <u>41,884</u> |

8 DIVIDENDS

| | 2015 | 2014 |
|----------------------------------|-------------|----------------|
| | £ | £ |
| Dividend paid on ordinary shares | - | 205,000 |
| | <u>-</u> | <u>205,000</u> |

9 DEBTORS

| | 2015 | 2014 |
|------------------------------------------------|----------------|----------------|
| | £ | £ |
| Amounts owed from group undertakings (Note 15) | 503,140 | 359,730 |
| Other debtors | 13,162 | 10,463 |
| | <u>516,302</u> | <u>370,193</u> |

10 CREDITORS: amounts falling due within one year

| | 2015 | 2014 |
|------------------------------------|----------------|----------------|
| | £ | £ |
| Corporation tax | 39,245 | 37,492 |
| Other taxation and social security | 98,995 | 78,212 |
| Accruals and deferred income | 49,963 | 28,904 |
| Other creditors | 248,000 | 213,205 |
| | <u>436,203</u> | <u>357,813</u> |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

11 SHARE BASED PAYMENTS

On 22 May 2013, the ultimate parent undertaking, Transmode Holding AB, established an unapproved share option scheme (Long Term Incentive Plan), of which 7 (2014 - 8) employees of Transmode (UK) Limited are part of. The employees are required to make monthly contributions from their salaries during the first 12 months with which they can purchase shares at market value. At the end of the scheme (31 May 2016) providing certain conditions have been met, the employees will receive free performance and matching shares in proportion to the number of shares they have purchased.

In order for the matching and performance conditions to be satisfied, the employee must remain an employee until the end of the vesting period and an average operating margin of at least 8% must be achieved over the 3 years.

At the beginning of the year, the number of shares which had been purchased by the UK employees totalled 2,872 at an average cost of £8.20 per share. During the year no further shares were purchased. The number of shares forfeited during the period was 385 (2014 - 212), which were valued at an average cost of £8.20 per share (2014 - £8.22). The maximum number of matching shares that will be awarded to UK employees will be 2,487 and it is anticipated that no performance shares will be awarded. The estimated exercise price is £8.75 per share.

The maximum number of shares available within the scheme as a whole (i.e. including all other group companies) is 125,220.

The liability imposed on Transmode (UK) Limited is limited to the social security charges that finally rests upon the company according to law. The holders are liable for all other social security charges arising and all tax costs associated with the warrants.

On 13 May 2014, the ultimate parent undertaking, Transmode Holding AB, established another unapproved share option scheme (Long Term Incentive Plan), of which 8 (2014 - 9) employees of Transmode (UK) Limited are part of. The employees are required to make monthly contributions from their salaries during the first 12 months with which they can purchase shares at market value. At the end of the scheme (31 May 2017) providing certain conditions have been met, the employees will receive free performance and matching shares in proportion to the number of shares they have purchased.

In order for the matching and performance conditions to be satisfied, the employee must remain an employee until the end of the vesting period and an average operating margin of at least 8% must be achieved over the 3 years.

At the beginning of the year, the number of shares which had been purchased by the UK employees totalled 1,665 at a cost of £4.74 per share. The number of shares purchased by the UK employees during the year totalled 1,567 at a cost of £8.75 per share. 167 shares were forfeited during the year at a cost of £4.74. The maximum number of matching shares that could be awarded to UK employees is 3,065 and the maximum number of performance shares is 6,750. The estimated exercise price is £8.75 per share.

The maximum number of shares available within the scheme as a whole (i.e. including all other group companies) is 136,457.

TRANSMODE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

11 SHARE BASED PAYMENTS (Continued)

The liability imposed on Transmode (UK) Limited is limited to the social security charges that finally rests upon the company according to law. The holders are liable for all other social security charges arising and all tax costs associated with the warrants.

During the year, there was a change of ownership of Transmode AB. In accordance with the terms of the Long Term Incentive Plans, the employees' accumulated rights to matching shares vested at the date that the ownership changed and all future rights lapsed including all of the employees' rights to performance shares. As a result, the company paid a total of £25,616 to its employees in respect of their rights to matching shares and this amount has been accounted for within salary costs. At 31 December 2015, the company had no outstanding liabilities in respect of the above Long term Incentive Plans.

12 PROVISIONS FOR LIABILITIES

| | |
|--------------------------|-------------|
| Leave pay | 2015 |
| | £ |
| At 1 January 2015 | 77,134 |
| Transfer during the year | 37,645 |
| | <hr/> |
| At 31 December 2015 | 114,779 |

The leave pay provision represents holiday balances accrued as a result of services rendered in the current period and which employees are entitled to carry forward. The provision is measured as the salary cost payable for the period of absence.

13 SHARE CAPITAL

| | Nominal value | Number | 2015 | 2014 |
|--------------------------------------------|----------------------|---------------|---------------|---------------|
| | £ | | £ | £ |
| Allotted, called up and fully paid: | | | | |
| Ordinary share | 1 | 1 | <hr/> 1 <hr/> | <hr/> 1 <hr/> |

Called up share capital - represents the nominal value of shares that have been issued.

14 PROFIT AND LOSS ACCOUNT

| | 2015 | 2014 |
|-------------------------------|-------------|-------------|
| | £ | £ |
| Balance brought forward | 102,790 | 205,877 |
| Profit for the financial year | 110,061 | 101,913 |
| Dividends (Note 8) | - | (205,000) |
| | <hr/> | <hr/> |
| Balance carried forward | 212,851 | 102,790 |

Profit and loss account - includes all current and prior period retained profits and losses.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

15 RELATED PARTY TRANSACTIONS

During the year, the following transactions with related parties took place:

| Party and relationship | Description of transaction and amounts |
|-------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mr K Thedeen | Mr K Thedeen, a director of Transmode (UK) Limited is also the Chief Executive Officer and director of Transmode Systems AB, Transmode (UK) Limited's immediate parent company. |

Included within Note 9 is an amount owed from Transmode Systems AB, the company's immediate parent undertaking, totalling £503,140 (2014 - £359,730).

The company has taken advantage of the exemption in Financial Reporting Standard 102 to disclose transactions with other group companies as 100% of its voting rights are controlled within the group and its results are included in the consolidated financial statements of its ultimate controlling party Infinera Corporation.

16 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is Transmode Systems AB.

The ultimate parent undertaking and controlling party is Infinera Corporation, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Infinera Corporation was incorporated in America. Copies of the consolidated financial statements of Infinera Corporation can be obtained from 140 Caspian Street, Sunnyvale, California 94089.

17 RECONCILIATIONS ON ADOPTION OF FRS 102

These financial statements for the year ended 31 December 2015 are the first financial statements that comply with FRS 102. The date of transition to FRS 102 is 1 January 2014.

| | | |
|------------------------------------------|--------------------|--------------------|
| Profit and loss | | 2014 |
| | | £ |
| Profit for the year under former UK GAAP | | 101,913 |
| | | <hr/> |
| Profit for the year under FRS 102 | | 101,913 |
| | | <hr/> |
| Balance sheet | At 01/01/14 | At 31/12/14 |
| | £ | £ |
| Equity under former UK GAAP | 205,877 | 102,790 |
| | <hr/> | <hr/> |
| Equity under FRS 102 | 205,877 | 102,790 |
| | <hr/> | <hr/> |