

Prysmian UK Group Limited

Annual Report and Financial Statements for the year ended 31 December 2017

Prysmian
Group



Prysmian UK Group Limited

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Prysmian UK Group Limited

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr J L L Roberts
Mr L Caserta
Mr G Zancan

COMPANY SECRETARY

Mr C Briggs

REGISTERED OFFICE

Chickenhall Lane
Eastleigh
Hampshire
England
SO50 6YU

INDEPENDENT AUDITORS

Ernst & Young LLP
Statutory Auditors
Wessex House, 19 Threefield Lane
Southampton, Hampshire SO14 3QB
United Kingdom

Prysmian UK Group Limited

STRATEGIC REPORT for the year ended 31 December 2017

The directors present their strategic report and the audited financial statements for the year ended 31 December 2017.

Principal Activities

The principal activity of the company is to conduct business as an investment holding company.

Going Concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the annual report and accounts.

Business Review

The company is a wholly owned subsidiary of Draka Holding N.V. as at 31 December 2017.

The company operates as a holding company and, as such, its performance depends upon that of its' subsidiaries - for which a full business review is contained within the financial statements of each entity.

The company has reported a loss in 2017 of £1.2m (2016: loss of £0.3m). In March 2016 agreement was reached on an outstanding claim relevant to the original purchase of Prysmian Powerlink Services Limited. Cash of £2.1m was received by the company under the terms of the original purchase price agreement. Interest payable on loans has reduced year on year due to a lower interest rate on borrowings and interest receivable has reduced due to the settlement of a loan to group undertakings.

As part of a reorganisation of the operating companies within the Prysmian group of companies, the subsidiary, Prysmian Cables and Systems Ltd, acquired the business and assets of the subsidiary, Draka Distribution Aberdeen Limited, on 31 December 2016. Draka Distribution Aberdeen Limited is now acting as an agent of Prysmian Cables and Systems Ltd.

During 2016 the ultimate parent company, Prysmian SpA, continued its' share ownership plan called YES - Your Employee Shares. It was implemented in the U.K. through Prysmian UK Group Limited. Anyone who is an employee of a Prysmian UK Group company is eligible to join the Plan, subject to a six month qualifying period of service. The plan was launched in October 2013 and allows eligible employees to make regular contributions toward the purchase of shares in Prysmian SpA, during what is termed an accumulation period. The employee contributions have been paid into a Trust set up for the purpose. There are three accumulation periods over a three year period, the final one ending in April 2019. Prysmian SpA provides free matching shares according to the number of shares purchased by the employee. The relevant disclosures can be found in the financial statements of the Company's subsidiaries.

Prysmian UK Group Limited

STRATEGIC REPORT (continued) for the year ended 31 December 2017

Business Review (continued)

The directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the company.

Future Developments

The Company will continue as a holding company for the Prysmian group in the UK.

Principal Risks and Uncertainties

As a holding company, the principal risks and uncertainties facing the company are those which are related to investments.

The company is exposed to the risk of deterioration in business performance in its Group undertakings which may have an adverse effect on the carrying value of the Company's investments.

The Strategic Report was approved by the Board of Directors on 14 June 2018 and signed on its behalf by:



L Caserta
Director
14 June 2018

Prysmian UK Group Limited

DIRECTORS' REPORT for the year ended 31 December 2017

The directors present their report and the audited financial statements for the year ended 31 December 2017.

Results and Dividends

The company recorded a £1.249m loss for the year ended 31 December 2017 (2016: £0.270m loss). No dividend is proposed (2016: Nil) or has been paid in the year (2016: Nil).

Future Developments

Information regarding the future developments of the company can be found in the strategic report.

Financial Risk Management

The company is a wholly owned subsidiary within the international Prysmian Group and its financial risks are managed so as to limit the adverse effects on the performance of the company, taking into account the company's position as part of the global group with due consideration being given to the impact of transactions with other global group entities.

The company actively monitors the gearing ratios and also the availability of debt finance compared to requirements in order to ensure that the company and its subsidiaries have sufficient available funds for operations. The company and its subsidiaries have access to Prysmian group funding to mitigate this risk.

Going Concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the annual report and accounts.

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements are shown on page 1. All the directors held office throughout the year.

Directors' qualifying third party and pension indemnity provisions

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by section 234 of the Companies Act 2006. The indemnity was in force throughout the year and is currently in force. The Prysmian Group also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of the Company and its Directors.

Prysmian UK Group Limited

DIRECTORS' REPORT (continued) for the year ended 31 December 2017

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), 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;
- state whether applicable UK Accounting Standards comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; 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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of Information to Auditors

Each of the persons who is a director of the company at the date when this report is approved confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- he has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Prysmian UK Group Limited

DIRECTORS' REPORT (continued) for the year ended 31 December 2017

Disclosure of Information to Auditors (continued)

The auditors, Ernst & Young LLP have indicated their willingness to continue in office and a resolution for their reappointment will be proposed at Annual General Meeting.

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



L Caserta
Director
14 June 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRYSMIAN UK GROUP LIMITED

Opinion

We have audited the financial statements of Prysmian UK Group Limited for the year ended 31 December 2017 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 13, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2017 and of its loss for the year 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRYSMIAN UK GROUP LIMITED (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRYSMIAN UK GROUP LIMITED
(continued)

Responsibilities of directors (continued)

the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.

Ernst & Young LLP

Geraint Davies (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Southampton

Date: *14 June 2018*

Prysmian UK Group Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2017

| | Note | 2017 £000 | 2016 £000 |
|---|------|----------------------|----------------------|
| Net administrative income/(expenses) | 5 | 9 | (37) |
| Impairment of investment | 8 | (220) | - |
| Income from other fixed asset investments | 8 | 1,870 | 2,114 |
| Profit on ordinary activity before interest and taxation | | 1,659 | 2,077 |
| Interest receivable and similar income | 6 | 2 | 9 |
| Interest payable and similar charges | 6 | (3,600) | (3,520) |
| Loss on ordinary activities before taxation | | (1,939) | (1,434) |
| Tax on loss on ordinary activities | 7 | 690 | 1,164 |
| Loss for the financial year | | (1,249) | (270) |

All amounts relate to continuing operations. There is no material difference between the loss on ordinary activities before taxation and the loss on ordinary activities for the financial year stated above and their historical cost equivalents.

Prysmian UK Group Limited

STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2017

| | 2017 £000 | 2016 £000 |
|---|-----------------------|----------------------|
| Loss for the financial year | <u>(1,249)</u> | <u>(270)</u> |
| Total comprehensive expense for the year | <u><u>(1,249)</u></u> | <u><u>(270)</u></u> |

Prysmian UK Group Limited

BALANCE SHEET as at 31 December 2017

| | Note | 2017 £000 | 2016 £000 |
|---|------|-----------------|----------------|
| Fixed assets | | | |
| Investments | 8 | 297,809 | 298,029 |
| Current assets | | | |
| Debtors: amounts falling due within one year | 9 | 1,072 | 1,592 |
| Cash at bank and in hand | | 1 | 1 |
| | | <u>1,073</u> | <u>1,593</u> |
| Creditors: amounts falling due within one year | 10 | (11,077) | (10,568) |
| Net current liabilities | | <u>(10,004)</u> | <u>(8,975)</u> |
| Total assets less current liabilities | | 287,805 | 289,054 |
| Creditors: amounts falling due after more than one year | 10 | (121,397) | (121,397) |
| Net assets | | <u>166,408</u> | <u>167,657</u> |
| Capital and reserves | | | |
| Called up share capital | 11 | 70,011 | 70,011 |
| Share premium account | | 109,195 | 109,195 |
| Profit and loss account | | (12,798) | (11,549) |
| Total shareholders' funds | | <u>166,408</u> | <u>167,657</u> |

The financial statements on pages 9 to 20 of Prysmian UK Group Limited (company number: 8015886) were approved by the Board of directors on 14 June 2018 and signed on its behalf by:

Signed on behalf of the Board of directors


L Caserta
Director

Prysmian UK Group Limited

STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2017

| | Called Up Share Capital £000 | Share Premium £000 | Profit and loss account £000 | Total £000 |
|--|---|-----------------------------------|---|-----------------------|
| Balance at 1 January 2016 | 70,011 | 109,195 | (11,279) | 167,927 |
| Comprehensive expense for the financial year | - | - | (270) | (270) |
| Balance at 31 December 2016 | <u>70,011</u> | <u>109,195</u> | <u>(11,549)</u> | <u>167,657</u> |
| Comprehensive expense for the financial year | - | - | (1,249) | (1,249) |
| Balance at 31 December 2017 | <u>70,011</u> | <u>109,195</u> | <u>(12,798)</u> | <u>166,408</u> |

Prysmian UK Group Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017

1. General Information

The Company is a wholly-owned subsidiary of Draka Holding B.V. and is included in the consolidated financial statements of Prysmian SpA, which are publicly available.

The company is a private company limited by shares and is incorporated and domiciled in England. The address of its' registered office is Chickenhall Lane, Eastleigh, Hampshire, SO50 6YU.

2. Statement of Compliance

The financial statements of Prysmian UK Group Limited have been prepared in compliance with 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 the Companies Act 2006.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements is set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements.

Basis of Preparation

The financial statements have been prepared on the going concern basis, under the historical cost convention.

Going Concern

The Group has considerable financial resources together with long-term contracts with a number of customers and suppliers across different geographic areas and industries. As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the annual report and accounts.

Exemptions for qualifying entities under FRS 102

The Company is a wholly owned subsidiary company of a group headed by Prysmian SpA, and is included in the consolidated financial statements of that company, which are publicly available.

The Company has taken advantage of the exemption, under FRS102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company includes the company's cash flows in its own consolidated financial statements. See note 13 for details of the ultimate parent company and from where its consolidated financial statements may be obtained.

Prysmian UK Group Limited

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2017

3. Summary of significant accounting policies (continued)

Consolidated Financial Statements

As the Company is a wholly-owned subsidiary of Draka Holding N.V. registered and incorporated in the Netherlands, and is included in the consolidated financial statements of Prysmian SpA, which are publicly available, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

Investments in Subsidiaries

Investments in subsidiary undertakings are stated at cost less provisions for permanent diminution in the underlying net assets of subsidiaries.

Taxation including deferred tax

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(1) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax legislation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(2) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probably that they will be recovered against the reversal of tax liabilities or other future taxable profit.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of timing differences.

Prysmian UK Group Limited

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2017

4. Critical Accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgements in applying the entity's accounting policies

Investments in subsidiary undertakings are stated at cost less provisions for permanent diminution in the underlying net assets of subsidiaries. In evaluating permanent diminution in the underlying net assets of subsidiaries, the Company relies on the judgements made within the audited financial statements of those subsidiaries. No events during the year give rise to an impairment evaluation.

Critical accounting estimates and assumptions

It is the view of the directors that no critical accounting estimates and assumptions have been made in these financial statements.

5. Administrative Income

Administrative income relates mainly to administration fees recharged to and from subsidiary companies.

The average numbers of employees, excluding directors, during the year was Nil (2016: Nil).

Mr J L L Roberts, Mr L Caserta and Mr G Zancan received remuneration from other Prysmian group affiliates in the current year. Costs have not been recharged to the company as their services in relation to the company are incidental to those of the Prysmian group as a whole.

6. Interest

Analysis of interest charge in the year:

| | 2017 £000 | 2016 £000 |
|--|----------------------|----------------------|
| Interest payable and similar charges | (3,600) | (3,520) |
| Interest receivable and similar income | 2 | 9 |
| | <hr/> | <hr/> |
| Net interest payable | (3,598) | (3,511) |
| | <hr/> | <hr/> |

Prysmian UK Group Limited

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2017

7. Income tax

Analysis of tax credit in the year:

| | 2017 £000 | 2016 £000 |
|---|----------------------------|----------------------------|
| Current tax | | |
| Group relief receivable | 690 | 705 |
| Adjustment in respect of prior year | - | 459 |
| | <hr/> | <hr/> |
| Total tax credit on loss on ordinary activities | 690 | 1,164 |
| | <hr/> | <hr/> |

The tax assessed for the financial year differs (2016: differs) from the standard rate of Corporation tax in the UK for the year to 31 December 2017 of 19.25% (2016: 20.00%).

The differences are explained below:

| | 2017 £000 | 2016 £000 |
|---|----------------------------|----------------------------|
| Loss on ordinary activities before taxation | (1,939) | (1,434) |
| Loss on ordinary activities multiplied by the standard rate of corporation tax in the year of 19.25% (2016: 20.00%) | (373) | (287) |
| Effects of: | | |
| Dividends received | (360) | - |
| Write down of investment | 43 | (423) |
| Expenses not deductible for tax purposes | - | 5 |
| Adjustment in respect of prior years | - | (459) |
| | <hr/> | <hr/> |
| Current tax credit for year | (690) | (1,164) |
| | <hr/> | <hr/> |

The company has not recognised a deferred tax asset of £270,000 in respect of losses carried forward due to uncertainty over its recovery.

Prysmian UK Group Limited

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2017

8. Investments

| | 2017 £000 | 2016 £000 |
|----------------|--------------|--------------|
| At 1 January | 298,029 | 298,029 |
| Impairment | (220) | - |
| At 31 December | 297,809 | 298,029 |

| | | |
|-------------------------------------|--------------|--------------|
| Analysed as: | 2017 £000 | 2016 £000 |
| Draka UK Group Limited | 602 | 822 |
| Draka Comteq Limited | 9,001 | 9,001 |
| Prysmian Cables & Systems Limited | 247,571 | 247,571 |
| Prysmian Powerlink Services Limited | 40,635 | 40,635 |
| | 297,809 | 298,029 |

Fixed assets investments comprise equity shares in the following Companies:

Draka UK Group Limited

The company owns 100% of the equity share capital of Draka UK Group Limited (2016: 100%). During the year the company received no dividends from Draka UK Group Limited (2016: nil).

Draka Comteq UK Limited

The company owns 100% of the equity share capital of Draka Comteq UK Limited (2016: 100%). During the year the company received no dividends from Draka Comteq UK Limited (2016: Nil).

Prysmian Cables & Systems Limited

The company owns 100% of the equity share capital of Prysmian Cables & Systems Limited (2016: 100%). During the year the company received no dividends from Prysmian Cables & Systems Limited (2016: nil).

Prysmian UK Group Limited

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2017

8. Investments (continued)

Prysmian Powerlink Services Limited

The company owns 100% of the equity share capital of Prysmian Powerlink Services Limited (2016: 100%). During the year the company received no dividends from Prysmian Powerlink Services Limited (2016: nil).

In March 2016 agreement was reached on an outstanding claim relevant to the original purchase of Prysmian Powerlink Services Limited. Cash of £2.1m was received by the company under the terms of the original purchase price agreement.

Draka UK Limited

The company owns 100% of the equity share capital of Draka UK Limited (2016: 100%). During the year the company received no dividends from Draka UK Limited (2016: nil).

Draka Distribution Aberdeen Limited

The company owns 100% of the equity share capital of Draka Distribution Aberdeen Limited (2016: 100%). During the year the company received a dividend of £1.9m from Draka Distribution Aberdeen Limited (2016: nil).

The capital and reserves of the subsidiaries at the end of their financial years and the profit/(loss) for the year ending 2017 are:

| Entity Name | Local currency | Capital & Reserves £000 | Profit/(loss) in 2017 £000 | Year End |
|-------------------------------------|---------------------------|--|---|-----------------|
| Draka UK Group Limited | GBP | 602 | (220) | 31.12.17 |
| Draka Comteq UK Limited | GBP | 301 | (970) | 31.12.17 |
| Prysmian Cables & Systems Limited | GBP | 134,280 | 1,749 | 31.12.17 |
| Prysmian Powerlink Services Limited | GBP | 43,909 | 3,130 | 31.12.17 |
| Draka UK Limited | GBP | - | - | 31.12.17 |
| Draka Distribution Aberdeen Limited | GBP | - | 29 | 31.12.17 |

The directors believe that the carrying value of the investment is supported by their underlying net assets.

On 31 December 2016 Prysmian Cables and Systems Limited acquired the business and assets of Draka Distribution Aberdeen Limited. Draka Distribution Aberdeen Limited is now acting as an agent of Prysmian Cables and Systems Ltd.

Prysmian UK Group Limited

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2017

9. Debtors

| | 2017 £000 | 2016 £000 |
|--|--------------|--------------|
| Amounts falling due within one year: | | |
| Amounts owed by undertakings in which the company has a participating interest | 1,072 | 1,592 |
| | <u>1,072</u> | <u>1,592</u> |

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

10. Creditors

| | 2017 £000 | 2016 £000 |
|--|---------------|---------------|
| Amounts falling due within one year: | | |
| Loans from group undertakings | 10,096 | 10,546 |
| Amounts owed to undertakings in which the company has a participating interest | 955 | - |
| Accruals and deferred income | 26 | 22 |
| | <u>11,077</u> | <u>10,568</u> |

Loans from group undertakings are repayable on demand and attracted an interest rate of 1.99% at 31 December 2017 (2016: 1.76%), no security is held against these balances.

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

| | 2017 £000 | 2016 £000 |
|--|----------------|----------------|
| Amounts falling due after more than one year: | | |
| Amounts owed to group undertakings | <u>121,397</u> | <u>121,397</u> |

Amounts owed to group undertakings are repayable in March 2021 and attracted a weighted average interest rate of 2.8% at 31 December 2017 (2016: 2.8%), no security is held against these balances.

Prysmian UK Group Limited

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 2017

11. Called up share capital

| | 2017 £000 | 2016 £000 |
|--|---------------|---------------|
| Allotted and fully paid | | |
| At 1 January 70,011,000 ordinary shares of £1 each | 70,011 | 70,011 |
| Issued during the year | - | - |
| | <hr/> | <hr/> |
| At 31 December 70,011,000 ordinary shares of £1 each | <u>70,011</u> | <u>70,011</u> |

12. Related party transactions

The Company has used the exemption under paragraph 1.12(e) from the provision of Financial Reporting Standard No. 102 as a subsidiary undertaking (where 100% of the voting rights are controlled by its ultimate parent company) not to disclose transactions with other entities that are part of, or investees of, the Prysmian SpA group. Consolidated financial statements of Prysmian SpA are publicly available.

13. Ultimate parent and controlling party

The company's immediate parent company is Draka Holding B.V. which is incorporated in the Netherlands. The ultimate parent company and controlling party is Prysmian SpA, which is incorporated in Italy and heads the smallest and largest group for which consolidated financial statements are prepared.

The smallest and largest group of companies as at 31 December 2017 which published consolidated financial statements and of which this company is a member is Prysmian SpA. Copies of these consolidated financial statements are available online at www.prysmiangroup.com.