Telenor Danmark Holding A/S

Frederikskaj, DK-1780 Copenhagen V, Denmark

CVR no. 14 72 43 46

Annual Report

for the period 1 January - 31 December 2016

26th financial year

Adopted by the Company's Annual General Meeting
on 11 May 2017

....

chairman

CONTENTS

STATEMENT BY THE BOARD OF DIRECTORS AND EXECUTIVE BOARD

The Board of Directors and the Executive Board have today discussed and approved the annual report for Telenor Danmark Holding A/S for the period 1 January – 31 December 2016.

The annual report is presented in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports. We consider the accounting policies applied appropriate, so that the annual report gives a true and fair view of the company's assets and liabilities, its financial position as at 31 December 2016 and the results of the company's activities and cash flows for the financial year 1 January – 31 December 2016.

In our opinion, the management's review gives a true and fair account of the matters addressed in the review.

We recommend that the annual report be adopted by the General Meeting.

Copenhagen, 11 May 2017

Executive Board:

....
Jesper Steffen Hansen

Board of Directors:

.... Knut Haakon Nilsen Chairman	.... Hanne Resch Brækken	.... Christel Elise Borge

....
Geir Dyngeland

INDEPENDENT AUDITORS' REPORT

To the shareholders of Telenor Danmark Holding A/S

Opinion

We have audited the financial statements of Telenor Danmark Holding A/S for the financial year 1 January – 31 December 2016, which comprise an income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements of the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2016 in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements of the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements, or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

INDEPENDENT AUDITORS' REPORT - CONTINUED

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on our procedures, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatements of the Management's review.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements of the Danish Financial Statements Act and for such internal control as Management determines 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, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has 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 and additional requirements applicable in Denmark 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 the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

INDEPENDENT AUDITORS' REPORT - CONTINUED

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, 11 May 2017

Ernst & Young
Godkendt Revisionspartnerselskab
CRV no. 30 70 02 28

Søren Skov Larsen
State Authorised Public Accountant

Allan Nørgaard
State Authorised Public Accountant

MANAGEMENT'S REVIEW

Company information

Telenor Danmark Holding A/S
Frederikskaj
DK-1780 Copenhagen V
Denmark

Municipality: Copenhagen

Board of Directors

Knut Haakon Nilsen, Chairman

Hanne Resch Brækken

Christel Elise Borge

Geir Dyngeland

Executive Board

Jesper Steffen Hansen

Parent

Telenor Mobile Holding AS, Norway

Audit

Ernst & Young Godkendt Revisionspartnerselskab

Financial highlights

The Company's developments over the past five years can be described as follows:

		2016	2015	2014	2013	2012
INCOME STATEMENT						
Operating profit before depreciation amortisation and impairment (EBITDA)	mDKK	10	10	9	18	17
Operating profit (EBIT)	mDKK	7	7	6	14	14
Financial income and expenses	mDKK	-706	2,086	256	-7	-7
Profit/loss before tax	mDKK	-699	2,093	262	8	7
Net income for the year	mDKK	-675	2,097	264	6	5
BALANCE SHEET						
Balance sheet total	mDKK	11,924	9,713	7,651	7,462	7,323
Tangible assets	mDKK	111	114	117	121	129
Other non-current assets	mDKK	11,703	7,492	7,393	7,297	7,164
Equity	mDKK	11,508	9,465	7,368	7,104	7,098
KEY FIGURES AND RATIOS						
Average number of employees		0	0	0	0	0

Company presentation

The activity of Telenor Danmark Holding A/S is to function as a holding company. The company holds equity interests in the following companies with associated subsidiaries: Telenor A/S, MVNO Systems A/S, Telenor Banka a.d. Beograd and Telenor IT Partner A/S.

Financial review

The company's income statement for 2016 shows a loss of 675 mDKK (2015: profit of 2,097 mDKK), and the company's balance sheet at 31 December 2016 shows an equity of 11,508 mDKK (2015: 9,465 mDKK).

The loss for the year is significantly affected by write-down of investments of 702 mDKK.

Future outlook

Telenor Danmark Holding A/S will continue the operation and ownership of the affiliated companies.

Financial risks

As far as possible, the group attempts to counter and manage any risks that the group can influence through own actions. The company's is primarily financed through its parent, Telenor, which also hedges any financial exposures.

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

1 January - 31 December

	Note	2016 mDKK	2015 mDKK
Income		10	10
Operating profit before depreciation, amortisation and impairment (EBITDA)		**10**	**10**
Depreciation, amortisation and impairment of non-current assets	3	-3	-3
Operating profit (EBIT)		**7**	**7**
Dividends and adjustments from subsidiaries and associates		4	2,085
Impairment losses from shares in subsidiaries		-702	0
Financial income		0	8
Financial expenses	4	-8	-7
Profit/loss before tax		**-699**	**2,093**
Tax on the profit for the year	5	24	4
NET LOSS/INCOME FOR THE YEAR		**-675**	**2,097**
Proposed distribution of net profit:			
Retained earnings		-675	2,097

STATEMENT OF COMPREHENSIVE INCOME

1 January - 31 December

	2016 mDKK	2015 mDKK
Net loss/income for the year	-675	2,097
Other comprehensive income	0	0
Total comprehensive income	**-675**	**2,097**

BALANCE SHEET
at 31 December

	Note	2016 mDKK	2015 mDKK
ASSETS			
Land and buildings	6	111	114
Tangible assets		111	114
Investments in subsidiaries	7	11,666	7,455
Investments in associates	8	8	9
Deferred tax assets	9	23	23
Deposits		5	5
Financial assets		11,702	7,492
NON-CURRENT ASSETS		11,813	7,606
Receivables from group entities	10	0	2,018
Corporation tax receivable		9	6
Other receivables		2	0
Pre-paid costs		2	2
Receivables		13	2,026
Cash		98	81
CURRENT ASSETS		111	2,107
TOTAL ASSETS		11,924	9,713

BALANCE SHEET
at 31 December

	Note	2016 mDKK	2015 mDKK
EQUITY AND LIABILITIES			
Share capital	11	700	600
Retained earnings		10,808	8,865
Equity		11,508	9,465
Payables to group entities	12	285	103
Finance lease liabilities	13	110	114
Non-current liabilities		395	217
Finance lease liabilities	13	4	3
Payables to group entities	12	17	28
Current liabilities		21	31
LIABILITIES		416	248
TOTAL EQUITY AND LIABILITIES		11,924	9,713

STATEMENT OF CHANGES IN EQUITY

	Share capital DKK m	Retained earnings mDKK	Total mDKK
Equity at 01.01.2015	600	6,768	7,368
Net income for the year	0	2,097	2,097
Comprehensive income for the year	0	2,097	2,097
Equity at 31.12.2015	600	8,865	9,465
Equity at 01.01.2016	600	8,865	9,465
Capital increase	100	2,618	2,718
Net loss/income for the year	0	-675	-675
Comprehensive income for the year	100	1,943	2,043
Equity at 31.12.2016	700	10,808	11,508

CASH FLOW STATEMENT

	Note	2016 mDKK	2015 mDKK
Profit/loss before tax		-699	2,093
Reversal of depreciation, amortisation and impairment losses		705	3
Working capital changes	15	2,003	-2,087
Corporation tax paid		24	4
Operating cash flows		2,033	13
Investments in subsidiaries/associates		-4,913	-77
Disposal, etc. of property, plant and equipment		0	0
Investment cash flows		-4,913	-77
Loans from group entities		182	29
Capital increase		2,718	0
Repayment of lease liability		-3	-3
Finance cash flows		2,897	26
Change in cash and cash equivalents		17	-38
Cash at 01.01.		81	119
Cash at 31.12.		98	81

NOTES

List of notes

Income statement

Balance sheet

Cash flow notes

NOTES

Note 1. Summary of significant accounting policies

The 2016 annual report for Telenor Danmark Holding A/S is presented in accordance with the International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports for reporting class C Medium-sized, subject to the IFRS Executive Order issued in pursuance of the Danish Financial Statements Act.

The accounting policies are unchanged compared to last year. There have been no changes to existing standards and IFRIC Interpretations adopted by the EU effective from the 2016 reporting year of relevance to Telenor Danmark Holding A/S.

IASB has furthermore adopted a number of additional new and amended standards and Interpretations, which are not relevant to Telenor Danmark Holding A/S and are not expected to impact recognition and measurement, but will lead to further information in the notes.

Telenor Danmark Holding A/S has not early adopted any standards or interpretations in 2016. Telenor Danmark Holding A/S expects to implement all standards and interpretations when they become operative. Where the EU effective date differs from that of the IASB, advance implementation of the amendments is planned in order that the EU effective date is observed. As at the annual report date, all operative standards and interpretations have been implemented.

Except for additional disclosure requirements the upcoming IFRS standards will not affect the annual report for Telenor Denmark Holding A/S significantly.

NOTES

Note 1. Summary of significant accounting policies, continued

The company has decided not to prepare consolidated financial statements with reference to IFRS 10.4 as the company is part of the IFRS consolidated financial statements of the company's ultimate parent, Telenor ASA, Norway.

The annual report is presented in Danish kroner (mDKK).

Recognition and measurement
Assets are recognised in the balance sheet when a previous event renders it probable that future economic benefits will flow to the group and the value of the asset can be measured reliably. Liabilities are recognised in the balance sheet when the company, as a consequence of a prior event, has a legal or constructive liability which renders it probable that future economic benefits will flow from the bank and the value of the liability can be measured reliably. Financial assets and liabilities are recognised when the company becomes a contractual party to the financial instrument. Assets and liabilities are measured at cost on initial recognition. Subsequently, assets and liabilities are measured as described for each individual item below.

The recognition and measurement include gains, losses and risks occurring before the presentation of the annual report that confirm or rebut circumstances in existence at the balance sheet date.

Income is recognised in the income statement as and when earned. Costs incurred to achieve the year's earnings are recognised in the income statement. Value adjustments of financial assets, financial liabilities and derivative financial instruments are recognised in the income statement, with the exception of financial statement value adjustments of derivative financial instruments entered into to hedge future cash flows or to hedge net investments in foreign group entities and associates. The latter value adjustments are credited or charged directly to equity.

NOTES

Translation of foreign currencies

Functional currency and presentation currency
Line items are presented in the currency of the primary economic environment in which the company operates (functional currency). The annual report is presented in DKK which is also the parent's functional currency and presentation currency.

Translation of transactions and amounts
Transactions denominated in foreign currencies are translated to the functional currency at the exchange rate on the transaction date. Exchange rate gains and losses arising from the settlement of such transactions and from the translation of monetary assets and liabilities to the exchange rates at the balance sheet date are recognised in the income statement. Exchange differences arising out of the translation of non-monetary items, such as financial assets classified as available for sale, including investments, are recognised in other total comprehensive income.

Derivative financial instruments
Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value as part of other receivables and other payables, respectively.

Changes to the fair value of derivative financial instruments which meet the criteria for hedging future cash flows are recognised directly in equity until the hedged position is realised.

Changes to the fair value of derivative financial instruments which do not meet the criteria for hedging instrument accounting are credited or charged to the income statement as and when they occur.

Profit/loss on investments in associates and group entities
Dividends from investments in subsidiaries are recognised in the parent’s income statement in the period in which the dividend is distributed. The carrying amount of subsidiaries is tested at triggering events, including if the dividends received exceed the profit realised by the equity investment entity in the period.

Financial income and expenses
Financial income and expenses include interest income and costs, capital gains and losses as well as impairment losses on securities, payables and transactions in foreign currencies, amortisation of financial assets and liabilities as well as supplements and allowances under the Danish Tax Prepayment Scheme, etc. Also included are realised and unrealised gains and losses on derivative financial instruments which do not meet the criteria for classification as hedging agreements.

NOTES

Tax
The company and the other Danish Telenor entities are jointly taxed. The tax is allocated in accordance with the full allocation method. The company functions as administration company for all Danish consolidated companies.

The tax for the year, consisting of the current tax for the year and the change in deferred tax for the year, is recognised in the income statement with the portion attributable to the profit for the year and directly in equity with the portion attributable to entries directly in equity.

Danish corporation tax with any tax surcharge and tax relief is consequently allocated among Danish companies, whether they realise profits or losses, proportionally to their taxable income.

Tangible assets
Tangible assets are measured at cost less accumulated depreciation and impairment losses. Cost comprises the acquisition price, costs directly related to the acquisition until the time when the asset is ready for its intended use as well as estimated costs of restoration if these costs also meet the criteria for recognition of provisions. The cost of a single asset is divided into separate components that are depreciated individually if the individual components have different useful lives.

The cost of properties includes the cash acquisition cost of land and buildings as well as the aggregate construction and/or conversion costs. Finance lease assets are measured at the lower of the assets' fair value or the present value of the lease payments stated on the basis of the interest rate implicit in the lease less accumulated depreciation and impairment losses. Finance lease assets are classified as own non-current assets.

Straight-line depreciation is applied, based on the estimated useful lives which are determined at the time of acquisition and reassessed annually. The estimated useful lives are:

- Buildings 10-50 years, including leasehold improvements 5-10 years
- Land is not depreciated.

The basis of depreciation is determined with consideration of the asset's scrap value and is reduced by any impairment losses. The scrap value is determined at the time of acquisition and reassessed annually. Depreciation ceases if the scrap value exceeds the carrying amount of the asset.

NOTES

BALANCE SHEET

Tangible assets, continued

If the depreciation period or scrap value changes, the depreciation effect is recognised as a change in accounting estimates going forward.

An impairment test is performed for tangible assets where there is an indication of impairment. The impairment test is performed for each individual asset or group of assets. The assets are written down to the lower of the recoverable amount and the carrying amount.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured at cost. If the cost exceeds the recoverable amount, it is written down to this lower amount. The carrying amount of subsidiaries and associates is tested at triggering events, including if the dividends received exceed the profit realised by the equity investment entity in the period.

Impairment of assets

Impairment losses are recognised when the carrying amount of an asset or a cash-generating unit, respectively, exceeds the recoverable amount of the asset or the cash-generating unit. Impairment losses are charged to the income statement under depreciation, amortisation and impairment losses.

Impairment of assets is reversed to the extent of any changes in the estimates and assumptions causing the impairment charge. Impairment losses are only reversed to the extent that the new carrying amount of the asset does not exceed the carrying amount of the asset if it had not been written down. Notwithstanding the above, any impairment of goodwill will not be reversed.

N O T E S

Receivables
Receivables primarily include short-term advances to group entities.

Fixed-interest short-term advances to group entities are measured at amortised cost as they are held until maturity.

Receivables are measured at amortised cost, in most cases equalling nominal value, less impairment losses.

Corporation tax and deferred tax
Current tax liabilities and current tax receivables are recognised in the balance sheet as calculated tax of the year's taxable income adjusted for tax of previous years' taxable incomes and tax paid on account.

Deferred tax is recognised and measured under the balance sheet liability method on all temporary differences between the carrying amount and tax-based value of assets and liabilities. However, deferred tax is not recognised for temporary differences relating to the tax base of non-amortisable goodwill and non-depreciable office properties as well as other items where temporary differences, apart from acquisitions, have arisen at the time of acquisition without influencing the profit or loss or the taxable income. In cases where the tax base can be calculated in accordance with alternative taxation rules, deferred income tax is measured on the basis of the management's planned utilisation of the asset or settlement of the obligation, respectively.

Deferred tax assets, including the tax base of a tax loss allowed for carryforward, are measured under other non-current asset investments at the expected use value of the asset, either by elimination in tax of future income or by offsetting against deferred tax liabilities within the same legal tax entity and jurisdiction.

Adjustments are made of deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured based on the tax rules and rates which will be applicable in the respective countries under the legislation in force at the balance sheet date, when the deferred tax is expected to be realised as current tax. Changes in deferred tax in consequence of changes in tax rates are recognised in the income statement.

NOTES

Financial liabilities
Payables to credit institutions, etc., are recognised at the time of borrowing and at the received proceeds less transaction costs paid.

In subsequent periods, the financial liabilities are measured at amortised cost by applying the effective interest rate method so that the difference between the proceeds and the nominal value is recognised in the income statement over the borrowing period. Other liabilities are measured at net realisable value.

CASH FLOW STATEMENT

The cash flow statement shows the company's cash flows for the year, divided into operating, investment and financing activities, the year's change in cash and cash equivalents and the company's opening and closing cash balance.

The cash flow effect from acquisition and divestment of companies is shown separately under cash flows from investment activities. Cash flows from companies acquired are recognised in the cash flow statement from the time of acquisition, and cash flows from divested companies are recognised until the time of sale.

Cash flows from operating activities
Cash flows from operating activities are calculated as income before tax, adjusted for non-cash operating items, working capital changes, interest and corporation tax paid.

Cash flows from investment activities
Cash flows from investment activities comprise payments related to purchasing and selling companies and activities, purchasing and selling non-tangible, tangible and other non-current assets as well as purchasing and selling securities that are not recognised as cash and cash equivalents.

Cash flows from financing activities
Cash flows from financing activities comprise changes to the amount or composition of share capital and related costs as well as raising loans, servicing interest-bearing debt, purchasing and selling treasury shares and distributing dividends to owners.

Cash and cash equivalents
Comprises cash and cash equivalents as well as short-term bank loans.

NOTES

Note 2. Significant accounting estimates, assumptions and uncertainties

Many items in financial statements cannot be measured with precision but can only be estimated. The estimation process involves judgements based on the latest information available at time of preparing the financial statements. An estimate may have to be revised if changes occur regarding the circumstances on which the estimate was based or as a result of new information, more experience or subsequent developments.

Valuation of investments in subsidiaries

The carrying amount of subsidiaries is tested at triggering events, including if the dividends received exceed the profit realised by the equity investment entity in the period. See note 7 for assumptions underlying this assessment.

	2016 mDKK	2015 mDKK
Note 3. Depreciation and impairment losses		
Depreciation of land and buildings	3	3
	3	3
Note 4. Financial expenses		
Other financial expenses	8	7
	8	7
Note 5. Tax on the profit for the year		
Current corporation tax	0	-17
Tax from previous years	24	1
Change in deferred tax	0	22
	24	4

The current corporation tax for the financial period is based on a tax rate of 22 %. (2015: 23.5 %).

Profit/loss before tax	-699	2,093
Tax at a tax rate of 22%	0	-25
Tax on the profit for the year	0	-25
Effective tax rate for the year	0 %	0 %

The company is a party to compulsory national joint taxation with all Danish companies owned by the Telenor group. Calculated tax is accrued in the individual company in accordance with Danish taxation rules.

NOTES

Note 6. Tangible assets

	Land and buildings mDKK
Cost	
Balance at 01.01.2015	167
Disposals	0
Cost at 31.12.2015	167
Depreciation and impairment losses	
Depreciation and impairment losses at 01.01 2015	-50
Reversal of disposals	0
Depreciation for the year	-3
Depreciation and impairment losses at 31.12 2015	-53
Carrying amount at 31.12.2015	114
Cost	
Balance at 01.01.2016	167
Disposals	0
Cost at 31.12.2016	167
Depreciation and impairment losses	
Depreciation and impairment losses at 01.01.2016	-53
Reversal of disposals	0
Depreciation for the year	-3
Depreciation and impairment losses at 31.12.2016	-56
Carrying amount at 31.12.2016	111

The carrying amount of land and buildings includes finance lease assets of 111 mDKK (2015: 114 mDKK).

The company has options to purchase the land and buildings held under finance leases. The next option is in April 2017 where the purchase price has been fixed at 112 mDKK in case of take-over.

NOTES

	2016 mDKK	2015 mDKK
Note 7. Investments in subsidiaries		
Acquisition price at 01.01	8,200	8,123
Additions	4,913	77
Impairment losses at 01.01	-745	-745
Impairment for the year	-702	0
Carrying amount at 31.12	11,666	7,455

The subsidiaries of Telenor Danmark Holding A/S, and their respective subsidiaries, are:

	Registered office	Ownership share	Share of voting rights	Activity
Telenor A/S	Denmark	100 %	100 %	Landline, broadband and mobile telephony
•Telenor Serbia d.o.o	Serbia	100 %	100 %	Mobile telephony
•Telenor Montenegro	Montenegro	100 %	100 %	Mobile telephony
•TT-Netværket P/S	Denmark	50 %	50 %	Network service
•TN Finance A/S	Denmark	100 %	100 %	Other financial services
•Telenor Digital Holding Inc.	Denmark	100 %	100 %	Investment in digital services
Telenor Banka a.d Beograd	Serbia	100 %	100 %	Bank license
Telenor IT Partner A/S	Denmark	100 %	100 %	IT systems operation
MVNO Systems A/S	Denmark	100 %	100 %	Company without activities

Investments in subsidiaries are measured at cost. If the cost exceeds the recoverable amount, it is impaired to this lower amount. The recoverable amount is based on the value in use which is determined by applying the expected cash flows on the basis of management-approved business plans covering a total period of three years. Beyond this period, a constant nominal growth rate applies. Key assumptions applied in the calculation of the recoverable amount are expected growth rates, EBITDA margins, investments and discount rate. The following assumptions have been used for calculating the recoverable amount:

NOTES

	Post-tax discount rate (WACC)		Pre-tax discount rate		Nominal growth rate terminal value	
	2016	2015	2016	2015	2016	2015
Telenor Danmark	5.3 %	5.9 %	7.1 %	7.2 %	0.0 %	0.0 %
Telenor IT Partner A/S	5.3 %	5.9 %	7.1 %	7.2 %	0.0 %	0.0 %
Telenor Serbia/Banka	12.5-10.7 %	12.6-11.0 %	14.3-12.4 %	14.2-12.6 %	0.0 %	2.0 %
Telenor Montenegro	12.8-11.8 %	12.2-11.7 %	14.1-13.0 %	13.3-12.8 %	0.0 %	1.5 %
TN Finance	5.3 %	- %	7.1 %	- %	0.0 %	- %
Telenor Digital Holding	11.0 %	- %	14.1 %	- %	3.0 %	- %

In 2016 impairment testing resulted in a decrease in the recoverable amount of Telenor IT Partner A/S and Telenor A/S with its underlying investments in Telenor Serbia/Banka, Telenor Montenegro, Tn Finance and Telenor Digital Holding. As a consequence impairment loss for Telenor A/S of 702 mDKK has been recognised.

Sensitivity analyses have been prepared for the subsidiaries in connection with the impairment testing.

	2016 mDKK	2015 mDKK
Note 8. Investments in associates		
Cost at 01.01	9	9
Additions	0	0
Disposals	-1	0
Cost at 31.12	8	9
Carrying amount at 31.12	**8**	**9**

The associates of Telenor Danmark Holding A/S are:

	Registered office	Ownership share	Share of voting rights	Activity
Operators Clearing House A/S	Denmark	25%	25%	Number portability
4T af 1. oktober 2012 ApS	Denmark	25%	25%	Content services

NOTES

	2016 mDKK	2015 mDKK
Note 9. Deferred tax assets and liabilities		
Deferred tax assets at 01.01	23	1
Change in deferred tax for the year	0	22
	23	23

All deferred tax liabilities and tax assets have been recognised.

2015

	mDKK
Non-current assets	-26
Non-current liabilities	26
Current assets	1
Tax losses carry forward	22
	23

2016

	mDKK
Non-current assets	-25
Non-current liabilities	25
Current assets	1
Tax losses carry forward	22
	23

Note 10. Receivables from group entities

The receivable carries floating-rate interest with monthly rate adjustments. At 31 December 2016, the interest was 0.09 % p.a. (2015: 0.09 %).

NOTES

Note 11. Share capital

	2016 mDKK	2015 mDKK
Share capital at 01.01.	600	600
Capital increase	100	0
Share capital at 31.12.	700	600

The share capital consists of 700,000 shares of a nominal value of DKK 1,000. The shares are fully paid up. The shares are not divided into classes. No shares carry special rights.

The share capital for the past five years:

	2016 mDKK	2015 mDKK	2014 mDKK	2013 mDKK	2012 mDKK
Share capital	700	600	600	600	600

Note 12. Payables to group entities

The payables carry floating-rate interest with monthly rate adjustments. At 31 December 2016, the interest was 0.71 % p.a. (2015: 0.82 %).

Note 13. Finance lease liabilities

Maturities of finance lease liabilities:

	2016 mDKK	2015 mDKK
Due within one year	4	3
Current liabilities	4	3
Due within one and five years	110	114
Due after five years	0	0
Non-current liabilities	110	114
Lease payments during the year	10	10

Note 14. Contingent liabilities, provision of security and contractual obligations

The company has furnished a guarantee of a total of DKK 1,250 million to a partner in the established joint venture, TT Netværket P/S. The guarantee is related to the partnership agreement entered into and the network-rollout in the joint venture.

Together with the other group companies comprised by the joint registration with respect to VAT, the company is jointly liable for the applicable VAT obligation at any time.

The company is jointly and severally liable with the jointly taxed companies for the aggregate corporation tax.

	2016 mDKK	2015 mDKK
Note 15. Working capital changes		
Changes in receivables	2,014	-2,026
Changes in trade payables, payables to group entities, etc.	-11	-61
	2,003	-2,087

Note 16. Shareholders

The company is wholly owned by Telenor Mobile Holding A/S, Norway.

The company's ultimate parent, which is also the only entity preparing consolidated financial statements in which the company is a subsidiary, is Telenor ASA, Snarøyveien 30, NO-1311 Fornebu, Norway.

NOTES

Note 17. Related parties

The company's related parties with control comprise the main shareholder, Telenor Mobile Holding A/S, Norway. Related parties are also considered to include all group enterprises and associates comprised by the company's ultimate parent, Telenor ASA, Fornebu. Members of the Board of Directors and the Executive Board are also considered to be related parties.

In 2016, Telenor Danmark Holding A/S has had the following transactions and balances with related parties:

Subsidiaries	**2016 mDKK**	**2015 mDKK**
Income	10	2,103
Expenses	1	1
Receivables	0	2,018
Liabilities other than provisions	302	131

All transactions are made on an arm's length basis.

	2016 mDKK	**2015 mDKK**
Salary and remuneration for members of management and key personnel.	0	0

Note 18. Events after the balance sheet date

No events have occurred after the balance sheet date which would affect the evaluation of this annual report.

Note 19. Audit fee

For information about the company's expenses for audit fee and other services from the company auditor, please refer to the annual report of the company's ultimate parent, Telenor ASA, Fornebu.

NOTES

Note 20. Approval of the annual report for publication

At a board meeting held on 11 May 2017, the Board of Directors approved this annual report for publication. The annual report will be presented for approval of the shareholders of Telenor Danmark Holding A/S at the annual general meeting on 11 May 2017.