

**Tilts Communications A/S**  
Holmbladsgade 139  
2300 København S  
Central Business Registration No  
17260642

**Annual report 2016**

The Annual General Meeting adopted the annual report on 07.06.2017

**Chairman of the General Meeting**

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Name: Brian Zack

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## Entity details

### Entity

Tilts Communications A/S  
Holmbladsgade 139  
2300 København S

Central Business Registration No: 17260642  
Registered in: København  
Financial year: 01.01.2016 - 31.12.2016

Phone: 82337000  
Fax: 82337049  
Website: [www.telia.dk](http://www.telia.dk)

### Board of Directors

Robert Wilhelm Andersson, Chairman  
Ole Stenkil  
Hannu-Matti Mäkinen

### Executive Board

Hannu-Matti Mäkinen, Chief Executive Officer

### Bank

Danske Bank  
Holmens Kanal 2-12  
1092 København K

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6  
Postboks 1600  
0900 København C

## Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Tilts Communications A/S for the financial year 01.01.2016 - 31.12.2016.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 07.06.2017

### Executive Board

Hannu-Matti Mäkinen  
Chief Executive Officer

### Board of Directors

Robert Wilhelm Andersson  
Chairman

Ole Stenkil

Hannu-Matti Mäkinen

# Independent auditor's report

## To the shareholder of Tilts Communications A/S

### Opinion

We have audited the financial statements of Tilts Communications A/S for the financial year 01.01.2016 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016 in accordance with 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, 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.

### Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 the 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 these financial statements.

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

## Independent auditor's report

- 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.
- 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 Entity'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 Entity'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 conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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.

### **Statement on the management commentary**

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and 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 management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

## Independent auditor's report

Based on the work we have performed, we conclude that the management commentary 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 misstatement of the management commentary.

Copenhagen, 07.06.2017

### **Deloitte**

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556

Christian Sanderhage  
State-Authorised Public Accountant

Henrik Hartmann Olesen  
State-Authorised Public Accountant

## Management commentary

### Primary activities

The purpose of the company is to invest in, install, establish, and maintain telecommunications systems in various countries.

### Development in activities and finances

Result for 2016 shows a profit before tax of DKK 111.161 Thousand which is considered satisfactory.

### Events after the balance sheet date

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



## Income statement for 2016

	<u>Notes</u>	<u>2016 DKK'000</u>	<u>2015 DKK'000</u>
Administrative costs		(52)	(34)
<b>Operating profit/loss</b>		<b>(52)</b>	<b>(34)</b>
Income from investments in associates		111.414	110.878
Other financial income	1	0	9
Other financial expenses	2	(201)	0
<b>Profit/loss before tax</b>		<b>111.161</b>	<b>110.853</b>
Tax on profit/loss for the year	3	(16)	(16)
<b>Profit/loss for the year</b>		<b>111.145</b>	<b>110.837</b>
<b>Proposed distribution of profit/loss</b>			
Extraordinary dividend distributed in the financial year		95.000	105.000
Retained earnings		16.145	5.837
		<b>111.145</b>	<b>110.837</b>

## Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK'000</u>	<u>2015 DKK'000</u>
Investments in associates		<u>840.902</u>	<u>840.902</u>
<b>Fixed asset investments</b>	4	<u><b>840.902</b></u>	<u><b>840.902</b></u>
<b>Fixed assets</b>		<u><b>840.902</b></u>	<u><b>840.902</b></u>
Receivables from group enterprises		<u>35.137</u>	<u>19.062</u>
<b>Receivables</b>		<u><b>35.137</b></u>	<u><b>19.062</b></u>
<b>Current assets</b>		<u><b>35.137</b></u>	<u><b>19.062</b></u>
<b>Assets</b>		<u><b>876.039</b></u>	<u><b>859.964</b></u>

## Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016 DKK'000</u>	<u>2015 DKK'000</u>
Contributed capital	5	764.241	764.241
Retained earnings		<u>111.760</u>	<u>95.615</u>
<b>Equity</b>		<b><u>876.001</u></b>	<b><u>859.856</u></b>
Trade payables		38	38
Other payables		<u>0</u>	<u>70</u>
<b>Current liabilities other than provisions</b>		<b><u>38</u></b>	<b><u>108</u></b>
<b>Liabilities other than provisions</b>		<b><u>38</u></b>	<b><u>108</u></b>
<b>Equity and liabilities</b>		<b><u>876.039</u></b>	<b><u>859.964</u></b>
Contingent liabilities	6		

## Statement of changes in equity for 2016

	<b>Contributed capital DKK'000</b>	<b>Retained earnings DKK'000</b>	<b>Total DKK'000</b>
Equity beginning of year	764.241	95.615	859.856
Extraordinary dividend paid	0	(95.000)	(95.000)
Profit/loss for the year	0	111.145	111.145
<b>Equity end of year</b>	<b>764.241</b>	<b>111.760</b>	<b>876.001</b>

## Notes

	<b>2016</b>	<b>2015</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>1. Other financial income</b>		
Interest income	0	9
	<b>0</b>	<b>9</b>

	<b>2016</b>	<b>2015</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>2. Other financial expenses</b>		
Other financial expenses	201	0
	<b>201</b>	<b>0</b>

	<b>2016</b>	<b>2015</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>3. Tax on profit/loss for the year</b>		
Tax on current year taxable income	16	(16)
Adjustment concerning previous years	0	32
	<b>16</b>	<b>16</b>

	<b>Investments in associates DKK'000</b>
<b>4. Fixed asset investments</b>	
Cost beginning of year	840.902
<b>Cost end of year</b>	<b>840.902</b>
<b>Carrying amount end of year</b>	<b>840.902</b>

	<b>Equity inte- rest %</b>	<b>Equity DKK'000</b>	<b>Profit/loss DKK'000</b>
Investments in associates comprise:			
SIA Lattelekom	49,0	1.969.798	239.928

## Notes

	<u>Number</u>	<u>Par value DKK'000</u>	<u>Nominal value DKK'000</u>
<b>5. Contributed capital</b>			
Ordinary shares	<u>76.424.100</u>	0,01	<u>764.241</u>
	<b><u>76.424.100</u></b>		<b><u>764.241</u></b>

### 6. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which TeliaSonera Denmark A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed entities, and from 1 July 2012 for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

## Accounting policies

### Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

### Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

### Income statement

#### Administrative costs

Administrative costs comprise expenses incurred for the Entity's administrative functions, stationery and office supplies as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

#### Income from investments in associates

Income from investments in associates comprises dividends etc received from the individual associates in the financial year.

#### Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

#### Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

## Accounting policies

### **Tax on profit/loss for the year**

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

### **Balance sheet**

#### **Investments in associates**

Investments in associates are measured at cost and are written down to the lower of recoverable amount and carrying amount.

#### **Receivables**

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

#### **Other financial liabilities**

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.