Telenor A/S

Frederikskaj, DK-1780 Copenhagen V, Denmark
CVR no. 19 43 36 92

Annual Report

for the period 1 January – 31 December 2015
20th financial year

Adopted by the Company's Annual General Meeting on 30 May 2016

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chairman

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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 A/S for the period 1 January – 31 December 2015.

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 2015 and the results of the company's activities and cash flows for the financial year 1 January – 31 December 2015.

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, 30 May 2016

Executive Board:

Jesper Steffen Hansen

Board of Directors:

Knut Haakon Nilsen
Chairman

Christel Elise Borge

Hanne Resch Brækken

Sven Henrik Gerner-Mathisen

Michael Juul Jensen
Employee representative

Henrik Tonsberg Løkke
Employee representative

Jens Gram Larsen
Employee representative

INDEPENDENT AUDITORS' REPORT

To the shareholders of Telenor A/S

Independent auditors' report on the financial statements

We have audited the financial statements for Telenor A/S for the financial year 1 January - 31 December 2015, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flows 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 in the Danish Financial Statements Act.

Management's responsibility for the financial statements

The management is responsible for the preparation of financial statements that give a true and fair view in accordance with the International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility to express an opinion of the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements in under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors judgement, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the company's preparation of financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

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

Our audit has not resulted in any qualification.

INDEPENDENT AUDITORS' REPORT - CONTINUED

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2015 in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Copenhagen, 30 May 2016

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

Niels-Jørgen Andersen	Allan Nørgaard
State Authorised Public Accountant	State Authorised Public Accountant

MANAGEMENT'S REVIEW

Company information

Telenor A/S
Frederikskaj
DK-1780 Copenhagen V
Denmark

Municipality: Copenhagen

Board of Directors
Knut Haakon Nilsen, Chairman
Christel Elise Borge
Hanne Resch Brække n
Sven Henrik Gerner-Mathisen
Michael Jul Jensen, Employee representative
Henrik Tonsberg Løkke, Employee representative
Jens Gram Larsen, Employee representative

Executive Board
Jesper Steffen Hansen

Parent
Telenor Danmark Holding A/S, Copenhagen
CVR. no. 14 72 43 46

Audit
Ernst & Young Godkendt Revisionspartnerselskab

Financial highlights

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

		2015	2014	2013	2012	2011
INCOME STATEMENT						
Revenue	mDKK	4,367	4,456	4,743	5,690	6,681
Operating profit before depreciation amortisation and impairment (EBITDA)	mDKK	298	507	844	947	1,623
Operating profit (EBIT)	mDKK	-1,968	-180	119	198	856
Financial income and expenses	mDKK	1,353	-1,771	481	-141	2,046
Profit/loss before tax	mDKK	-615	-1,951	600	57	2,902
Net income for the year	mDKK	-558	-1,936	564	-4	2,735
BALANCE SHEET						
Balance sheet total	mDKK	12,585	13,387	16,373	14,065	16,326
Intangible assets	mDKK	254	763	937	1,026	1,215
Tangible assets	mDKK	1,001	2,510	2,589	1,547	2,940
Equity	mDKK	3,259	5,901	8,107	7,515	7,515
KEY FIGURES AND RATIOS						
EBITDA in percentage of revenue		7 %	11 %	18 %	17 %	24 %
Non-current asset investments	mDKK	556	528	448	349	710
Solvency ratio		26 %	44 %	50 %	53 %	46 %
Average number of employees		1,903	1,811	1,970	2,160	2,157

See note 2 for definitions of key figures and ratios.

The financial highlights for 2013 – 2015 reflect the figures of the aggregate activities for the company for the period based on consolidation of the joint operation with TT-Netværket P/S. Comparative figures for 2012 and previous has not been adjusted.

The financial highlights are also restated in consequence of the merger of Telenor A/S and CBB Mobil A/S at 1 January 2012 so that the figures represent the aggregate activities for the companies in the periods.

MANAGEMENT'S REVIEW, CONTINUED

Primary activity

Telenor A/S is among Denmark's largest suppliers of mobile phone solutions, mobile broadband, landline phone solutions and internet/broadband solutions.

Telenor's mobile telecommunications activity is mainly based on GSM (2G), UMTS (3G) and LTE (4G). Together, these technologies make up Telenor's mobile network which carries different forms of voice and data traffic. Telenor offers mobile phone and mobile data communication to private individuals, businesses as well as to wholesale customers. Telenor also develops services to other mobile operators, content providers and internet providers who market mobile services under their own brands in Denmark.

In 2015 Telenor markets its activities through the Telenor main brand as well as the brands of CBB Mobil and BiBob. The Bibob brand was closed down in January 2016.

In addition, Telenor offers internet and broadband solutions as well as traditional landline telephone services to businesses and private individuals. The primary business areas include broadband products based on DSL and fibre technology, home-based work and gross salary concepts, security and WAN solutions as well as telephone service.

Telenor mainly performs sales and distribution through own stores and outlets throughout Denmark at central locations on high streets and in major shopping centres. Telenor also realises a significant part of its sales through established web channels.

Telenor A/S uses the network owned via the TT Netværket joint-operation company which handles the expansion, operations and maintenance of the GSM (2G), UMTS (3G) and LTE (4G) networks. This ensures optimal coverage for the company's customers.

Material issues during the reporting period

Impairment of tangible and intangible assets of 1,651 mDKK is the only material issue that has occurred during the reporting period. The impairment is described in the following section and in note 3 "Significant accounting estimates, assumptions and uncertainties".

Impairment of investments in subsidiaries has been reversed with 1,193 mDKK based on impairment testing of Telenor Serbia and Telenor Montenegro end of 2015. The reversal of impairment is also described in the following section and in note 3 "Significant accounting estimates, assumptions and uncertainties".

MANAGEMENT'S REVIEW, CONTINUED

Development in activities and finances

Telenor's revenue has decreased compared to 2014 in a market characterised by intensified competition and price pressure.

The number of Telenor mobile phone customers was 1,997 million at the end of 2015 against 1,953 at the end of 2014. DSL customers in Telenor totalled 159,000 at the end of 2015 against 161,000 the previous year.

Telenor's net revenue amounted to 4,367 mDKK in 2015 against 4,456 mDKK in 2014, driven by lower mobile segment revenue due to declining subscription and interconnect prices. Earnings measured before interest, tax, depreciation and amortisation (EBITDA) amounted to 298 mDKK, corresponding to 7% of the revenue. In 2014 EBITDA amounted to 507 mDKK, corresponding to 11% of the revenue.

A turnaround process is being initiated following the withdrawal from the joint venture plans with TeliaSonera. However the outlook for the Danish Telco market remains challenging and as a consequence tangible and intangible assets have been impaired in 2015 amounting to 1,651 mDKK.

The net profit for the year before tax is -615 mDKK against -1,951 mDKK last year. The net profit is significantly affected by the above mentioned impairment on tangible and intangible assets of 1,651 mDKK in 2015 and also affected by reversal of impairment losses from 2014 on investments in Telenor Serbia and Telenor Montenegro. The reversal amounts to 1,193 mDKK of the 2014 impairment of 2,522 mDKK. The net profit is also affected by dividends from investments in Telenor Serbia in the amount of 248 mDKK in 2015 against 814 mDKK in 2014.

In 2015, Telenor's investments totalled 556 mDKK (2014: 528 mDKK), driven by continued network expansion.

The company had 1,903 employees on average in 2015 against 1,811 in 2014.

The year's performance measured against expectations in previous years

The year's operating profit totalled -1,968 mDKK against -180 mDKK in 2014, which is below last year's expectations despite the forecast decline in earnings. The operating profit is significantly affected by impairment of assets of 1,651 mDKK.

Dividends

The Board of Directors recommends that the general meeting adopts a resolution to distribute dividends of 0 mDKK (2014: 2,084 mDKK).

Capital structure

Telenor in Denmark is part of the Telenor Group cash pool arrangements, which is handled by Group Treasury in Norway.

Future outlook

Telenor is currently implementing radical changes to the company's operations in Denmark. All aspects from products to customer service and IT systems are being simplified, guided by a desire to enhance the customer experience. A cornerstone of the change process is to build a new IT platform, or Business Support System (BSS), which will radically improve both customer experience and efficiency. The new IT platform is expected to be fully implemented by end 2016.

All of Telenor's, Telia's and TDC's current 1800 MHz spectrum licenses will expire in June 2017. The spectrum will be reallocated in an upcoming auction which The Danish Energy Agency has confirmed is scheduled to take place in September 2016. Both the existing and the former government has vowed to set more ambitious coverage requirements in up-coming auctions than in the past to ensure the best possible coverage for citizens and businesses throughout Denmark.

The revenue is expected to remain at current level compared to revenue of 4,367 mDKK in 2015. Net income for the year is expected to improve compared to 2015.

Post balance sheet events

In first quarter 2016 additional impairment testing of Telenor Serbia was done, indicating a decrease in the impaired value of 559 mDKK. The decrease in value is based on events in 2016 and therefore does not affect the value of Telenor Serbia in 2015.

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

CSR report

Corporate Social Responsibility or CSR is an integral part of Telenor's way of doing business, both in Denmark and internationally. We contribute to social, environmental and financial sustainability through a wide variety of specific initiatives. Our efforts range from sponsoring Kræftens Bekæmpelse in Denmark to ensuring that some of the world's poorest people have access to telecommunications services in countries such as India and Bangladesh.

Telenor's CSR efforts rely on internationally acknowledged standards and clearly formulated policies in areas such as environmental management, climate impacts, responsible supplier management, corporate ethics and employee concerns. As part of the Telenor Group, we have adopted the UN Global Compact.

We believe that targeted and strategic CSR initiatives benefit the company as well as the world of which we are part.

Further information about Telenor's vision, goals, policies and efforts in the CSR area are available as part of the group's annual report at the group website:

https://www.telenor.com/wp-content/uploads/2015/09/Godkjent-Annual-Report-2015_7y8erjhregj745.pdf page 43-67.

Report on gender composition in management

Telenor A/S has an ambition of having "the right employee in the right position" and of everyone enjoying equal opportunities to put their skills to use, regardless of gender. Telenor A/S believes that a balanced mix between men and women in every organisation creates strength, and we evaluate the gender composition on the Board of Directors, at management levels and in employee groups with a view to ensuring a balanced composition.

Two out of 7 members, or 29%, of the Board of Directors of Telenor A/S are women. The level at 29% is assessed to be both realistic and balanced in relation to the industry, and the target will continue to be to have around 2-3 women on the board.

Report on gender composition in management, continued

26% of all managers across all levels of Telenor A/S are women. 39% of all our employees are women.

Telenor A/S has adopted policies to ensure equal distribution of men and women in management. Telenor's guidelines for supporting a balanced distribution of men and women and the right person for the position are as follows:

- Through recruitment, our goal is to get the right employee for the position. It is endeavoured to attract a balanced field of candidates for open positions.
- Profiles as well as gender composition are taken into account in relation to organisational changes and new appointments.
- The annual performance and potential review of managers and management groups includes an assessment of gender distribution.
- The company reports on gender distribution annually in the HR Fact Book for group-internal use.
- Telenor A/S' Employer Branding and values promote diversity in terms of gender, age and ethnicity.

Knowledge resources

The company's tasks call for significant expertise in the operation and development of mobile networks. For this reason it is essential for the company to be able to retain and recruit employees with the requisite educational background. The company is of the belief that the current internal and external circumstances facilitate recruitment as well as retention of employees with the appropriate competences.

External environmental impact

In isolated terms, the company is not engaged in activities that materially impact the external environment.

Through its ownership of the joint operation in TT-Netværket P/S, activities are conducted which affect the external environment. This includes more than 4,000 antenna locations which have been established in accordance with applicable rules and building permits, ensuring that the impact on the external environment is limited and complies with laws and guidelines. In addition, great efforts are, and will continue to be, invested in reducing the considerable power consumption associated with the antenna locations.

MANAGEMENT'S REVIEW, CONTINUED

Accounts subject to estimates

The company has identified uncertainties related to recognition and measurement in terms of:

- Impairment of assets
- Discounting of licences and rights
- Estimated useful lives of tangible and other intangible assets
- Valuation of investments in subsidiaries
- Asset retirement obligations

See note 3 for a description of these matters in more detail.

Risk factors

Telenor A/S's ultimate parent, Telenor ASA, is responsible for and performs the Group's financing and liquidity, currency and interest management centrally on behalf of the group entities.

As far as possible, the group attempts to counter and manage any risks that the Group can influence through own actions. Telenor ASA's treasury function is responsible for funding, foreign exchange risk, interest rate risk, credit risk and liquidity management for the Telenor Group companies owned more than 90 % directly or indirectly, Telenor A/S included.

Capital base

In connection with the licence to establish and operate GSM networks, the company is subject to a solvency requirement of 20% imposed by the licensor (The Danish National IT and Telecom Agency).

INCOME STATEMENT
1 January - 31 December

	Note	2015 mDKK	2014 mDKK
Revenue	4	4,367	4,456
Transmission costs and cost of sales		-1,836	-1,860
Staff expenses	5	-869	-809
Other external costs		-1,180	-1,148
Other operating income	6	1	5
Other operating expenses	7	-185	-137
Operating profit before depreciation, amortisation and impairment (EBITDA)		**298**	**507**
Depreciation and amortisation of non-current assets	8	-2,266	-687
Operating profit (EBIT)		**-1,968**	**-180**
Dividends from subsidiaries		248	814
Impairment losses from shares in subsidiaries	14	1,193	-2,522
Financial income	9	20	33
Financial expenses	10	-108	-96
Profit/loss before tax		**-615**	**-1,951**
Tax on the income for the year	11	57	15
NET INCOME FOR THE YEAR		**-558**	**-1,936**

STATEMENT OF COMPREHENSIVE INCOME
1 January - 31 December

	Note	2015 mDKK	2014 mDKK
Net income for the year		-558	-1,936
Other comprehensive income		0	0
Total comprehensive income		**-558**	**-1,936**

BALANCE SHEET
31 December

	Note	2015 mDKK	2014 mDKK
ASSETS			
Licence fees and rights	12	181	569
Software	12	39	143
Software in progress	12	34	51
Intangible assets		**254**	**763**
Land and buildings	13	191	437
Plant and machinery	13	587	1,723
Other fixtures and fittings, tools and equipment	13	43	116
Tangible assets in progress	13	180	234
Tangible assets		**1,001**	**2,510**
Investments in subsidiaries	14	9,254	8,061
Deposits		31	33
Deferred tax assets	18	52	0
Financial assets		**9,337**	**8,094**
NON-CURRENT ASSETS		**10,592**	**11,367**
Inventories	15	**103**	**119**
Trade receivables	16	1,218	1,013
Receivables from group entities		377	675
Other receivables		87	45
Pre-paid costs		134	104
Receivables		**1,816**	**1,837**
Cash	26	**74**	**64**
CURRENT ASSETS		**1,993**	**2,020**
TOTAL ASSETS		**12,585**	**13,387**

BALANCE SHEET
31 December

	Note	2015 mDKK	2014 mDKK
LIABILITIES			
Share capital	17	400	400
Retained earnings		2,859	3,417
Proposed dividend distribution		0	2,084
Equity		3,259	5,901
Payables to group entities	20	5,804	5,980
Deferred tax liabilities	18	0	29
Provisions	19	216	243
Deposits		5	5
Other interest-bearing liabilities	23	92	129
Non-current liabilities		6,117	6,386
Current maturities of other interest-bearing liabilities	23	31	69
Current maturities of provisions	19	68	84
Prepayments received from customers		163	171
Trade payables		735	560
Payables to group entities	20	2,048	59
Other payables	21	164	157
Current liabilities		3,209	1,100
LIABILITIES		9,326	7,486
TOTAL EQUITY AND LIABILITIES		12,585	13,387

STATEMENT OF CHANGES IN EQUITY

	Share capital mDKK	Retained earnings mDKK	Dividends distributed mDKK	Total mDKK
Equity at 01.01.2014	400	7,437	270	8,107
Net income for the year	0	-1,936	0	-1,936
Dividends distributed	0	0	-270	-270
Dividends proposed	0	-2,084	2,084	0
Other comprehensive income	0	0	0	0
Comprehensive income for the year	0	-4,020	1,814	-2,206
Equity at 31.12.2014	400	3,417	2,084	5,901
Equity at 01.01.2015	400	3,417	2,084	5,901
Net income for the year	0	-558	0	-558
Dividends distributed	0	0	-2,084	-2,084
Dividends proposed	0	0	0	0
Other comprehensive income	0	0	0	0
Comprehensive income for the year	0	-558	-2,084	2,642
Equity at 31.12.2015	400	2,859	0	3,259

CASH FLOW STATEMENT

	Note	2015 mDKK	2014 mDKK
Profit/loss after tax		-558	-1,936
Reversal of depreciation, amortisation and impairment losses		1,073	3,209
Reversal of interest income and interest expenses		45	41
Reversal of profit/loss on sale of non-current assets		30	29
Working capital changes	25	-65	283
Tax paid		-76	-62
Operating cash flows		449	1,564
Purchase, etc. of intangible assets		-142	-63
Purchase, etc. of tangible assets incl. leased lines		-414	-465
Disposal, etc. of tangible assets		167	41
Investment cash flows		-389	-487
Raising/repayment of non-current payables to group entities		-176	-717
Reduction of loans to group entities		100	0
Reduction of other non-current payables		71	-29
Interest paid		-45	-41
Dividend paid		0	-270
Finance cash flows		-50	-1,057
Change in cash and cash equivalents			
Cash at 01.01.		64	44
Cash at 31.12.	26	74	64

NOTES

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Note 1. Summary accounting policies

The 2015 annual report for Telenor 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 (large), 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 2015 reporting year of relevance to Telenor A/S.

A number of new standards and interpretations have been issued which had not become mandatory at the preparation of the provisional IFRS financial statements for 2015 and has not yet been adopted by the Company.

The IASB has issued the following new accounting standards (IFRS and IAS) and interpretations (IFRIC): IFRS 9, IFRS 14, IFRS 15, IFRS 16, amendments to IAS 1, IAS 16, IAS 27, IAS 28, IAS 38, IAS 39, IAS 41, IFRS 7, IFRS 9, IFRS 10, IFRS 11, IFRS 12 and annual improvements to IFRSs cycle 2012-2014.

Of the above, IFRS 9, IFRS 14, IFRS 15, IFRS 16 amendments to IAS 28, IFRS 10 and IFRS 12 have not yet been endorsed by the EU.

The Company expects to adopt the new accounting standards and interpretations when they become mandatory according to the effective dates adopted by the EU. Apart from IFRS 15 and IFRS 16 and certain note disclosure requirements, none of the new standards or interpretations are expected to have a significant impact on recognition and measurement for the Company. Specific considerations on IFRS 15 and IFRS 16 are described below:

- IFRS 15 Revenue from Contracts with Customers was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The new standard replaces all current accounting standards and interpretations on revenue recognition and is expected to become mandatory for the Company's annual report for 2018. A detailed impact analysis of adopting IFRS 15 has been started but has not yet reached any conclusions.

- IFRS 16 Leases was issued in January 2016 and will be effective for reporting periods beginning on 1 January 2019 or later. The standard will significantly change the accounting treatment of leases that under the current IAS 17 are classified as operating leases. IFRS 16 requires that all leases irrespective of their type, with only few exceptions, are recognised in the balance sheet by the lessee as an asset with a corresponding liability. The income statement will also be impacted as the annual lease expenses under IFRS 16 will consist of two elements - depreciation on the leased assets and interest expenses. Under the current standard, the annual expenses from operating leases are recognised as other external expenses. Telenor has not yet made a thorough impact assessment of the new standard. However it is expected that IFRS 16 will have material impact, as the Company's minimum lease payments related to operating leases (primarily offices, cars and office equipment, etc.) amounting to approximately DKK 146 million (undiscounted) at year-end 2015, which potentially should be recognised in the balance sheet.

As at the annual report date, all operative standards and interpretations have been implemented.

The company has decided not to prepare consolidated financial statements with the 100 % owned subsidiaries Telenor Serbia d.o.o. (Serbia) and Telenor Ltd. Montenegro (Montenegro) 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 company 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 company and the value of the liability can be measured reliably. Assets and liabilities are measured at cost on initial recognition, except financial assets and liabilities which are initially recognised at fair value. Subsequently, assets and liabilities are measured as described for each individual item below.

NOTES

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 and financial liabilities are recognised in the income statement.

Joint operations

Telenor takes part in a joint arrangement, TT Netværket, which handles the expansion, operations and maintenance of the GSM (2G), UMTS (3G) and LTE (4G) networks. The arrangement is a joint operation in which the partners have direct ownership to the assets and are directly responsible for liabilities in the joint operation. The joint operation has been consolidated into the financial statements of Telenor A/S.

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 as financial income and expenses. 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.

N O T E S

INCOME STATEMENT

Revenue

Revenues comprise the value of services provided and goods delivered in the period less value-added tax and price reductions directly associated with sales.

Income from the sale of goods and services is recognised in the income statement if delivery has taken place and all risk and rewards associated with the goods and services sold have been transferred to the buyer.

The most significant sources of income are recognised in the income statement as follows:

- Income from phone services is recognised at the time when the call is made.
- Sale of prepaid products such as prepaid phone cards is recognised as income upon actual use.
- Subscription income is recognised over the subscription period.
- Sale of mobile phones and equipment is recognised on the date of sale. Revenue from sales in instalments is recognised at the present value of the future payments based on a risk-free and customer-specific rate of interest.

Other operating expenses

Other operating expenses include line items that are secondary to the company's activities, including the profit and losses from the sale of intangible and tangible assets. Gains or losses in connection with the sale of intangible assets are stated as the sales price less costs to sell and the carrying amount at the time of sale.

NOTES

Income from investments in subsidiaries

Dividends from investments in subsidiaries are recognised in the income statement in the period in which the dividend is declared. 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 or if book value of the underlying assets is below book value of the investment.

Financial income and expenses

Financial income and expenses comprise interest payments on and amortisation of financial liabilities and assets with the amounts that are attributable to the fiscal year.

Financial income and expenses also include the financial costs of financial leasing, realised and unrealised foreign currency gains and losses as well as tax surcharge and tax relief under the Danish Tax Prepayment Scheme, etc.

Tax

The company and its Danish group entities are jointly taxed. The tax is allocated in accordance with the full allocation method.

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. Changes in deferred tax concerning equity items are credited or charged directly to 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.

N O T E S

BALANCE SHEET

Intangible assets

Software

Software is measured at cost less accumulated amortisation and impairment losses. Cost comprises the acquisition price and costs directly related to the acquisition until the time when the asset is ready for its intended use.

Own-developed software comprises costs and salaries directly attributable to the company's software development activities as well as finance costs in the production period. Own-developed software that is clearly defined and identifiable, where technical utilisation, sufficient resources and a potential future market or possible use in the company can be demonstrated and where it is intended to use the project, is recognised as intangible assets if the cost can be reliably measured and there is adequate assurance that the future earnings can cover the costs of production, sale and administration as well as the actual development costs.

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Software, continued

Other development costs are charged to the income statement as and when incurred. Capitalised own-developed software is measured at cost less accumulated amortisation and impairment losses. A yearly impairment test is performed for own-developed software assets where there is an indication of impairment.

After completed development work, own-developed software is amortised on a straight-line basis over its estimated useful life. The amortisation period is usually 3-5 years. The basis of amortisation is reduced by any impairment losses.

Licences

Licences and other rights are measured at cost less accumulated amortisation and impairment losses and are amortised over the estimated useful life. However, intangible assets with indefinite useful lives are not amortised but are tested annually for impairment.

The UMTS and LTE licences are amortised from the date of initial use and over the remaining licence period. The UMTS licence expires by the end of 2021 and the LTE licence expires by mid-2030.

Tangible assets

Tangible assets are measured at cost less accumulated depreciation and impairment losses. Cost comprises the acquisition price and costs directly related to the acquisition until the time when the asset is ready for its intended use. For own-manufactured assets, the cost includes direct labour, materials, parts purchased and services rendered by subcontractors as well as interest costs in the production period. Furthermore, the cost includes 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 assets.

NOTES

Tangible assets, continued

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 masts and leasehold improvements 5-10 years
- Plant and machinery 3-10 years
- Other fixtures and fittings, tools and equipment 3-10 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.

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

Investments in subsidiaries are measured at cost. If the cost exceeds the recoverable amount, it is written down to this lower amount. 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 or if the net assets of the subsidiary is below net book value.

NOTES

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.

Inventories
Inventories are measured at the lower of cost and net realisable value. Cost is determined subject to the FIFO principle. The net realisable value is the estimated selling price less costs to sell. Impairment is recognised for obsolete inventory, including slow-moving stock.

Receivables
Receivables primarily include trade receivables and short-term advances to group entities.

Trade receivables are initially measured at cost and subsequently at amortised cost or a lower value subject to an individual assessment of the exposure to loss. Receivables from interest-free instalment sales are recognised at the present value of the future payments based on a risk-free and customer-specific rate of interest. The interest element is carried as income as and when the loan is repaid.

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.

NOTES

Pre-paid costs

Prepaid costs recognised under assets include expenses paid concerning subsequent financial years.

Prepayments for leased premises are made when entering into operational leases. The advance amounts are depreciated over the expected leasing period or the estimated customer lifetime subject to a model based on the services provided. They mainly relate to connection charges for the lease of cables from other operators (operator access, etc.). The depreciation period for connection charges is the expected customer lifetime based on historical experience.

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-depreciable office properties. 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.

Deferred tax is measured based on the tax rules and rates which will be applicable 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.

Provisions

Provisions are recognised when the company, as a consequence of an event in the financial year or in previous financial years, has a legal or constructive liability and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

NOTES

Provisions are recognised and measured as the best estimate of the costs required to settle the liabilities at the balance sheet date. Provisions with an expected maturity of more than 12 months from the balance sheet date are measured at present value.

The provisions include restoration liabilities. When the company has an obligation to dismantle an asset or restore the site on which the asset was used, a liability is recognised, corresponding to the present value of the expected future costs. The present value of future costs is capitalised as a tangible asset and depreciated over the useful life of the asset it relates to. After initial recognition at present value, the added cost of the liability is charged to the income as a finance cost.

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.

Other rental and lease issues
When agreements to rent and lease assets for a period of several years are operational in nature, the lease payments are charged to the income statement for the period to which they relate.

The remaining rental lease commitment concerning such agreements is stated under contingent liabilities.

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.

NOTES

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, unpaid 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.

Note 2. Definitions of key figures and ratios

Solvency ratio = Closing shareholders' equity / Balance sheet total

Note 3. 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.

In the practical application of the described accounting policies, the management has made the following significant accounting estimates which have significantly affected the financial statements:

NOTES

Note 3. Significant accounting estimates, assumptions and uncertainties, continued

Impairment of assets

A turnaround process is being initiated following the withdrawal from the joint venture plans with TeliaSonera. However the outlook for the Danish Telco market remains challenging and as a consequence tangible and intangible assets have been impaired in 2015 amounting to 1,651 mDKK.

The impairment is based on key assumptions relating to growth rates (revenue growth rate: -2.8 % / nominal growth rate in terminal value: 0.0 %) and discount rates (discount rate before tax: 7.2 % / discount rate after tax: 5.9 %). The growth rates used to extrapolate cash flows only takes into consideration committed operational efficiency programmes.

Licence fees and rights

Unpaid services associated with the acquisition of the UMTS licence are discounted, at the time of acquisition, to net present value. The uncertainty stated relates to estimates concerning the average discount rate. An average discount rate of 3.67% has been applied (2014: 3.67%) when discounting unpaid services to net present value, based on the expected interest-rate level for the period 2006-2015.

The assumptions applying to the UMTS licence will also apply to the LTE licence. An average discount rate of 2.43% has been applied (2014: 2.43%) when discounting unpaid services to net present value, based on the expected interest-rate level for the period 2010-2018.

Expected useful lives

The expected useful lives of tangible and other intangible assets are based on the management's estimates and are reviewed annually to ensure compliance with the expected economic lives of the assets based on current facts and circumstances.

Particularly critical estimates concerning the expected useful lives of the assets comprise, without limitation, expectations of technological and market developments.

NOTES

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.

In 2015 impairment made prior years has been reversed by 1,193 mDKK. See note 14 for assumptions underlying this assessment.

Asset retirement obligations

The asset retirement obligations of the company relates mainly to sites and retail stores, when the company has a legal or constructive obligation to remove an asset or restore a site. The company has estimated and capitalised the net present value of the obligations and increased the carrying value of the related assets.

Note 4. Revenue

The company operates within a single geographic market, i.e. Denmark, and two significant activities; mobile telephony and broadband/landline services. Together, the activities are considered to be one cash-generating unit (CGU), as the structure of the company's organisation and financial management means that only the revenue is divided into the stated activities whereas other costs and investments are considered in combination.

Revenue distribution for the two activities:

	2015 mDKK	2014 mDKK
Mobile telephony	3,834	3,883
Broadband and landline services	533	573
	4,367	4,456

NOTES

Note 5. Staff expenses

	2015 mDKK	2014 mDKK
Salaries and wages	810	759
Defined contribution plans	64	62
Other expenses for social security	8	9
Other staff expenses	37	39
Work performed by the enterprise and capitalised	-50	-60
	869	809
Average number of employees	1,903	1,811

Remuneration of the Executive Board is not disclosed, subject to Section 98b of the Danish Financial Statements Act. The board of directors has not received any remuneration from the company.

Note 6. Other operating income

	2015 mDKK	2014 mDKK
Gains/losses on disposal of non-current assets	1	5
	1	5

Note 7. Other operating expenses

	2015 mDKK	2014 mDKK
Losses on disposal and retirement of non-current assets	151	48
Restructuring and onerous contracts	34	89
	185	137

Note 8. Depreciation and amortisation

	2015 mDKK	2014 mDKK
Amortisation of items recognised as prepaid expenses	24	29
Depreciation of tangible assets	390	428
Amortisation of intangible assets	201	230
Impairment of tangible and intangible assets	1,651	0
	2,266	687

NOTES

Note 9. Financial income

	2015 mDKK	2014 mDKK
Interest income concerning receivables	20	23
Exchange rate gains and losses, net	0	10
	20	33

Note 10. Financial expenses

	2015 mDKK	2014 mDKK
Interest expenses for group entities	65	64
Other financial expenses	31	32
Exchange rate gains and losses, net	12	0
	108	96

Note 11. Tax on the profit for the year

	2015 mDKK	2014 mDKK
Current dividend and corporation tax	-12	-50
Tax from previous years	-12	-1
Change in deferred tax	81	66
	57	15

The current corporation tax for the financial period is based on a tax rate of 23.5 %.

Profit/loss before tax	-615	-1,951
Tax at a tax rate of 23.5 %	-86	-139
Adjustment for previous years	-3	-1
Tax base of dividend from subsidiaries	158	195
Dividend tax paid	-12	-40
Tax on the profit for the year	57	15
Effective tax rate for the year	-9 %	-1 %

NOTES

Note 11. Tax on the profit for the year, continued

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 company in accordance with Danish taxation rules.

The development in the company's effective tax rate is mainly attributable to the effect of the profit on non-tax credits concerning impairment losses and non-taxable dividends from subsidiaries.

Note 12. Intangible assets

	Licences and rights mDKK	Software mDKK	Software under develop-ment mDKK	Total mDKK
Cost				
Cost at 01.01.14	861	2,243	85	3,343
Additions	11	86	0	97
Disposals	0	-5	-34	-39
Cost at 31.12.14	872	2,324	51	3,401
Amortisation and impairment losses				
Amortisation and impairment losses 01.01.14	-248	-2,004	0	-2,406
Amortisation for the year	-55	-177	0	-232
Reversal of disposals	0	0	0	0
Amortisation and impairment losses at 31.12.14	-303	-2,181	0	-2,638
Carrying amount at 31.12.14	**569**	**143**	**51**	**763**

NOTES

Note 12. Intangible assets, continued

	Licences and rights mDKK	Software mDKK	Software under develop-ment mDKK	Total mDKK
Cost				
Cost at 01.01.15	872	2,324	51	3,401
Reclassification	0	-5	0	-5
	872	2,319	51	3,396
Additions	0	142	0	142
Disposals	0	-119	-17	-136
Cost at 31.12.15	872	2,342	34	3,402
Amortisation and impairment losses				
Amortisation and impairment losses 01.01.15	-303	-2,181	0	-2,638
Amortisation for the year	-55	-146	0	-201
Reversal of disposals	0	95	0	95
Impairment losses	-333	-71	0	-404
Amortisation and impairment losses at 31.12.15	-691	-2,303	0	-3,148
Carrying amount at 31.12.15	**181**	**39**	**34**	**254**

A turnaround process is being initiated following the withdrawal from the joint venture plans with TeliaSonera. However the outlook for the Danish Telco market remains challenging and as a consequence tangible and intangible assets have been impaired in 2015 amounting to 1,651 mDKK.

A discounted cash flow model has been applied with an explicit forecast period from 2016 to 2018 (terminal value year). The impairment test is based on key assumptions relating to growth rates (revenue growth rate: -2.8 % / nominal growth rate in terminal value: 0.0 %) and discount rates (discount rate before tax: 7.2 % / discount rate after tax: 5.9 %) and EBITDA margin of 19.5. The growth rates used to extrapolate cash flows only takes into consideration committed operational efficiency programmes.

NOTES

Note 13. Tangible assets

	Land and buildings mDKK	Plant and machinery mDKK	Other fixture, fittings tools and equipment mDKK	Work in progress mDKK	Total mDKK
Cost					
Balance at 01.01.14	1,372	3,609	530	229	5,740
Reclassification	-209	153	0	56	0
	1,163	3,762	530	285	5,740
Additions	38	310	55	62	465
Disposals	-65	-205	-105	-113	-488
Cost at 31.12.14	1,136	3,867	480	234	5,717
Depreciation and impairment losses					
Depreciation and impairment losses 01.01.14	-690	-2,056	-405	0	-3,151
Reclassification	-30	30	0	0	0
	-720	-2,026	-405	0	-3,151
Depreciation for the year	-46	-321	-61	0	-428
Reversal of disposals	67	203	102	0	372
Depreciation and impairment losses at 31.12.14	-699	-2,144	-364	0	-3,207
Carrying amount at 31.12.14	437	1,723	116	234	2,510

NOTES

Note 13. Tangible assets, continued

	Land and buildings mDKK	Plant and machinery mDKK	Other fixture, fittings tools and equipment mDKK	Work in progress mDKK	Total mDKK
Cost					
Balance at 01.01.15	1,136	3,867	480	234	5,717
Reclassification	0	13	2	-1	14
	1,136	3,880	482	233	5,731
Additions	35	251	64	22	372
Disposals	-661	-512	-71	-75	-1,319
Cost at 31.12.15	510	3,619	475	180	4,784
Depreciation and impairment losses					
Depreciation and impairment losses 01.01.15	-699	-2,144	-364	0	-3,207
Reclassification	0	-6	0	0	-6
	-699	-2,150	-364	0	-3,213
Depreciation for the year	-36	-296	-58	0	-390
Reversal of disposals	506	491	70	0	1,067
Impairment losses	-90	-1,077	-80	0	-1,247
Depreciation and impairment losses at 31.12.15	-319	-3,032	-432	0	-3,783
Carrying amount at 31.12.15	**191**	**587**	**43**	**180**	**1,001**

Note 14. Investments in subsidiaries

	2015 mDKK	2014 mDKK
Acquisition price at 01.01.	13,981	13,981
Additions	0	0
Impairment losses at 01.01.	-5,920	-3,398
Impairment for the year / reversal of impairment	1,193	-2,522
Carrying amount at 31.12.	9,254	8,061

NOTES

Note 14. Investments in subsidiaries, continued

The subsidiaries of Telenor A/S are:

	Registered office	Ownership share	Share of voting rights	Activity
Telenor Serbia d.o.o.	Serbia	100 %	100 %	Mobile telephony
Telenor Ltd. Montenegro.	Montenegro	100 %	100 %	Mobile telephony

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, EBIDTA margins, investments and discount rate. The following assumptions have been used for calculating the recoverable amount:

	Post-tax discount rate (WACC)		Pre-tax discount rate		Nominal growth rate terminal value	
	2015	2014	2015	2014	2015	2014
Telenor Serbia	12.6-11.0 %	13.9-11.8 %	14.2-12.6 %	15.5-13.4 %	2.0 %	2.0 %
Telenor Montenegro	12.2-11.7 %	12.8-12.4 %	13.3-12.8 %	13.9-13.6 %	1.5 %	0.5 %

In 2014 impairment testing resulted in a decrease in the recoverable amount of both Telenor Serbia and Telenor Montenegro, mainly due to decrease in nominal growth rates on the East European markets. As a consequence impairment losses for Telenor Serbia of 2,355 mDKK and Telenor Montenegro of 167 mDKK were recognised in 2014.

However the 2015 impairment testing increased the value of both Telenor Serbia and Telenor Montenegro, resulting in reversal of impairment of 1,193 mDKK.

NOTES

Note 15. Inventories

	2015 mDKK	2014 mDKK
Goods for resale	103	119
Inventories at 31.12.	103	119
Impairment losses on goods for resale to net realisable value for the year	8	21

Note 16. Trade receivables

Trade receivables before impairment losses	1,269	1,116
Impairment for probable losses	-51	-103
Trade receivables	1,218	1,013

Age analysis of trade receivables

Receivables for which no impairment losses have been realised		
Not due	1,026	900
Overdue by 1 – 179 days	120	65
Overdue by 180 – 359 days	51	26
Overdue by more than 360 days	21	22
	1,218	1,013
Impairment for probable losses	51	103
Trade receivables (gross)	1,269	1,116

Development in impairment for losses

Impairment losses at year-start	103	118
Changes in the period	-52	-15
Impairment losses at year-end	51	103

The company's aggregate credit risk amounts to 1,269 mDKK (2014: 1,116 mDKK) which is reduced by collection guarantees entered into with external partners.

NOTES

	2015 mDKK	2014 mDKK
Note 17. Share capital		
Share capital at 01.01.	400	400
Share capital at 31.12.	400	400

The share capital consists of 400,000 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 has remained unchanged for the past five years.

	2015 mDKK	2014 mDKK
Note 18. Deferred tax liabilities		
Deferred tax liabilities at 01.01.	29	95
Change in deferred tax recognised in the income statement	-81	-66
Deferred tax asset/liabilities at 31.12.	-52	29

Deferred tax assets related to impairment of intangible and tangible assets in 2015, amounting to 363 mDKK, has not been recognised in the balance sheet.

	01.01.14 mDKK	Recognised in inc. statement mDKK	31.12.14 mDKK
Non-current assets	-156	62	-94
Current assets	-4	-2	-6
Non-current liabilities	50	3	53
Current liabilities	4	2	6
Loss carry forward	11	1	12
	-95	66	-29

NOTES

Note 18. Deferred tax liabilities, continued

	01.01.15 mDKK	Recognised in inc. statement mDKK	31.12.15 mDKK
Non-current assets	-94	94	0
Current assets	-6	6	0
Non-current liabilities	53	-1	52
Current liabilities	6	-6	0
Loss carry forward	12	-12	0
	-29	81	52

Note 19. Provisions

Provisions mainly concern restoration liabilities. When the company has an obligation to dismantle an asset or restore the site on which the asset was used, a liability is recognised, corresponding to the present value of the expected future costs.

The company's restoration obligations mainly comprise dismantling obligations concerning masts and sites on leased land as well as conversion of leased property. These leases generally include provisions requiring the company to restore the leased premises to their original condition after the expiry of the agreement. The timing of the realisation of the recognised restoration obligations will generally be subject to uncertainty, but the management estimates that this will primarily take place in the period 2028 - 2053.

Provision for repairs concerns provision for repairs of handsets in the 2 year guarantee period. It is expected that the most significant recognised obligation will be realised within 1 year.

Other restructuring provisions primarily concern expenses towards non-utilised contracts or dismissed employees where the company's financial obligations continue to exist. It is expected that the most significant recognised obligations will be realised within a period of 1-2 years.

Provision for restoration:	2015 mDKK	2014 mDKK
Provisions for restoration costs at 01.01.	239	217
Provisions for the year	14	22
Realised during the year	-39	0
Provisions for restoration costs at 31.12.	214	239

NOTES

Note 19. Provisions, continued

Provision for repairs:	2015 mDKK	2014 mDKK
Provisions for repair costs at 01.01.	35	17
Provisions for the year	15	28
Realised during the year	-10	-10
Provisions for repair costs at 31.12.	40	35
Provisions for restructuring – non-current element:		
Non-current element of restructuring at 01.01.	4	11
Provisions during the year for staff reductions and onerous contracts	-1	0
Reclassified to current element	-1	-7
Provisions for restructuring at 31.12.	2	4
Provisions for restructuring – current element:		
Current element of restructuring at 01.01.	49	21
Reclassified from non-current element	1	1
Provisions during the year for staff reductions and onerous contracts	35	91
Realised during the year	-57	-64
Provisions for restructuring at 31.12.	28	49
Total provisions for restructuring at 31.12.	**30**	**53**

NOTES

Note 20. Payables to group entities

The payables carry floating-rate interest with monthly rate adjustments. As at 31 December 2015, the interest was 0.09 – 0.82 % p.a. (2014: 0.09 - 1.06 % p.a.).

	2015 mDKK	2014 mDKK
Note 21. Other payables		
VAT and charges	50	46
Salary, payroll taxes, bonus, holiday pay, etc., payable	108	107
Other costs payable	6	4
	164	157

The carrying amount of expenses payable with respect to salary, payroll taxes, social contributions, holiday pay, etc., VAT and charges as well as other expenses payable corresponds to the fair value of the obligations.

Holiday pay obligations represent the company's obligation to pay salary in holiday periods which the employees, as at the balance sheet date, have a vested right to hold in subsequent financial years.

	2015 mDKK	2014 mDKK
Note 22. Operating lease commitments		
Minimum lease payments recognised in the income statement	156	166

Distribution of the aggregate future minimum lease payments under non-cancellable leases:

	Lease of land and buildings	Lease of cars and office equipment
Within one year	89	8
Within two to five years	33	15
After five years	10	0
	132	23

N O T E S

Note 23. Financial assets and liabilities

Categories of financial assets and financial liabilities

The financial assets of Telenor A/S include trade receivables, receivables from group entities, other receivables and deposits. All financial assets are recognised as loans and other receivables at amortised cost. The financial liabilities include payables to group entities, other interest-bearing liabilities, deposits and trade payables. All financial assets are carried at amortised cost.

Fair value

The fair value of financial assets and liabilities are assessed, for all financial assets and liabilities, to correspond to the carrying amount as this represents a reasonable approximation to the fair value because the financial assets and liabilities are either classified as current or subject to floating-rate interest at a market-determined rate of interest.

Financial risks

Telenor A/S's ultimate parent, Telenor ASA, is responsible for and performs the group's financing and liquidity, currency and interest management centrally on behalf of the group entities.

Insofar as possible, the group attempts to counter and manage any risks that the group can influence through own actions.

Liquidity risks

The company is mainly financed by intercompany loans and associated cash pools. The company is part of the Telenor group's cash pool scheme, which includes that any excess liquidity is placed on accounts in the Telenor group's internal bank.

As is the case for other companies in the Telenor group, Telenor A/S will receive the necessary liquidity support from the Telenor group's internal bank to ensure that the company's liquidity resources are sufficient to cover the requirements at any time.

NOTES

Note 23. Financial assets and liabilities, continued

Credit risks

The company's credit risks primarily relate to trade receivables. The credit risk is assessed to be limited due to the significant number of individual receivables. Against this background, it is not assessed that further provisions will be required in addition to the normal provisions for losses on trade receivables that have already been recognised. See note 16 for details about the age analysis of the receivables and provisions for bad debts.

Interest risks

The company primarily has floating-rate loans. Interest-rate fluctuations will consequently affect the company's interest expenses. All else being equal, an interest-rate fluctuation of 10% concerning floating-rate loans would have impacted the company's interest expenses by +/- 11 mDKK in 2015 (2014: 6 mDKK).

NOTES

Note 23. Financial assets and liabilities, continued

Financial liability maturity outline

2014	**Total mDKK**	**<1 year mDKK**	**1-3 years mDKK**	**>3 years mDKK**
Interest-bearing liabilities				
Payables to group entities	5,980	0	0	5,980
Other interest-bearing liabilities	198	69	42	87
Total interest-bearing liabilities	6,178	69	42	6,067
Non-interest-bearing liabilities				
Payables to group entities	59	59	-	-
Trade payables	595	595	-	-
Other payables	157	157	-	-
Total non-interest-bearing liabilities	811	811	-	-
Future interest expenses	56	22	34	0
Total liabilities, including interest expenses	7,045	902	76	6,067

Financial liability maturity outline

2015	**Total mDKK**	**<1 year mDKK**	**1-3 years mDKK**	**>3 years mDKK**
Interest-bearing liabilities				
Payables to group entities	5,804	0	2,666	3,138
Other interest-bearing liabilities	123	31	43	49
Total interest-bearing liabilities	5,927	31	2,709	3,187
Non-interest-bearing liabilities				
Payables to group entities	34	34	-	-
Trade payables	775	775	-	-
Other payables	164	164	-	-
Total non-interest-bearing liabilities	973	973	-	-
Future interest expenses	34	18	16	0
Total liabilities, including interest expenses	6,934	1,022	2,725	3,187

Note 24. Contingent liabilities, provision of security and contractual obligations

In addition, the company is also liable for a financial lease obligation entered into together with a number of other Telenor companies, representing a capitalised value of at least 114 mDKK as at 31 December 2015 (2014: 117 mDKK).

Together with the other 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.

The company has furnished guarantees to external suppliers totalling 31 mDKK as at 31 December 2015 (2014: 61 mDKK) concerning contracts entered into in TT-Netværket P/S.

The company has entered into purchase orders with suppliers in addition to the items carried in the financial statements at 2,015 mDKK as at 31 December 2015 (2014: 616 mDKK).

Telenor is a party to certain legal proceedings. The management believes that the outcome of these proceedings will not materially affect the group's financial position.

	2015 mDKK	2014 mDKK
Note 25. Working capital changes		
Changes in inventories	16	20
Changes in receivables	-48	245
Changes in other provisions	-189	17
Changes in trade payables	156	1
	-65	283

	2015 mDKK	2014 mDKK
Note 26. Cash and cash equivalents		
Cash and cash equivalents and bank deposits	342	363
	342	363

The carrying amount equals the fair value of the cash and cash equivalents.

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Note 27. Shareholders

The company is wholly owned by Telenor Danmark Holding A/S, Copenhagen.

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.

Note 28. Related parties

The company's related parties with control comprise the main shareholder, Telenor Danmark Holding A/S, Copenhagen. Related parties are also considered to include all subsidiaries 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 2015, Telenor A/S has had the following transactions and balances with related parties:

Parents	**2015 mDKK**	**2014 mDKK**
Income	3	0
Expenses	74	79
Non-current asset investments	0	2
Receivables	0	70
Liabilities other than provisions	4,690	2,658

Subsidiaries	**2015 mDKK**	**2014 mDKK**
Income (mainly dividends from subsidiaries)	248	814
Expenses	0	0
Non-current asset investments	0	0
Receivables	0	0
Liabilities other than provisions	0	0

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Note 28. Related parties, continued

Other group entities	2015 mDKK	2014 mDKK
Income	99	72
Expenses	123	171
Non-current asset investments	2	9
Receivables (mainly receivables from subsidiaries)	108	306
Liabilities other than provisions	3,160	3,373

	2015 mDKK	2014 mDKK
Salary and remuneration for management and key personnel	8	9
Distributed among:		
Salary and pensions	7	8
Share-based payment	1	1

Remuneration of the Executive Board and Board of Directors appears from note 5.

The company's expenses for the Executive Board and Board of Directors are covered by a management fee paid to the parents.

It has been proposed to distribute dividends to the parent, Telenor Danmark Holding A/S, of 0 mDKK (2014: 2,084 mDKK).

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Note 29. Events after the balance sheet date

In first quarter 2016 additional impairment testing of Telenor Serbia was done, indicating a decrease in the impaired value of 559 mDKK. The decrease in value is based on events in 2016 and therefore does not affect the value of Telenor Serbia in 2015.

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

Note 30. Remuneration to the auditor elected by the general meeting

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

Note 31. Approval of the annual report for publication

At a board meeting held on 30 May 2016, the Board of Directors approved this annual report for publication. The annual report will be presented for approval of the shareholders of Telenor A/S at the annual general meeting on 30 May 2016.