BT Denmark ApS
Havnegade 39
1058 Copenhagen K
Central Business Registration No
24221415

Annual report 2016/17

The Annual General Meeting adopted the annual report on 31/8 - 2017

Chairman of the General Meeting

Name: Phillip Martin Graff

Contents

Entity details

Entity
BT Denmark ApS
Havnegade 39
1058 Copenhagen K

Central Business Registration No: 24221415
Registered in: Copenhagen
Financial year: 01.04.2016 - 31.03.2017

Board of Directors
Attila Tamás Szűcs
Wai Ming Teng
Andrea Giovanni Bono

Executive Board
Philip Martin Graff

Lawyer
Bird & Bird Advokatpartnerselskab
Kalkbrænderiløbskaj 4
2100 Copenhagen

Auditors
PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab
Strandvejen 44
2900 Hellerup

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of BT Denmark ApS for the financial year 01.04.2016 - 31.03.2017

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 31.03.2017 and of the results of its operations for the financial year 01.04.2016 - 31.03.2017

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, 31/8-2017

Executive Board

Philip Martin Graf

Board of Directors

Attila Tamás Szücs

Wai Ming Teng

Andrea Giovanni Bono

Independent auditor's report

To the shareholders of BT Denmark ApS

Opinion

We have audited the financial statements of BT Denmark ApS for the financial year 01.04.2016 - 31.03.2017, 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 31.03.2017 and of the results of its operations and cash flows for the financial year 01.04.2016 - 31.03.2017 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 statementss 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 exits. 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, 31 August 2017

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33771231

Jens Otto Damgaard
State Authorised Public Accountant

Lone Vindbjerg Larsen
State Authorised Public Accountant

Management commentary

Primary activities

The Company's business in 2016/17 has comprised of offering telecommunication services to major Telecommunication users in the Danish Market.

Development in activities and finances

Turnover has decreased by 6%, from DKK 67,3 mln in 2015/16 to DKK 63.1 mln in 2016/17. The external revenue stream decreased by 12% and the internal revenue increased by 3% compare to 2015/2016.

Gross profit has increased from DKK 6.1 mln in 2015/16 to DKK 9.1 mln in 2016/17, an increase of DKK 3 mln, or 49%. The gross margin has increased from 9,1 % in 2015/16 to 14,5 % in 2016/17. The retained profit for the year has increased by 17%, from profit of DKK 2.0 mln in 2015/16 to DKK 2.3 mln in 2016/17, and the profit margin increased to 3,2% in 2016/17 from 2,9% in 2015/16.

The result of the year is a profit of DKK 2.3 mln, which management finds satisfactory.

Outlook

The Company has based on expectations to the coming years decided to recognize deferred tax asset amounting to DKK 380 k, based on the value of taxable losses, expected to be utilized within a 3-year period. Should assumptions or expectations to the future change, this could affect the valuation of the tax assets.

Income statement for 2016/17

	Notes	2016/17 DKK	2015/16 DKK
Gross profit		**9.124.897**	**6.118.515**
Staff costs	1	(975.769)	(980.312)
Depreciation, amortisation and impairment losses		(5.125.964)	(2.725.108)
Operating profit/loss		**3.023.164**	**2.413.095**
Other financial income	2	662.951	634.170
Other financial expenses	3	(222.695)	(564.948)
Profit/loss before tax		**3.463.420**	**2.482.317**
Tax on profit/loss for the year	4	(1.145.956)	(503.893)
Profit/loss for the year		**2.317.464**	**1.978.424**
Proposed distribution of profit/loss			
Retained earnings		2.317.464	1.978.424
		2.317.464	**1.978.424**

Balance sheet at 31.03.2017

	Notes	2016/17 DKK	2015/16 DKK
Other fixtures and fittings, tools and equipment		6.191.840	3.925.843
Property, plant and equipment	5	**6.191.840**	**3.925.843**
Fixed assets		**6.191.840**	**3.925.843**
Trade receivables		7.376.186	11.322.268
Receivables from group enterprises	6	2.114.471	0
Deferred tax		380.000	520.000
Other receivables		460.030	187.667
Income tax receivable		0	49.061
Prepayments		9.104.288	9.146.852
Receivables		**19.434.975**	**21.225.848**
Cash	7	**80.952.677**	**76.067.487**
Current assets		**100.387.652**	**97.293.335**
Assets		**106.579.492**	**101.219.178**

Balance sheet at 31.03.2017

	Notes	2016/17 DKK	2015/16 DKK
Contributed capital		137.064	137.064
Retained earnings		89.028.943	86.711.479
Equity		**89.166.007**	**86.848.543**
Trade payables		6.796.170	6.117.002
Payables to group enterprises		4.415.654	2.928.845
Income tax payable		612.588	0
Other payables		211.171	579.716
Deferred income		5.377.902	4.745.072
Current liabilities other than provisions		**17.413.485**	**14.370.635**
Liabilities other than provisions		**17.413.485**	**14.370.635**
Equity and liabilities		**106.579.492**	**101.219.178**
Contingent liabilities	8		
Group relations	9		

Statement of changes in equity for 2016/17

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	137.064	86.711.479	86.848.543
Profit/loss for the year	0	2.317.464	2.317.464
Equity end of year	**137.064**	**89.028.943**	**89.166.007**

Notes

	2016/17 DKK	2015/16 DKK
1. Staff costs		
Wages and salaries	872.111	857.153
Pension costs	91.685	117.749
Other social security costs	11.973	5.410
	975.769	**980.312**
Average number of employees	1	1

	2016/17 DKK	2015/16 DKK
2. Other financial income		
Financial income arising from group enterprises	453.693	611.235
Interest income	5.521	9.801
Exchange rate adjustments	203.737	13.134
	662.951	**634.170**

	2016/17 DKK	2015/16 DKK
3. Other financial expenses		
Interest expenses	46.763	81.977
Exchange rate adjustments	175.932	482.971
	222.695	**564.948**

	2016/17 DKK	2015/16 DKK
4. Tax on profit/loss for the year		
Tax on current year taxable income	885.588	373.893
Change in deferred tax for the year	140.000	130.000
Adjustment concerning previous years	120.368	0
	1.145.956	**503.893**

Notes

	Other fixtures and fittings, tools and equipment DKK
5. Property, plant and equipment	
Cost beginning of year	10.034.898
Additions	7.391.961
Disposals	(2.720.435)
Cost end of year	**14.706.424**
Depreciation and impairment losses beginning of the year	(6.109.055)
Depreciation for the year	(5.125.964)
Reversal regarding disposals	2.720.435
Depreciation and impairment losses end of the year	**(8.514.584)**
Carrying amount end of year	**6.191.840**

6. Receivables from group enterprises
Deposit Tudor Minstrel and BT plc:

Loan Facility Agreements have a maximum deposit/draft of totally DKK 250,000,000. The agreements expire on 9 June 2020 and on 30 June 2059.

7. Cash
Cash comprise BT Plc Treasury cash pool.

8. Contingent liabilities
There are no contingent liabilities.

9. Group relations
Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
British Telecommunications Plc, 81 Newgate street, London, EC1A7AJ, United Kingdom

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.

The accounting policies applied for 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.

Foreign currency translation
On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates

Income statement
Gross profit or loss
Gross profit and loss comprise revenue, changes in inventory of finished goods, other operating income, and external expenses.

Revenue
Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Accounting policies

Cost of sales
Cost of sales comprises costs of sales for the *financial year* measured at cost, adjusted for ordinary inventory write-downs.

Staff costs
Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses
Amortisation, depreciation and impairment losses relating to property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of property, plant and equipment.

Other financial income
Other financial income comprise 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 operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities, including expenses relating to lease activities and losses from the sale of intangible assets and property, plant and equipment.

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
Property, plant and equipment
Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	4-7 years

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Accounting policies

Receivables

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

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

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

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Deferred income

Deferred income comprises received income for recognition in subsequent financial years. Deferred income is measured at cost.