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BT DENMARK ApS
Havnegade 39
1058 København K
Business Registration No
24221415

**Annual report 01.04.2017
- 31.03.2018**

The Annual General Meeting adopted the annual report on 04.09.2018

Chairman of the General Meeting



Name: Phillip Martin Graff

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Entity details

Entity

BT DENMARK ApS
Havnegade 39
1058 København K

Central Business Registration No (CVR): 24221415
Registered in: København
Financial year: 01.04.2017 - 31.03.2018

Board of Directors

Wai Ming Teng, chairman
Attila Tamás Szűcs
Tomas Marie Marc Vanderick

Executive Board

Philip Martin Graff

Lawyer

Bird & Bird advokatpartnerselskab
kalkbrænderiløbskaj 4
2100 Copenhagen

Entity auditors

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab
Strandbyvejen 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 01.04.2017 - 31.03.2018.

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 31.03.2018 and of the results of its operations for the financial year 01.04.2017 - 31.03.2018.

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, 04.09.2018

Executive Board


Philip Martin Graff

Board of Directors


Wai Ming Teng
chairman


Attila Tamás Szűcs


Tomas Marie Marc Vanderlick

Independent auditor's report

To the shareholders of BT DENMARK ApS

Opinion

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.03.2018 and of the results of its operations for the financial year 01.04.2017 - 31.03.2018 in accordance with the Danish Financial Statements Act.

We have audited the financial statements of BT DENMARK ApS for the financial year 01.04.2017 - 31.03.2018, 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.

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, 04.09.2018

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab

Central Business Registration No (CVR)

33771231



Jens Otto Damgaard

State Authorised Public Accountant

Identification No (MNE) mne9231



Lone Vindbjerg Larsen

State Authorised Public Accountant

Identification No (MNE) mne34548

Management commentary

Primary activities

The company's business in 2017/18 has comprised of offering telecommunication services to major telecommunication users in the Danish Market.

Development in activities and finances

External revenue increased from DKK 38.2m in 16/17 to DKK 39.3m DKK (Incremental revenue for a new network service contract of DKK 3.4m in the GBFM sales channel and new services of DKK 3.1m in the logistic industry; offset by a material reduced revenue of DKK 3.0m due to a part-termination of a contract in 17/18. In addition, another customer in the finance sector terminated its contract in September 17/18 which will create a DKK 2.4m reduction of revenue.

Outlook

In terms of business development in 18/19 it looks rather moderate. Recently, BT Denmark lost some important contracts and as an outcome of this, the overall revenue and profit numbers are expected to decrease until March 2019.

Apart from those contract changes, currently there is no significant new business in the sales pipeline for BT Denmark.

Income statement for 2017/18

	<u>Notes</u>	<u>2017/18</u> DKK	<u>2016/17</u> DKK
Gross profit		6.651.991	9.124.897
Staff costs	1	(914.146)	(975.769)
Depreciation, amortisation and Impairment losses		<u>(2.900.001)</u>	<u>(5.125.964)</u>
Operating profit/loss		2.837.844	3.023.164
Other financial income	2	479.694	662.951
Other financial expenses	3	<u>(267.251)</u>	<u>(222.695)</u>
Profit/loss before tax		3.050.287	3.463.420
Tax on profit/loss for the year	4	<u>(462.178)</u>	<u>(1.145.956)</u>
Profit/loss for the year		<u>2.588.109</u>	<u>2.317.464</u>
Proposed distribution of profit/loss			
Retained earnings		<u>2.588.109</u>	<u>2.317.464</u>
		<u>2.588.109</u>	<u>2.317.464</u>

Balance sheet at 31.03.2018

	<u>Notes</u>	<u>2017/18</u> <u>DKK</u>	<u>2016/17</u> <u>DKK</u>
Other fixtures and fittings, tools and equipment		<u>4.787.999</u>	<u>6.191.840</u>
Property, plant and equipment	5	<u>4.787.999</u>	<u>6.191.840</u>
Fixed assets		<u>4.787.999</u>	<u>6.191.840</u>
Trade receivables		9.512.545	7.376.186
Receivables from group enterprises	6	1.953.045	2.114.471
Deferred tax		398.000	380.000
Other receivables		85.923	460.030
Prepayments		<u>5.166.464</u>	<u>9.104.288</u>
Receivables		<u>17.115.977</u>	<u>19.434.975</u>
Cash	7	<u>84.886.927</u>	<u>80.952.677</u>
Current assets		<u>102.002.904</u>	<u>100.387.652</u>
Assets		<u>106.790.903</u>	<u>106.579.492</u>

Balance sheet at 31.03.2018

	<u>Notes</u>	<u>2017/18</u> <u>DKK</u>	<u>2016/17</u> <u>DKK</u>
Contributed capital		137.064	137.064
Retained earnings		<u>91.617.052</u>	<u>89.028.943</u>
Equity		<u>91.754.116</u>	<u>89.166.007</u>
Trade payables		5.263.916	6.796.170
Payables to group enterprises		3.214.702	4.415.654
Income tax payable		274.497	612.588
Other payables		1.018.081	211.171
Deferred income		<u>5.265.591</u>	<u>5.377.902</u>
Current liabilities other than provisions		<u>15.036.787</u>	<u>17.413.485</u>
Liabilities other than provisions		<u>15.036.787</u>	<u>17.413.485</u>
Equity and liabilities		<u>106.790.903</u>	<u>106.579.492</u>
Contingent liabilities	8		
Group relations	9		

Statement of changes in equity for 2017/18

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	137.064	89.028.943	89.166.007
Profit/loss for the year	0	2.588.109	2.588.109
Equity end of year	137.064	91.617.052	91.754.116

Notes

	2017/18	2016/17
	DKK	DKK
1. Staff costs		
Wages and salaries	815.553	872.111
Pension costs	95.119	91.685
Other social security costs	3.474	11.973
	<u>914.146</u>	<u>975.769</u>
Average number of employees	<u>1</u>	<u>1</u>
	2017/18	2016/17
	DKK	DKK
2. Other financial income		
Financial income arising from group enterprises	348.915	453.693
Other interest income	4.902	5.521
Exchange rate adjustments	125.877	203.737
	<u>479.694</u>	<u>662.951</u>
	2017/18	2016/17
	DKK	DKK
3. Other financial expenses		
Other interest expenses	113.272	46.763
Exchange rate adjustments	153.979	175.932
	<u>267.251</u>	<u>222.695</u>
	2017/18	2016/17
	DKK	DKK
4. Tax on profit/loss for the year		
Current tax	480.178	885.588
Change in deferred tax	(18.000)	140.000
Adjustment concerning previous years	0	120.368
	<u>462.178</u>	<u>1.145.956</u>

Notes

	Other fixtures and fittings, tools and equipment DKK
5. Property, plant and equipment	
Cost beginning of year	14.706.426
Additions	1.496.158
Disposals	<u>(149.354)</u>
Cost end of year	<u>16.053.230</u>
Depreciation and impairment losses beginning of year	(8.514.584)
Depreciation for the year	(2.900.001)
Reversal regarding disposals	<u>149.354</u>
Depreciation and impairment losses end of year	<u>(11.265.231)</u>
Carrying amount end of year	<u>4.787.999</u>

6. Receivables from group enterprises

Deposit Tudor Minstrel and BT plc:

Loan Facility Agreements have a maximum desposit/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 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.

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 rate 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 or loss comprises revenue, changes in inventories of finished goods, other operating income and external expenses.

Revenue

Revenue from the sale of services 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 goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

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

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation 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 intangible assets as well as property, plant and equipment.

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 or exchange 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 or exchange 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.

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

Accounting policies

Items of property, plant and equipment 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.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value 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 receivable or payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Deferred income

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