

Tn Finance A/S

Frederikskaj 8
2450 København SV

Annual report
10 February 2016 - 31 December 2016

**The annual report has been presented and
approved on the company's general meeting the**

31/05/2017

Monna Maria Nielsen
Chairman of general meeting

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Company information

Reporting company Tn Finance A/S
Frederikskaj 8
2450 København SV

CVR-nr: 37439649
Reporting period: 10/02/2016 - 31/12/2016

Auditor ERNST & YOUNG GODKENDT REVISIONSPARTNERSELSKAB
Osvald Helmuths Vej 4
2000 Frederiksberg
DK Denmark
CVR-nr: 30700228
P-number: 1013415044

Statement by Management

The Board of Directors and the Executive Board have today discussed and approved the annual report for Tn Finance A/S for the period 10 February – 31 December 2016.

The annual report is presented in accordance with the Danish Financial Statements Act. We consider the accounting policies applied appropriate, so that the annual report gives a true and fair view of the company's assets and liabilities, its financial position as at 31 December 2016 and the results of the company's activities for the financial year 10 February – 31 December 2016.

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

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

Copenhagen, the 31/05/2017

Management

Jesper Kamp Andersen
CEO

Board of directors

Terje Borge
Chairman

Ole-Jacob Bell

Jesper Kamp Andersen

The independent auditor's report on financial statements

To the shareholders of Tn Finance A/S

Opinion

We have audited the financial statements of Tn Finance A/S for the financial year 10 February – 31 December 2016, which comprise an income statement, balance sheet, statement of changes in equity, and notes, including 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 financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 10 February – 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Responsibilities of management 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

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

collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management's review

Management is responsible for the Management's review.

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

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

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

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

Copenhagen, 31/05/2017

State Authorised Public Accountant
Søren Skov Larsen
ERNST & YOUNG GODKENDT
REVISIONSPARTNERSELSKAB
CVR: 30700228

State Authorised Public Accountant
Allen Nørgaard
ERNST & YOUNG GODKENDT
REVISIONSPARTNERSELSKAB
CVR: 30700228

Management's Review

Financial highlights

The Company's development can be described as follows:

	2016
	tDKK
INCOME STATEMENT	
Operating profit before depreciation amortisation and impairment (EBITDA)	-54
Operating profit (EBIT)	-54
Financial income and expenses	-185,410
Profit/loss before tax	-185,464
Net income for the year	-185,464
BALANCE SHEET	
Balance sheet total	1,853,938
Tangible assets	0
Other non-current assets	0
Equity	1,853,884
KEY FIGURES AND RATIOS	
Average number of employees	0

Company presentation

The activity of Tn Finance A/S is to provide financial services other than insurance.

Financial review

The company's income statement for 2016 shows a deficit of 185 mDKK, and the company's balance sheet at 31 December 2016 shows an equity of 1,854 mDKK.

Future outlook

Tn Finance A/S is expected to increase the financial services in 2017.

Financial risks

As far as possible, Telenor group attempts to counter and manage any risks that the group can influence through own actions. The company is primarily financed through its parent Telenor A/S. Financial exposures are hedged on Telenor Group level.

Due to impairment of Telenor Digital Holding Inc. in 2016 there is a financial risk related to the loan to Telenor Digital Holding Inc. and as a result the loan has been impaired by 327 mDKK.

Events after the balance sheet date

In March 2017 a capital increase of 94 mDKK has been made in Tn Finance A/S.

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

Accounting Policies

The annual report has been prepared in accordance with the regulation applying to Reporting class C, medium-size enterprise.

The 2016 annual report of Tn Finance A/S has been presented in accordance with the provisions applying to reporting class C medium-sized enterprises under the Danish Financial Statements Act.

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

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statement Act, no cash flow statement has been prepared. The Company's cash flows are reflected in the consolidated cash flow statement for the higher-ranking parent company Telenor A/S.

Recognition and measurement

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

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

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

Translation of foreign currencies

Functional currency and presentation currency

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

Translation of transactions and amounts

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

Derivative financial instruments

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

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

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

Financial income and expenses

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

Tax

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

The company is tax exempt according to the Danish “Aktieavancebeskatningslov” §19.

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

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

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.

Income statement 10 Feb 2016 - 31 Dec 2016

	Disclosure	2016 kr.
Other external expenses		-54,000
Gross Result		-54,000
Profit (loss) from ordinary operating activities		-54,000
Other finance income	1	142,432,000
Other finance expenses	2	-327,842,000
Profit (loss) from ordinary activities before tax		-185,464,000
Tax expense	3	0
Profit (loss)		-185,464,000

Balance sheet 31 December 2016

Assets

	Disclosure	2016 kr.
Investments in group enterprises		1,649,090,000
Investments	4	1,649,090,000
Total non-current assets		1,649,090,000
Receivables from group enterprises		204,348,000
Receivables		204,348,000
Cash and cash equivalents		500,000
Current assets		204,848,000
Total assets		1,853,938,000

Balance sheet 31 December 2016

Liabilities and equity

	Disclosure	2016 kr.
Contributed capital	5	100,000,000
Retained earnings		1,753,884,000
Total equity		1,853,884,000
Other payables, including tax payables, liabilities other than provisions		54,000
Short-term liabilities other than provisions, gross		54,000
Liabilities other than provisions, gross		54,000
Liabilities and equity, gross		1,853,938,000

Statement of changes in equity 10 Feb 2016 - 31 Dec 2016

	Contributed capital	Retained earnings	Total
	kr.	kr.	kr.
Equity, beginning balance	500,000	0	500,000
Increase of capital	99,500,000	1,939,348,000	2,038,848,000
Profit (Loss)	0	-185,464,000	-185,464,000
Equity, ending balance	100,000,000	1,753,884,000	1,853,884,000

Disclosures

1. Other finance income

	2016 tDKK
Other financial income	<u>142,432</u>

2. Other finance expenses

	2016 tDKK
Other financial expenses	<u>-327,842</u>

3. Tax expense

	2016 tDKK
Tax on the profit for the year	<u>0</u>

4. Investments

Loans to group entities

The amount covers loan to Telenor Digital Holding Inc. Due to impairment of Telenor Digital Holding Inc. in 2016 there is a related risk and as a result the loan has been impaired by 327 mDKK.

The loans have a floating interest which is monthly adjusted. As at 31 December 2016, the interest was 2.02%.

5. Contributed capital

	tDKK
Share capital at 10.02.	<u>500</u>
Capital increase	<u>99,500</u>
Share capital at 31.12.	<u>100.000</u>

The share capital consists of 100,000 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.

6. Disclosure of significant events occurring after end of reporting period

In March 2017 a capital increase of 94 mDKK has been made in Tn Finance A/S.

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

7. Disclosure of contingent liabilities

The company has no contingent liabilities at 31 December 2016.

8. Disclosure of ownership

Ownership

The company is wholly owned by Telenor A/S.

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.

9. Proposed distribution of results

	2016
	kr.
Retained earnings	-185,464,000
Proposed distribution of profit (loss)	-185,464,000