TELENOR IT PARTNER A/S

Annual report
1 January 2014 - 31 December 2014

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

01/06/2015

Mette Vind Kragh
Chairman of general meeting

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Company information

Reporting company	TELENOR IT PARTNER A/S Frederikskaj 8 2450 København SV CVR-nr: 25674103 Reporting period: 01/01/2014 - 31/12/2014
Auditor	Ernst & Young Godkendt Revisionspartnerskab Osvald Helmuths Vej 4 2000 Frederiksberg DK Denmark

Statement by Management

The Board of Directors and the Executive Board have today discussed and approved the annual report for Telenor IT Partner A/S for the period 1 January – 31 December 2014.

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 2014 and the results of the company's activities and cash flows for the financial year 1 January – 31 December 2014.

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 01/06/2015

Management

Richard Stigaard
CEO

Board of directors

Knut Haakon Nilsen
Chairman of the Board

Christopher Adam Laska

Ronny Bakke Nævdal

Bjørn-Harald Brodersen

Kristin Muri Møller

Marek Slácík

Independent Auditor's Reports

To the shareholders of Telenor IT Partner A/S

Report on Financial Statements

We have audited the financial statements of Telenor IT Partner A/S for the financial year 1 January – 31 December 2014, which comprise income statement, balance sheet and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Executive and supervisory board's responsibility for 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. Management is also responsible for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements 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 involves 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 risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the 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.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2014 and of the results of its operations for the financial year 1 January – 31 December 2014 in accordance with the Danish Financial Statements Act.

Reports on other Legal and Regulatory Requirements

Statement on Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other 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, 01/06/2015

Niels-Jørgen Andersen	Allan Nørgaard
State Authorised Public Accountant	State Authorised Public Accountant
Ernst & Young Godkendt	Ernst & Young Godkendt
Revisionspartnerskab	Revisionspartnerskab

Management's Review

Main activities

The companys activity is to develop and own IT systems to support Danish and Hungarian companies within the Telenor Group.

Development in activities and economic conditions

The Financial Report for 2014 shows a loss of DKK 17,569 thousand against a loss of DKK 609 thousand in 2013.

The companys balance sheet 31 December 2014 shows an equity of DKK 82,439 thousand (2013: DKK 8 thousand). In 2014 the company made a capital increase of DKK 100,000 thousand.

For 2015, the company expects a minor profit.

Events after closing of the accounts

No 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 B.

General

The annual report has been prepared in accordance with the Danish Financial Statement Act for Class B companies.

The accounting policies are unchanged compared to last year.

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.

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.

Foreign currency translation
Transactions in foreign currencies are translated into Danish kroner at the transaction date. Gains and losses arising between the transaction date and the date of payment are recognized in the income statement under financial items.

Receivables, debt and other monetary items in foreign currencies are translated at the closing exchange rates. Differences between the exchange and the rate at which the receivable or payable is created or recognized in the latest financial statements are recognized in the income statement under financial items.

Income statement

Gross Profit
The items net sales and other external expenses with reference to Section 32 of the Danish Financial Statements Act summarised into one item called gross profit.

The use of this Section 32 can be justified in competitive terms, as the Company provides services to a very competitive market.

Financial income and expenses
Financial income and expenses comprise interest payments on and amortisation of financial liabilities 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.

Balance sheet

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 produce, market or use the project, is recognised as intangible assets if the cost can be reliably determined 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.

Other development costs are charged to the income statement as and when incurred. Activated own-developed software is measured at cost less accumulated amortisation and impairment losses.

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.

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.

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:
- Plant and machinery 3-10 years
- Other fixtures and fittings, tools and equipment 3-10 years

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.

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.

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 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.

Income statement 1 Jan 2014 - 31 Dec 2014

	Disclosure	2014	2013
		kr.	kr.
Cost of sales		-1,386,000	0
Other external expenses		-10,408,000	0
Gross Result		**-11,794,000**	**0**
Depreciation, amortisation expense and impairment losses of property, plant and equipment and intangible assets	1	-12,008,000	-618,000
Profit (loss) from ordinary operating activities		**-23,802,000**	**-618,000**
Other finance income	2	20,000	9,000
Other finance expenses	3	-409,000	0
Profit (loss) from ordinary activities before tax		**-24,191,000**	**-609,000**
Extraordinary profit (loss) before tax		**-24,191,000**	**-609,000**
Tax expense	4	6,622,000	0
Profit (loss)		**-17,569,000**	**-609,000**
Proposed distribution of results			
Retained earnings		-17,569,000	-609,000
Proposed distribution of profit (loss)		**-17,569,000**	**-609,000**

Balance sheet 31 December 2014

Assets

	Disclosure	2014	2013
		kr.	kr.
Acquired intangible assets		13,197,000	0
Development projects in progress		152,469,000	5,995,000
Intangible assets	**5**	**165,666,000**	**5,995,000**
Land and buildings		416,000	0
Plant and machinery		41,740,000	21,633,000
Property, plant and equipment	**6**	**42,156,000**	**21,633,000**
Total non-current assets		**207,822,000**	**27,628,000**
Receivables from group enterprises		38,596,000	625,000
Other receivables		34,680,000	0
Deferred income assets		25,286,000	0
Receivables	**7**	**98,562,000**	**625,000**
Current assets		**98,562,000**	**625,000**
Total assets		**306,384,000**	**28,253,000**

Balance sheet 31 December 2014

Liabilities and equity

	Disclosure	2014	2013
		kr.	kr.
Contributed capital		100,510,000	510,000
Retained earnings		-18,071,000	-502,000
Total equity	**8**	**82,439,000**	**8,000**
Provisions for deferred tax		4,568,000	0
Provisions, gross		**4,568,000**	**0**
Payables to group enterprises		110,101,000	0
Long-term liabilities other than provisions, gross		**110,101,000**	**0**
Trade payables		1,122,000	0
Payables to group enterprises		99,271,000	28,245,000
Other payables		8,883,000	0
Short-term liabilities other than provisions, gross		**109,276,000**	**28,245,000**
Liabilities other than provisions, gross		**219,377,000**	**28,245,000**
Liabilities and equity, gross		**306,384,000**	**28,253,000**

Disclosures

1. Depreciation, amortisation expense and impairment losses of property, plant and equipment and intangible assets

	2014 kr.	2013 kr.
Depreciation on intangible asstes	3,050,000	0
Depreciation on tangible assets	8,958,000	618,000
	12,008,000	618,000

2. Other finance income

	2014 kr.	2013 kr.
Interest income, affiliate companies	20,000	9,000
	20,000	9,000

3. Other finance expenses

	2014 kr.	2013 kr.
Interest expenses, affiliate companies	-409,000	0
	-409,000	0

4. Tax expense

	2014 kr.	2013 kr.
Tax for the year	10,890,000	0
Tax adjustment previous years	300,000	0
Adjustment of deffered tax	-4,568,000	0
	6,622,000	0

No tax has been paid for the year 2014.
Deffered tax on tax loss carried forward is not included.

5. Intangible assets

	Software	Software under construction	Total
	kr.	kr.	kr.
Cost price at 1 January 2014	0	5,995,000	5,995,000
Reclassification	10,817,000	-2,205,000	8,612,000
Addition	5,611,000	148,679,000	154,290,000
Cost price at 31 December 2014	**16,428,000**	**152,469,000**	**168,897,000**
Amortisation and impairment losses at 1 January 2014	0	0	0
Reclassification	-181,000	0	-181,000
Amortisation 2014	-3,050,000	0	-3,050,000
Amortisation and impairment losses at 31 December 2014	**-3,232,000**	**0**	**-3,232,000**
Carrying amount at 31 December 2014	**13,197,000**	**152,469,000**	**165,666,000**

6. Property, plant and equipment

	Land and buildings	Hardware	Total
	kr.	kr.	kr.
Cost price at 1 January 2014	0	22,251,000	22,251,000
Reclassification	86,000	-8,698,000	-8,612,000
Addition	417,000	37,494,000	37,911,000
Cost price at 31 December 2014	**503,000**	**51,047,000**	**51,550,000**
Depreciation and impairment losses at 1 January 2014	0	-618,000	-618,000
Reclassification	0	181,000	181,000
Depreciation 2014	-87,000	-8,871,000	-8,958,000
Depreciation and impairment losses at 31 December 2014	**-87,000**	**-9,308,000**	**-9,394,000**
Carrying amount at 31 December 2014	**416,000**	**41,740,000**	**42,156,000**

7. Receivables

Receivable from group companies
The receivables have a floating interest which is monthly adjusted.
Interest rate at 31 December 2014: 1.06 % p.a. (31 December 2013: 1.35%).

8. Total equity

	Share Capital	Retained Earnings	Total
	kr.	kr.	kr.
Equity at 1 January 2013	510,000	107,000	617,000
Net income for the year	0	-609,000	-609,000
Equity at 1 January 2014	**510,000**	**-502,000**	**8,000**
Increase of capital	100,000,000	0	100,000,000
Net income for the year	0	-17,569,000	-17,569,000
Equity at 31 December 2014	**100,510,000**	**-18,071,000**	**82,439,000**

The share capital is divided into shares of DKK 1.000 or multiples thereof. The share capital is not shared into classes.

9. Disclosure of contingent liabilities

The company has no contingent liabilities at 31 December 2014.

10. Disclosure of ownership

Ownership

The company is 100 % owned by Telenor Danmark Holding A/S, Copenhagen.

The company's ultimate parent company Telenor ASA, Snarøyveien 30, 1311 Fornebu, Norway prepares consolidated financial statements in which the company is a subsidiary.

Related parties

The company's related parties with control comprice the main shareholder, Telenor Danmark Holding A/S.