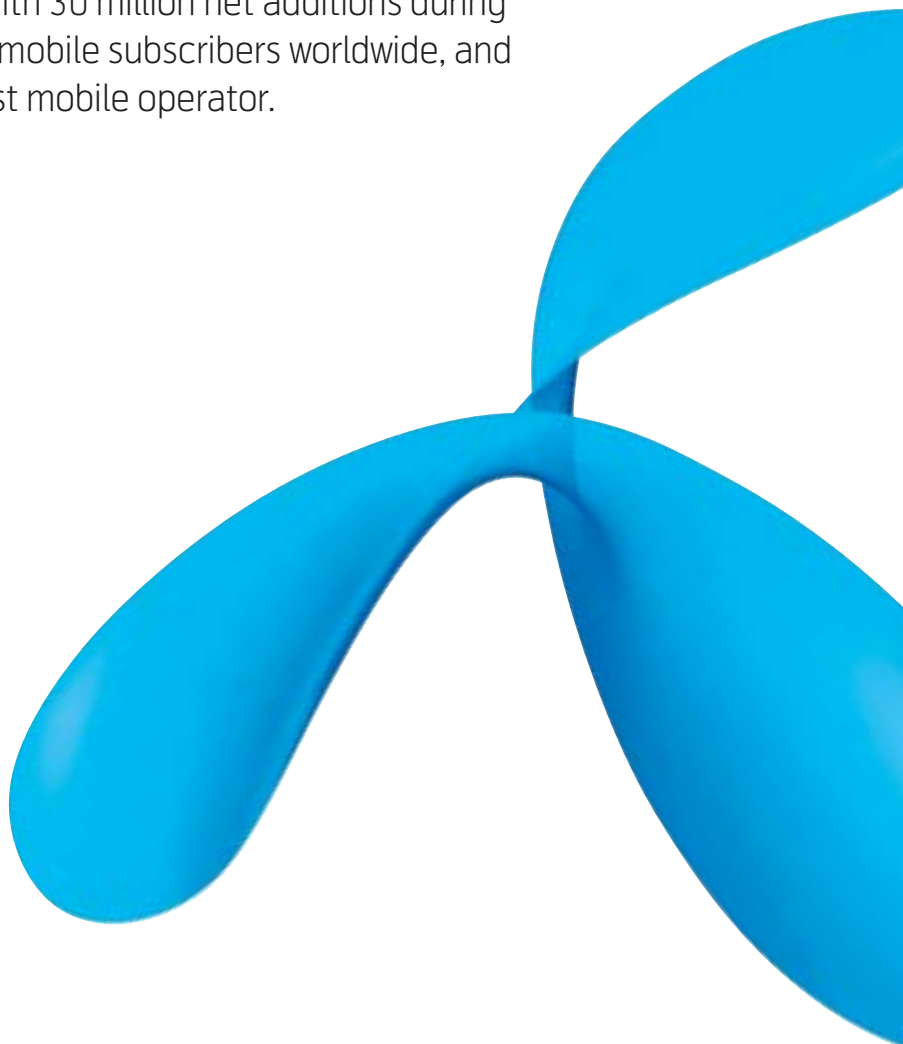


Annual report 2007

2007 has been a year characterised by strong subscription growth, particularly in our Asian operations. With 30 million net additions during the year, Telenor reached 143 million mobile subscribers worldwide, and is ranked as the world's seventh largest mobile operator.





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Telenor wants to contribute to meet climate challenges, and aims to reduce the consumption of resources and overall impact on the environment. In an effort to minimize paper consumption, we limit the scope of the printed annual report. Telenor's website provides extensive information about the company and current activities: www.telenor.com

Dear shareholder,

2007 has been a year characterised by strong subscription growth, particularly at our Asian operations. With 30 million net additions during the year, Telenor now counts 1.43 billion mobile subscribers worldwide, and the company is currently the world's seventh largest mobile provider. Throughout the year we have delivered high underlying revenue growth and seen our operations uphold their strong market positions.



Jon Fredrik Baksaas
President & CEO

The strong organic growth is indisputable evidence that the world is going mobile. In 2007 we have seen a spectacular demand for mobile communication in several less developed economies. Our presence in some of the world's fastest growing markets means that we are in an excellent position to understand and act on this development. As handsets and subscriptions become affordable to new consumer groups, we will make efforts to ensure that our services are adapted to meet new demands.

Throughout 2007, and across all our markets, Telenor has continued to develop new and innovative services. Going forward, an essential challenge will be to take advantage of the rapidly increasing growth in businesses based on broadband access, distribution and content. As this trend accelerates new business opportunities will emerge. Our ability to act on those opportunities and seek sustainable positions is key to continued growth and market leadership.

Good management of our business environment has been a priority for Telenor in 2007. As we grow our business we recognise the significant value of building and maintaining good dialogue and partnerships with our stakeholders. During the year we have taken steps to ensure that the

potential of communication solutions as key enabler for GDP growth is brought home to a wider audience.

Sustainable operations are the basis for our success. In 2007 we were named sector leader in mobile telecommunications by the Dow Jones Sustainability Indexes. This is a recognition we are very proud of and is an important encouragement to our employees across all our markets. It also means that we continue to be deeply committed to responsible business conduct.

Climate change is perhaps the greatest challenge of our time. During 2008 we will plan for significant reductions in our own emissions of greenhouse gases. As a communications provider, the growing awareness of global warming brings significant opportunities as well as responsibilities. The need to develop low-carbon alternatives is of essence, and our solutions can reduce the need for physical meetings and travel.

2008 will be an exciting year for Telenor. We firmly believe that the rapid development of our industry will continue. We are confident that we are well positioned to continue to grow our global customer base.



Report of the Board of Directors

2007 was a good year for Telenor, and the company achieved a financial result for the year of NOK 18 billion (majority interest's share). The result is driven by continued high growth in the international mobile operations. During the year, mobile subscriptions passed 143 million and the company is now one of the industry's largest players.

2007 has been characterised by active development of Telenor's total portfolio. Effective operations in the individual companies have been enhanced through best practice sharing across companies, countries and regions, with effective utilisation of the group's skills base. By doing so, Telenor has become one of the most recognised brand names originating in Norway. With DTAC's rebranding in October 2007, Telenor's logo and visual profile are now used in nine markets with a total of around 400 million people.

Telenor experienced high customer growth within the mobile business area also in 2007 and is now the seventh largest mobile operator in the world in terms of subscription numbers, according to GSMA statistics. In 2007, the number of mobile subscriptions increased by 30 million to 143 million in companies where Telenor has ownership interests. Customer growth was particularly strong in Telenor Pakistan, with an increase of 8 million subscriptions from 2006 to 2007.

The 15th anniversary of Telenor's presence in Russia was celebrated in December 2007. During this time, Telenor has significantly contributed to create value for Russian society, and the company is now one of the five largest foreign investors the country. At the end of 2007, Telenor's ownership share in Russia consisted of VimpelCom (33.6%) and Golden Telecom (18.3%) and was valued at more than NOK 60 billion. Telenor's stake in Golden Telecom was sold to VimpelCom in February 2008 for NOK 4.1 billion.

Telenor has an ownership share of 56.5% in the Ukrainian mobile operator Kyivstar. Through the subsidiaries Storm and Alpren, Alfa Group initiated legal proceedings in Ukraine in 2006 to have Kyivstar's choice of auditor disallowed. As a result of an interim court order, Kyivstar was prevented from submitting financial information to its owners and international auditors, which led to Telenor's Board of Directors deciding to deconsolidate Kyivstar with effect from 29 December 2006. Since the most recent interim court order was revoked in November 2007, Telenor has regained access to financial information from Kyivstar. However, Alfa Group has still not appeared at any general meetings and these meetings have not therefore formed the required quorum. Alfa Group's failure to appear at general meetings is also preventing a board from being appointed and payment of dividends from Kyivstar. For the time being, Telenor's financial reporting will refer to Kyivstar as an associated company. Legal proceedings and arbitration negotiations are being held in New York between Telenor and four subsidiaries of Alfa Group in

relation to Kyivstar's shareholder agreement and company management situation. On 23 January 2008, Telenor, Storm and its subsidiaries were summoned to appear at the United States District Court in New York (SDNY). Reference is also made to note 25 of the group accounts for more details on the disputes with Alfa Group.

The Nordic markets are still driven by the migration of voice traffic from traditional fixed-line telephony to mobile and broadband telephony. A growing interest has also been registered in new mobile broadband services. From an operational perspective, an increasingly closer integration of mobile and fixed-line operations has taken place in the Nordic markets throughout the year.

In the Norwegian market, Telenor has focussed on maintaining market share in mobile and broadband. At the end of the year, the company had market shares of 53% and 50% for mobile and broadband respectively.

The Board of Directors of Telenor is working on simplifying the organisation of the company in order to strengthen the core activity and adapt the activity to the changing conditions. In 2007, Telenor sold Telenor Satellite Services and its minority share in the Austrian mobile operator One. Through – Opplysningen AS's (Directory Enquiries) acquisition of Carrot Communications, the group's ownership share in Opplysningen fell from 42.8% to 27.1%. In Malaysia, Telenor has reduced its ownership share in DiGi through a transaction with the Malaysian company TimedotCom. DiGi will simultaneously acquire a 3G licence through this transaction. Telenor's ownership share, which was originally 61%, will be reduced to 49% during 2008 in accordance with local requirements.

The Telenor share is listed on the Oslo Stock Exchange and was one of the most traded shares on the Oslo Stock Exchange in 2007. The share price rose by 11% in 2007, and thereby had the same rate of growth as the Dow Jones European Telecom Index. By comparison, the Oslo Stock Exchange's main index climbed 10% during the year. Telenor's share price was listed at NOK 129.75 as at 31 December 2007, which corresponds to a market value of NOK 218 billion. The Telenor share was de-listed from Nasdaq with effect from September 2007.

At year-end 2007, Telenor's share capital was NOK 10 billion, divided into 1,680,274,570 shares. The company had 44,477 shareholders at year-end. The 20 largest shareholders held 79.1% of the

outstanding shares. At the end of 2007, Telenor held 2,931,222 own shares. Based on Telenor's financial position and anticipated capital needs, it is Telenor's policy to enable an annual dividend to be paid to the company's shareholders of 40–60% of the normalised profit for the year.

The Board proposes to the AGM a dividend of NOK 3.40 per share for the financial year 2007, compared with NOK 2.50 per share for 2006. The dividend will be determined by the AGM on 8 May, and will be paid to the company's shareholders on 22 May. The share on the Oslo Stock Exchange will be traded exclusive of dividends from Friday 9 May.

Telenor was active in channelling information to the capital markets and shareholders in 2007, thus ensuring that all significant information material required for an external evaluation of the company was published in accordance with applicable rules and guidelines.

RESULTS

Reported operating revenues were NOK 92.5 billion in 2007, compared with NOK 91.1 billion in 2006. The 1.5% revenue growth in 2007 was in line with the expectation of 0–5% growth as outlined in the annual report for 2006. The main reason for the moderate revenue growth was that Kyivstar was reported as a consolidated company in 2006, but as an associated company in 2007.

The EBITDA margin was 31% in 2007, compared with 35.9% in 2006. The EBITDA margin was, however, in line with the expectation of around 32%. The reduction in the EBITDA margin from 2006 to 2007 is mainly due to Kyivstar being reported as an associated company in 2007, in addition to lower margins in DTAC, Grameenphone and Mobil Norge.

Profit before tax was NOK 20 billion in 2007, compared with NOK 21.5 billion in 2006. Operating profit in 2007 reached NOK 15 billion, compared to NOK 17.6 billion in 2006. Telenor's profit after tax and minority interests in 2007 was NOK 18.0 billion, corresponding to NOK 10.72 per share. The corresponding figures for 2006 were NOK 15.9 billion and NOK 9.44 per share.

Telenor invested NOK 25.5 billion in 2007, of which NOK 19.5 billion was capital expenditure and NOK 6.0 billion was investments in operations. Around NOK 4.5 billion was linked to the increased ownership share in VimpelCom from 29.9% to 33.6%. The capital expenditure increased by NOK 0.3 billion to NOK 19.5 billion and was mainly related to the network expansion in the international mobile operations as a result of strong customer growth, as well as the expansion of 3G and HSPA in the Nordic markets. Capital expenditure was 21.1% of operating revenues in 2007, and was thereby in line with the expectation of around 20% that was outlined in the annual report for 2006.

Net cash flow from operating activities was NOK 23.7 billion in 2007 compared to NOK 30.6 billion in 2006. The fall in relation to 2006 is mainly related to the fact that Kyivstar was reported as an associated company in 2007.

Research and development expenses included in the profit and loss account amounted to NOK 585 million in 2007. Total cost related to research and development activities is estimated at NOK 1.5 billion.

At the end of 2007, Telenor's total balance was NOK 160.8 billion and the equity ratio (including minority interests) was 46.4% compared to NOK 148.6 billion and 42.2% respectively in 2006. Net interest-bearing liabilities were NOK 39.9 billion, which is a reduction of NOK 3.4 billion during the year. The disposal of Telenor Satellite Services and the ownership share in the Austrian mobile operator One made a positive contribution to the development in net interest-bearing liabilities, while the increased ownership share in VimpelCom had a negative effect. In the Board's view, Telenor holds a satisfactory financial position.

In accordance with section 3-3 of the Accounting Act (Norway), we confirm that the accounts have been drawn up based on the going concern principle.

TELENOR'S OPERATIONS

Mobile operations

Revenue growth in Telenor's mobile operations in 2007 was mainly driven by customer growth and increased use of mobile services in emerging markets. Telenor Pakistan more than doubled its number of subscriptions with a net growth of 8 million, and reported an increase in operating revenues of 163% from 2006. Operating revenues in DiGi in Malaysia increased by 17%. Grameenphone in Bangladesh reported an increase in operating revenues of 7% compared with 2006, despite increasing competition and significant price pressure. The introduction of an interconnection scheme in Thailand made a major contribution to DTAC's revenue growth of 47%. Excluding interconnection revenues, the revenue growth in Thailand was around 7% in local currency.

The revenue development in a number of mature markets in 2007 was affected by an increase in competition and price pressure. In Pannon, reduced interconnection and roaming prices and a poor development in the Hungarian economy resulted in revenue growth of only 3%.

Revenues in Mobil Norge increased in 2007 by 1% compared to 7% in 2006. In addition to price reductions, the development in the Norwegian mobile operations was negatively affected by the loss of the wholesaler agreement with Tele2. Sonofon in Denmark had revenue growth of 4% from 2006 to 2007. Following the acquisition of Tele2 Danmark Sonofon grew its market share from 24% to 27%. Revenues in Telenor's mobile operations in Sweden increased by 10% from 2006 to 2007. Both customer growth and increased usage contributed positively to this development.

Fixed-line operations

Operating revenues in Telenor's Nordic fixed-line operations increased by 0.6% in 2007 compared to 2006. Operating profit in 2007 was NOK 3,172 million compared to NOK 2,901 million in 2006.

In the Norwegian operation, increased revenues from broadband and the wholesale product did not fully compensate for lower revenues from telephony. The fall in revenues of 4.0% in 2007 was, however, less than the fall in 2006 of 6.2%. The aim to reduce the cost base by NOK 1.5 billion by the end of 2007 compared with the 2004 level was achieved according to plan.

Revenues in the Danish fixed-line operation increased in 2007 by 65%, primarily as a result of the acquisition of Tele2 Danmark, but also through organic growth within broadband and IP telephony.



In the Swedish fixed-line operation, the service provider Spray was acquired in January 2007, resulting in an increase in Telenor's market share in broadband in Sweden of four percentage points. At the end of 2007, the market share was around 25%.

Broadcasting services

Telenor Broadcast maintained its leading position in the Nordic market for distribution of TV services. Revenues in 2007 grew by 13%, partly due to customer growth and an increase in the number of customers buying additional services. Considerable investments were made in the Nordic market in the digital terrestrial network, and the first services in this network were launched in the third quarter of 2007. The services are provided by RiksTV, 33% of which is owned by Telenor.

Operating profit in 2007 was NOK 1,041 million compared to NOK 966 million in 2006. Telenor Broadcast enters 2008 with a new management structure, with operational activities and content development activities separated into two different units.

Other units

Operating revenues from other units increased by NOK 716 million to NOK 8,990 million in 2007. The disposal of Telenor Satellite Services and the reduced stake in Opplysningen AS (Directory Enquiries) were more than compensated for by the acquisition and organic growth in EDB Business Partner.

For supplementary segment information, reference is made to note 3 of the group accounts.

ALLOCATIONS

The result for the year for Telenor ASA in 2007 was NOK 5,060 million, after receipt of a group contribution of NOK 2,000 million. The Board proposes the following allocation:

Transferred to retained earnings: NOK 5,060 million.

After this allocation, Telenor ASA's distributable equity totalled NOK 24,369 million as at 31 December 2007.

At the AGM, the Board will propose a dividend of NOK 3.40 per share for 2007 to be paid in May 2008, which is a total of NOK 5.7 billion.

NON-FINANCIAL INFORMATION

Health, safety and environment (HSE)

In 2007, Telenor worked proactively and systematically on the continuous improvement of the working environment at all levels in the group. Focus has been placed on absence due to illness and rehabilitation, leadership training, ergonomics, personal safety and crisis management.

A total of 40 HSE reviews were carried out, including 13 in the Norwegian part of the business, as part of the follow-up of these areas in the group's companies. During the year, 5,781 employees took part in HSE training programmes, including 648 in the Norwegian part of the operation.

Absence due to illness in the Norwegian part of Telenor was 4.75%; a marginal change of 0.05% in relation to 2006. Absence due to illness in the other companies varied from 0.07% to 6.82% in 2007. A total of 51 injuries resulting in absence from work were registered

in 2007 among Telenor employees. A total of 40 injuries not resulting in absence from work and 28 near accidents were also registered. Three deaths were reported among contractors working for Telenor. Corresponding figures for the Norwegian part of the operation are 6 injuries with absence, 7 without absence, 4 near accidents and no fatal accidents.

In April 2003, together with a number of other major businesses in Norway, Telenor entered into an agreement relating to a more inclusive working life. The agreement has been extended to the end of 2009. The agreement shall help to reduce absence due to illness, ensure better adaptation of working conditions for employees with special needs, and raise the actual retirement age in the group. The principles for inclusion and initiatives as described in the agreement relating to a more inclusive working life have been adhered to by Telenor ever since the mid 1990s.

Since 1996, Telenor has had a course and work training programme for the physically disabled, and the visually impaired and hard of hearing: Telenor Open Mind (formerly known as Telenor HCP). The programme, which consists of a qualifying period of 3 months and 21 months work training, has given participants the opportunity to be included in regular working life through relevant work training and experience.

During the 10 years that the programme has been in existence, 75% of participants have entered the regular labour market after completing the programme. An external evaluation (Sintef 2006) estimated that Telenor Open Mind led to socio-economic savings of at least NOK 100 million in the period 1996–2006. In 2007, similar activities were initiated in DiGi (Malaysia) and in Telenor AB (Sweden).

Social responsibility

Telenor's business is an integrated part of society in the countries in which the group is established. This requires keen awareness and extensive insight into and respect for these countries' distinctive character and culture. Telenor aims to make a positive contribution to the economic growth, welfare and development of all our markets through our service offering, and to ensure sustainability in all aspects of our business.

Telenor has therefore always attached importance to establishing trusting relations with the different countries' authorities, organisations and people. Over the years, we have built and maintained good dialogue with all important stakeholders.

In 2007, a number of group-wide initiatives were implemented in order to create a network to further develop Telenor's relations with authorities and wider society within a common framework. Telenor's work on social responsibility issues is integrated in the group's business development.

A number of studies show that mobile communication contributes to employment and economic growth. Communication, which is Telenor's core expertise, produces major gains in the form of increased efficiency and better flow of information. This applies in all markets but is most easily observed in emerging markets. Together with our partners, Telenor develops strategic projects in areas and regions that have not previously had access to communications solutions.



Telenor achieved the number one position on the Dow Jones Sustainability Indexes in 2007 for the first time, within the category of mobile communication. This confirms that our focus on social responsibility is recognised. Telenor received particularly good reviews for our focus on introducing increasing numbers of people to the digital world.

Climate and environment

In 2007, Telenor initiated efforts to develop a radical climate strategy. The main emphasis has been on our potential for reducing our own emissions and developing and supplying solutions that can make a positive contribution to reduce the threat of climate change.

As a basis for Telenor's climate strategy, extensive efforts were made in all companies in 2007 to map Telenor's total CO₂ emissions. Also included in these figures are CO₂ emissions caused by the production of electricity bought from the electric power plants in the countries in which we operate, in addition to our own electricity production. Total emissions are estimated to be approximately 500,000 tonnes of CO₂. Network operations account for 70% of emissions, while buildings account for 15% and the figure for transport and business travel is 15%. Total energy consumption was 1,600 GWh, divided into 950 GWh for network operations, 300 GWh for buildings and 250 GWh for transport and business travel. Efforts to set targets and specific measures for reducing Telenor's CO₂ emissions are well underway.

In order to reduce the need for work-related travel, a project has been initiated to assess the possibilities for increasing work efficiency by using forward-looking technology and simultaneously reducing the need for travel. This creates a major potential for reducing CO₂ emissions.

As part of Telenor's work to reduce the group's impact on the environment, Telenor in Norway entered into an agreement in 2007 with Fair Recycling for the reuse of ICT equipment. The equipment, around 2,300 computers a year, will be donated to schools in third world countries.

Diversity and equal opportunities

Telenor is committed to ensuring diversity in the group and can demonstrate good results in this area. The work focuses on women, ethnic minorities, senior employees and those with disabilities.

Telenor sets requirements for diversity in recruitment and management development programmes. We recognise that a good balance between work and private life is becoming increasingly important for today's talents and managers, both male and female.

Equal opportunities statistics show that 37% of the total workforce is made up of women in the Norwegian part of the group. The corresponding figure for managers is 26%. In 2007, the Board of Telenor ASA was made up of 40% women and 60% men. In accordance with the principles for equal opportunities drawn up by the Board, measures have been implemented to improve the composition of the Board with regard to gender and expertise in the group's own companies.

Organisation and personnel

At the end of 2007, Telenor had 35,800 employees (34,420 man-labour years), of which 10,200 were in Norway and 25,600 outside

Norway. This is a reduction of slightly less than 1,000 employees in Norway, partly as a result of the reduced ownership share in Opplysningsvesenstatistik AS (Directory Enquiries) and the disposal of Telenor Satellite Services, as well as an increase in international operations of approximately 1,000 employees since 2006. The board gratefully recognises the substantial effort contributed by all employees to secure the further development and growth of Telenor.

In Norway, the mobile and fixed-line operations were joined as one organisation in December 2007; Telenor Norge. The organisational change is in line with similar changes already made in Sweden in Denmark, and is expected to contribute to a more market-oriented organisation.

Telenor recognises the importance of attracting and retaining skilled and motivated employees and managers with a strong commitment to the business in line with Telenor's ethical guidelines and values. In 2007, the group continued the global Telenor Development Process (TDP). TDP consists of a number of sub-processes such as strategy breakdown, employee performance reviews, talent assessments and employee surveys. The joint effect of the process is an organisation, managers and employees that develop and produce results in accordance with Telenor's strategy. The introduction of the process is supported by a number of development initiatives both locally and at group level, in the same way that the results of the process are worked on both locally and at group level.

Regulatory matters

Telenor's companies operate in compliance with the prevailing regulatory conditions that the group is subject to in individual markets, both within and outside Norway. Developing equal and fair competition is a major challenge for the authorities in all countries, and Telenor seeks to play an active role in the development of robustly competitive markets.

At the same time, changing regulatory conditions and market intervention could affect Telenor's revenues and profitability and thus represent a regulatory risk.

The authorities are very interested in and set a number of requirements for the telecoms sector both in order to influence the industrial structure and as a source of taxation. We are now seeing an increased interest in security in all of our markets. This means that requirements for storing data and registering customers are being introduced in a growing number of markets.

The authorities in Norway have set new prices for key access products in fixed-line and mobile. In the Norwegian mobile market, Telenor operates under different terms than those imposed on smaller operators. The development differs from that in other markets in which we are present, which are moving towards equal terms for all operators, partly by making interconnection prices symmetrical.

All our markets are experiencing strong growth and the sector will attract increased attention from national authorities. This may lead to greater regulation, for example with regard to services demanded by society, mobile number portability and interconnection. In several of our Asian markets 3G spectrum has either been allocated, or a process to allocate such 3G spectrum has been initiated.



A new regulatory framework for interconnection was introduced in Thailand in 2007. Disputes are ongoing between DTAC and TOT Public Company Limited (formerly Telephone Organisation of Thailand) and CAT Telecom Public Company Limited (formerly Communication Authority of Thailand) concerning interconnection agreements. In Bangladesh, the national regulator BTRC recently initiated a follow-up inquiry into Grameenphone in connection with the company's involvement in a matter concerning international termination of telephone calls via Voice over IP. Reference is made to note 25 of the group accounts for further details on these matters.

Risk factors

Telenor's activities are exposed to a number of regulatory, legal, financial and political risks. If Telenor's growth strategy in new markets in Central and East Europe and Asia is to be successful and inspire the necessary confidence among shareholders and investors, risk assessment and risk management must form part of the group's core expertise.

It is important for the Board to ensure that the group undertakes the steps needed to control and reduce the risks so that the total risk is always within acceptable commercial limits.

The Board and management assess such risk thoroughly in connection with new investments, and on an ongoing basis in relation to existing investments. The group has gradually acquired considerable practical experience in establishing and managing activities in economically less-developed areas. Combined with a large network of contacts, including the authorities in Norway and abroad, the Board believes this forms a good basis for proper risk assessment. The Board has also carried out systematic reviews and evaluated the company's investments in order to assess the development of the individual projects in light of an updated risk factor.

The company has tried to balance the risk relating to foreign investments in its international focus by splitting the portfolio between mature and emerging markets.

Telenor is exposed to financial market risks linked to changes in interest rates and foreign exchange rate fluctuations. In order to manage interest rate fluctuations, financial instruments are used, such as fixed rate loans and interest rate swaps. Supplementary information is given and a sensitivity analysis has been conducted in connection with financial risks in note 22 of the annual accounts.

Telenor is also exposed to credit risks linked to accounts receivable and investments in financial institutions. Stringent requirements have been set for the counter parties' creditworthiness and restrictions have been set on aggregated credit exposure for each individual counter party. Telenor attaches importance to financial manoeuvring room, and the group has taken the steps needed to maintain satisfactory financial flexibility.

Corporate governance

The Board places emphasis on Telenor maintaining a high standard of corporate governance in line with Norwegian and international rules and recommendations. A detailed report on Telenor's practice and management of these issues is available at <http://www.telenor.no/om/virksomhet/hvordan/selskapsstyring> and <http://www.telenor.com/ir/company/cg/>.

Telenor operates in accordance with Norwegian recommendations on corporate governance with the exception of point 14 on the drawing up of main principles for takeover bids. The background for this exception is the state's ownership share of 54% in the company and that any reduction in stake by the state will require a special resolution in the Storting and public processing that will safeguard the intentions set down in the recommendations.

With regard to the Board's use of sub-committees and the Board's work with risk management and internal control, which in accordance with the recommendation will be quoted in the annual report, a more in-depth description of this is given on Telenor's website together with the other description of corporate governance in Telenor.

Composition and work of the Board

Telenor's Board of Directors has a diverse composition and competence tailored to the company's needs. None of the Board members, apart from the employee representatives, are employees of Telenor or have carried out work for Telenor. The Board's work complies with Telenor's instructions for Board members and the applicable guidelines and procedures. The Board has also carried out a self-assessment of its own activities and competence. The Board of Directors held 11 Board meetings in 2007.

Harald Norvik was appointed Chairman of the Board at an ordinary general meeting in May 2007, and Kjersti Kleven and Olav Volldal were voted in as new shareholder representatives. In addition, Bjørg Ven, Paul Bergqvist, John Giverholt and Liselott Kilaas were re-elected. May Krosby and Rune Andre Anderssen were voted onto the Board as new employee representatives at the autumn vote, while Harald Stavn was re-elected.

Transactions after the balance sheet date

Telenor's 18.3% block of shares in Golden Telecom was sold to VimpelCom on 27 February 2008 for USD 105 per share, which corresponds to NOK 4.1 billion. Sales gains after elimination of the share of gains linked to Telenor's ownership share in VimpelCom are estimated at NOK 1.6 billion.

EDB Business Partner's acquisition of 100% of the shares in IS Partner for a total sum of NOK 1.3 billion, was carried out on 11 February 2008. For further details, refer to note 36 of the group accounts.

Outlook for 2008

Expectations for 2008 are based on the organisation structure as at 31 December 2007, when Kyivstar was reported as an associated company:

Growth of around 5% is estimated for reported operating revenues, the EBITDA margin before other revenues and costs is expected to exceed 31%. The capital expenditure will be around 20% of operating revenues, mainly as a result of customer growth in Telenor's international mobile operations.

Considerable uncertainty is normally associated with assessments of future conditions. Among other things, the market development and changes in the competitive situation can affect Telenor's financial results. An increasing share of Telenor's operating revenues and profits are being generated from operations outside Norway. Changes in foreign exchange rates can to an increasing extent affect the reported figures in NOK. Political risk, including regulatory conditions can also affect the results.



Fornebu, 31 March 2008

Harald Norvik

Chairman of the Board of Directors

Bjørg Ven

Vice-chairman of the Board of Directors

John Giverholt

Board member

Kjersti Kleven

Board member

Olav Volldal

Board member

Liselott Kilaas

Board member

Paul Bergqvist

Board member

Harald Stavn

Board member

May Krosby

Board member

Bjørn Andre Anderssen

Board member

Jon Fredrik Baksaas

President & CEO

CONSOLIDATED INCOME STATEMENT

Telenor Group 1 January – 31 December

NOK in millions, except per share amounts	Note	2007	2006 (unaudited)	2005
Revenues	2	92 473	91 077	66 566
Operating expenses				
Costs of materials and traffic charges	4	25 965	22 605	16 432
Own work capitalised	5	(651)	(611)	(704)
Salaries and personnel costs	6, 7	12 474	11 738	9 917
Other operating expenses	8	25 701	24 353	17 391
Other (income) and expenses	9	(273)	305	228
Depreciation and amortisation	14	13 958	14 721	11 281
Impairment losses	14, 15	314	258	583
Operating profit		14 985	17 708	11 438
Associated companies	17	6 462	2 353	1 227
Financial income and expenses				
Financial income	12	568	903	440
Financial expenses	12	(2 690)	(2 306)	(1 636)
Net currency gains (losses)	12	(208)	(301)	89
Net change in fair value of financial instruments held for trading	12	845	1 293	243
Net gains (losses and impairment losses) of financial items	12	9	1 878	518
Net financial items	12	(1 476)	1 467	(346)
Profit before taxes		19 971	21 528	12 319
Taxes	13	(2 168)	(3 148)	(3 370)
Profit from continuing operations		17 803	18 380	8 949
Profit (loss) from discontinued operations	35	1 400	155	185
Net income		19 203	18 535	9 134
Net income attributable to:				
Non-controlling interests (Minority interests)		1 187	2 615	1 488
Equity holders of Telenor ASA		18 016	15 920	7 646
Earnings per share in NOK				
From continuing operations				
Basic	24	9.89	9.35	4.36
Diluted	24	9.88	9.35	4.36
From total operations				
Basic	24	10.72	9.44	4.47
Diluted	24	10.71	9.44	4.47



CONSOLIDATED BALANCE SHEET

Telenor Group as of 31 December

NOK in millions	Note	2007	2006
ASSETS			
Deferred tax assets	13	2 771	1 848
Goodwill	15	29 672	30 583
Intangible assets	15	26 476	27 331
Property, plant and equipment	15	48 974	46 093
Associated companies	17	20 425	13 817
Other non-current assets	19	3 040	3 068
Total non-current assets		131 358	122 740
Prepaid taxes		38	18
Inventories		1 828	1 053
Trade and other receivables	18	19 872	16 924
Other financial current assets	19	895	1 126
Assets classified as held for sale	35	-	2 119
Cash and cash equivalents	28	6 841	4 628
Total current assets		29 474	25 868
Total assets		160 832	148 608
EQUITY AND LIABILITIES			
Equity attributable to equity holders of Telenor ASA	34	68 797	57 993
Non-controlling interests (Minority interests)	34	5 858	4 735
Total equity	34	74 655	62 728
Liabilities			
Non-current interest-bearing financial liabilities	21	39 725	39 509
Non-current non-interest-bearing financial liabilities	23	1 074	702
Deferred tax liabilities	13	3 744	4 537
Provisions and obligations	20	3 330	3 339
Total non-current liabilities		47 873	48 087
Current interest-bearing financial liabilities	21	7 524	9 952
Trade and other payables	23	26 829	22 726
Current tax payables	13	2 667	2 024
Current non-interest-bearing liabilities	23	598	1 503
Liabilities classified as held for sale	35	-	722
Provisions and obligations	20	686	866
Total current liabilities		38 304	37 793
Total equity and liabilities		160 832	148 608

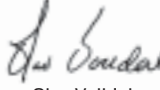
Fornebu, 31 March 2008


Harald Norvik
Chairman of the Board of Directors


Bjørn Ven
Vice-chairman of the Board of Directors


John Giverholt
Board member


Kjersti Kleven
Board member


Olav Volldal
Board member

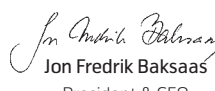

Liselott Kilaas
Board member


Paul Bergqvist
Board member


Harald Stavn
Board member


May Krosby
Board member


Bjørn Andre Anderssen
Board member


Jon Fredrik Baksaas
President & CEO



CONSOLIDATED CASH FLOW STATEMENT

Telenor Group 1 January – 31 December

NOK in millions	Note	2007	2006 (unaudited)	2005
Proceeds from sale of goods and services		91 211	92 956	69 853
Payments to suppliers of goods and services and of other operating expenses		(49 517)	(48 610)	(35 461)
Payments to employees, pensions, social security tax and tax deductions		(12 068)	(11 864)	(9 635)
Proceeds from interest income		694	868	347
Proceeds from dividends		649	122	93
Proceeds from other financial income		104	104	69
Payments of interest expenses		(3 361)	(2 524)	(1 563)
Payments of other financial expenses		(68)	(131)	(49)
Other proceeds and payments related to operating activities		(24)	(91)	4
Payment of income taxes and public duties		(3 924)	(189)	(1 318)
Net cash flow from operating activities ¹⁾		23 696	30 641	22 340
Proceeds from sale of property, plant and equipment (PPE) and intangible assets		167	134	539
Purchases of PPE and intangible assets		(19 063)	(19 224)	(14 213)
Proceeds from disposal of subsidiaries and associated companies, net of cash disposed of	28	8 256	1 037	740
Purchases of subsidiaries and associated companies, net of cash acquired	28	(5 942)	(21 964)	(8 128)
Proceeds from sale of other investments		1 053	3 810	1 539
Payments for other investments		(313)	(288)	(475)
Net cash flow from investment activities		(15 842)	(36 495)	(19 998)
Proceeds from borrowings		30 276	48 643	11 775
Repayments of borrowings		(30 870)	(36 065)	(7 600)
Proceeds from issuance of shares, including from non-controlling interests		538	110	74
Purchase of treasury shares		(440)	(953)	(2 267)
Repayment of equity and dividends paid to non-controlling interests in subsidiaries		(919)	(976)	(219)
Dividends paid to shareholders of Telenor ASA		(4 201)	(3 389)	(2 595)
Net cash flow from financing activities		(5 616)	7 370	(832)
Effects of exchange rate changes on cash and cash equivalents		(319)	(179)	215
Reclassified cash and cash equivalents to Investment in Kyivstar		-	(3 221)	-
Net change in cash and cash equivalents		1 919	(1 884)	1 725
Cash and cash equivalents at 1 January		4 922	6 806	5 081
Cash and cash equivalents at 31 December		6 841	4 922	6 806
Of which cash and cash equivalents in discontinued operations at 31 December		-	294	-
Cash and cash equivalents in continuing operations at 31 December	28	6 841	4 628	6 806
¹⁾ Reconciliation				
Profit before taxes including profit from discontinued operations		20 237	21 764	12 591
Income taxes paid		(3 187)	(357)	(1 369)
Net (gain) loss including write-downs and change in fair value of financial items		(1 359)	(3 277)	(929)
Depreciation, amortisation and write-downs		14 333	15 241	12 131
Profit and loss from associated companies		(6 467)	(2 362)	(1 233)
Dividends received from associated companies		643	113	50
Changes in inventories		(923)	(363)	(37)
Changes in trade accounts receivable and prepayments from customers		(2 993)	(519)	1 659
Changes in trade accounts payable		718	203	407
Difference between expensed and paid pensions		42	(166)	211
Currency (gains) losses not relating to operating activities		168	219	(18)
Change in other operating working capital assets and liabilities		2 484	145	(1 123)
Net cash flow from operating activities		23 696	30 641	22 340

The statement includes discontinued operations prior to their disposal. Cash flows from Kyivstar are included in the 2005 and 2006 figures. The cash and cash equivalents in Kyivstar were reclassified to associated companies at 29 December 2006.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Telenor Group – for the years ended 31 December 2005, 2006 and 2007

	Attributable to equity holders of Telenor ASA				Total	Non-controlling interests ²⁾	Total equity
	Total paid in capital ²⁾	Other reserves ²⁾	Retained earnings	Cumulative translation differences ²⁾			
Balance as of 1 January 2005	27 350	625	13 205	(605)	40 575	3 954	44 529
Translation differences	-	-	-	525	525	441	966
Business combinations and increased ownership interests in subsidiaries	-	1 829	-	-	1 829	-	1 829
Available-for-sale investment	-	1 052	-	-	1 052	(4)	1 048
Cash flow hedges	-	24	-	-	24	3	27
Equity adjustments in associated companies	-	1	-	-	1	-	1
Tax on items taken directly to or transferred from equity	-	(459)	-	(12)	(471)	(1)	(472)
Net income (loss) recognised directly in equity	-	2 447	-	513	2 960	439	3 399
Profit for the year 2005	-	-	7 646	-	7 646	1 488	9 134
Total recognised income and expense for the period	-	2 447	7 646	513	10 606	1 927	12 533
Dividends	-	-	(2 595)	-	(2 595)	(171)	(2 766)
Share buy back	(2 267)	-	-	-	(2 267)	-	(2 267)
Sale of shares, share issue, and share options to employees	74	6	-	-	80	5	85
Transactions with non-controlling interests in subsidiaries	-	-	-	-	-	1 419	1 419
Balance as of 31 December 2005	25 157	3 078	18 256	(92)	46 399	7 134	53 533
Translation differences	-	-	-	1 672	1 672	(204)	1 468
Business combinations and increased ownership interests in subsidiaries	-	(25)	-	-	(25)	-	(25)
Available-for-sale investments:							
– Valuation gains (losses) taken to equity	-	53	-	-	53	2	55
– Transferred to profit or loss on sale	-	(1 794)	-	-	(1 794)	(8)	(1 802)
Cash flow hedges:							
– Valuation gains (losses) taken to equity	-	(37)	-	-	(37)	(11)	(48)
– Transferred to profit or loss for the period	-	(1)	-	-	(1)	-	(1)
Tax on items taken directly to or transferred from equity	-	(8)	-	31	23	3	26
Net income (loss) recognised directly in equity	-	(1 812)	-	1 703	(109)	(218)	(327)
Profit for the year 2006 – (unaudited)	-	-	15 920	-	15 920	2 615	18 535
Total recognised income and expense for the period	-	(1 812)	15 920	1 703	15 811	2 397	18 208
Transfer from share premium account	(5 000)	5 000	-	-	-	-	-
Dividends	-	-	(3 389)	-	(3 389)	(287)	(3 676)
Share buy back	(901)	-	-	-	(901)	(28)	(929)
Sale of shares, share issue, and share options to employees	104	11	-	-	115	15	130
Equity adjustments in associated companies	-	(42)	-	-	(42)	-	(42)
Transactions with non-controlling interests in subsidiaries	-	-	-	-	-	(844)	(844)
Kyivstar reclassified to Associated companies ¹⁾	-	-	-	-	-	(3 652)	(3 652)
Balance as of 31 December 2006	19 360	6 235	30 787	1 611	57 993	4 735	62 728
Translation differences	-	-	-	(5 026)	(5 026)	(145)	(5 171)
Business combinations and increased ownership interests in subsidiaries	-	7	-	-	7	-	7
Gain and loss on transactions with non-controlling interests	-	2 835	-	-	2 835	-	2 835
Available-for-sale investments:							
– Valuation gains (losses) taken to equity	-	25	-	-	25	(1)	24
– Transferred to profit or loss on sale	-	(8)	-	-	(8)	-	(8)
Cash flow hedges:							
– Valuation gains (losses) taken to equity	-	(4)	-	-	(4)	4	-
– Transferred to profit or loss for the period	-	-	-	-	-	-	-
Tax on items taken directly to or transferred from equity	-	(182)	-	(425)	(607)	(1)	(608)
Net income (loss) recognised directly in equity	-	2 673	-	(5 451)	(2 778)	(143)	(2 921)
Profit for the period	-	-	18 016	-	18 016	1 187	19 203
Total recognised income and expense for the period	-	2 673	18 016	(5 451)	15 238	1 044	16 282
Transfer from share premium account	(5 000)	5 000	-	-	-	-	-
Dividends	-	(4 201)	-	-	(4 201)	(919)	(5 120)
Share buy back	(442)	-	-	-	(442)	(29)	(471)
Sale of shares, share issue, and share options to employees	54	(14)	-	-	40	14	54
Equity adjustments in associated companies	-	169	-	-	169	-	169
Transactions with non-controlling interests in subsidiaries	-	-	-	-	-	1 013	1 013
Balance as of 31 December 2007	13 972	9 862	48 803	(3 840)	68 797	5 858	74 655

¹⁾ See note 17²⁾ See note 34



THE TELENOR GROUP

GENERAL INFORMATION

Telenor ASA (the Company) is a limited company incorporated in Norway. The Company is subject to the provisions of the Norwegian Act relating to Public Limited Liability Companies. The Company's principal offices are located at Snarøyveien 30, N-1331 Fornebu, Norway. Telephone number: +47 810 77 000. Telenor is a telecommunication company and the principal activities of the Company and its subsidiaries (the Group) are described under segments in note 3.

These consolidated financial statements have been approved for issuance by the Board of Directors on 31 March 2008 and will be subject for authorisation by the General Assembly at 8 May 2008.

STATEMENT OF COMPLIANCE

From 1 January 2005, as required by the European Union's IAS Regulation and the Norwegian Accounting Act, the Company has prepared its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"). IFRS as adopted by the EU differ in certain respects from IFRS as issued by the International Accounting Standards Board ("IASB"). However, the consolidated financial statements for the periods presented would be no different had the Company applied IFRS as issued by the IASB. References to "IFRS" hereafter should be construed as references to IFRS as adopted by the EU.

ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

In the current year, the Telenor has adopted all of the new and revised Standards and Interpretations issued by the IASB and approved by EU that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2007. The implementation of IFRS 7 Financial Instruments disclosures and the capital disclosures in IAS 1 resulted in additional disclosures. The implementation of IFRIC 8 scope of IFRS 2 had no impact on Telenor.

Telenor has early adopted the following standards and interpretations:

IFRS 8 Operating segment (effective from 1 January 2009). This standard was adopted 1 January 2006. This adoption did not lead to any changes in our definition of segments.

IFRIC 12 Service Concession Arrangement (effective from 1 January 2008). Telenor adopted this interpretation in 2005. There were no changes in accounting policies were required as a consequence of the final interpretation.

IAS 23 Borrowing Costs (effective from 1 January 2009). This revision has not lead to any changes in how Telenor account for borrowing cost.

At the date of authorisation of these financial statements, the following Standards and Interpretations that could affect Telenor were issued but not effective:

IFRS 3R Business Combination – (shall be applied from the year beginning on or after 1 July 2009). The standard introduces a number of changes that will impact the amount of goodwill and reported results after implementation. The revised standard shall

be applied prospectively and future business combinations will be affected by this revision.

IAS 27R Consolidated and separate financial statements – amended – (shall be applied from the year beginning on or after 1 July 2009). The standard requires that changes in ownership interest of a subsidiary are accounted for as an equity transaction. The revised standard shall be applied prospectively and future transactions with non-controlling interests will be affected.

IFRIC 11 Group and Treasury Share Transactions – (shall be applied from annual periods beginning on or after 1 March 2007). No changes for Telenor are expected to result from adoptions of this interpretation.

IFRIC 13 Customer loyalty programs (shall be applied from the year beginning at 1 July 2008 or later). This IFRIC gives guidance on how to account for customer loyalty programme. The consequences are under evaluation, but no significant changes are expected.

The management anticipates that these Standards and Interpretations will be adopted at the dates stated above and that the adoption in future periods will have no material impact on the financial statements of the Group.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis, except for financial assets available for sale (primarily shares owned less than 20%), derivative financial instruments, which are carried at fair value and carrying value of pensions. Loans, receivables and other financial obligations are valued at amortised cost. The principal accounting principles adopted are set out below.

The financial statements are presented in Norwegian Kroner (NOK), rounded to the nearest million, unless otherwise stated. Certain minor reclassifications have been made to comparative financial information to ensure consistency in presentation. The income statements are presented based on the nature of expenses.

Basis of consolidation and non-controlling interests

The consolidated financial statements include the financial statements of Telenor ASA and entities controlled by Telenor ASA (subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control normally exists when Telenor has more than 50% of the voting power through ownership or agreements, except where non-controlling (minority) rights are such that a non-controlling shareholder is able to prevent Telenor from exercising control. In addition control may exist without having 50% voting power through ownership or agreements, or in the circumstances of other shareholders' enhanced rights, as a consequence of de facto control. De facto control is control without the legal right to exercise unilateral control, and involves decision-making ability that is not shared with others and the ability to give directions with respect to the operating and financial policies of the entity concerned.

The financial statements of the subsidiaries are prepared for the same reporting periods as the parent company, using consistent accounting policies. The results of subsidiaries acquired or

disposed of during the year are included in the consolidated income statement from the date of control is obtained and until the control ceases. Intercompany transactions, balances, revenues and expenses are eliminated on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the business combination (see below) and the non-controlling interests' share of changes in equity since the date of the combination. The Group accounts for the transactions with the non-controlling interest using the hybrid entity concept/parent entity method (detailed policy is disclosed under "Business Combinations").

Foreign currency translation

The consolidated financial statements are presented in NOK, which is Telenor ASA's functional and presentation currency. Transactions in foreign currencies are initially recorded in the functional currency at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the balance sheet date. All differences are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity, or monetary items that are regarded as a part of the net investments. These are recognised as a separate component of equity until the disposal of the net investment, at which time they are recognised in profit or loss. Tax charges and credits attributable to exchange differences on those borrowings are also recorded in equity. Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rates as at the dates of the initial transactions.

The Group has foreign entities with functional currency other than Norwegian Krone. As at the reporting date, the assets and liabilities of foreign entities with functional currencies other than Norwegian Krone are translated into Norwegian Krone at the rate of exchange at the balance sheet date and their income statements are translated at the average exchange rates for the year. The translation differences arising from the translation are taken directly to a separate component of equity until the disposal of the net investment, at which time they are recognised in profit or loss. Cumulative translation differences were recognised as a permanent part of equity at the date of transition to IFRS (1 January 2005).

Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, in exchange for control of the acquiree, plus any costs directly attributable to the business combination. If parts or whole of the purchase price has been hedged, and cash flow hedge accounting is applicable according to IAS 39, the gain or loss on the hedge instrument is included in the purchase price.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair values at the acquisition date, except for non-current assets that are classified as held for sale. Goodwill arising on acquisition is recognised as an asset at the excess of the cost of the business combination over Telenor's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, Telenor's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of non-controlling shareholders in the subsidiary is initially measured at the non-controlling shareholders' proportion of the net fair value of the identifiable assets, liabilities and contingent liabilities recognised.

Where the Group increases its stake in a subsidiary through a share purchase from non-controlling shareholders, goodwill is determined as the difference between the consideration given and the acquired additional interest in the subsidiary's net assets and contingent liabilities at fair value as the date of the additional purchase. The increase or decrease in the fair value for the portion of identifiable assets, liabilities and contingent liabilities acquired in the period between the date of consolidation and subsequent share purchase is recorded against the shareholders' equity.

Increases in non-controlling interests in a subsidiary's equity as a result of transactions in the subsidiary and sale of shares in a subsidiary to non-controlling interests are accounted for as transactions between shareholders. Gains or losses on disposals to shareholders after a proportionate reduction of goodwill are recorded against equity.

Investments in associated companies

An associate is an entity over which the Group has significant influence and that is not a subsidiary. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies. Significant influence normally exists when Telenor has 20% to 50% voting power through ownership or agreements. Significant influence may also exist when Telenor have more than 50% interests, but where other shareholders have participating rights which prevent Telenor from exercising control.

The results and assets and liabilities of associated companies are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associated companies are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associated companies (ie profit or loss and equity adjustments), less any impairment in the value of individual investments. Losses of associated companies in excess of the Group's interest in such companies, including any non-current interests that, in substance, form part of the Group's net investment in the associated companies are not recognised unless the Group has incurred legal or constructive obligations or made payments on behalf of these associated companies.

Any goodwill is included in the carrying amount of the investment and is assessed for impairment as part of the investment. Where a Group entity transacts with an associate of the Group, profits or losses are eliminated to the extent of the Group's interest in the relevant associated company.

The net result of associated companies, including amortisation, impairment losses, reversal of impairment losses and gains and losses on disposals, are included as a separate line item in the income statement between operating profit (loss) and financial items. For some associated companies, financial statements as of the balance sheet date are not available before the Company issues its consolidated financial statements. In such instances, the most recent financial statements (as of a date not more than three months prior to the Group's balance sheet date) are used, and estimates for the last period are made based on publicly available information.

Interests in joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint

control. That is when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control.

Joint venture arrangements that involve a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities using proportionate consolidation. The Group's share of the assets, liabilities, income and expenses of jointly controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

Any goodwill arising on the acquisition of the Group's interest in a jointly controlled entity is accounted for in accordance with the Group's accounting policy for goodwill arising on the acquisition of a subsidiary (see above). Where the Group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture.

Goodwill and cash generating units

Goodwill (see business combinations) is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. In identifying whether cash inflows from an asset (or group of assets) are largely independent of the cash inflows from other assets (or groups of assets), the management considers various factors including how management monitors the entity's operations (such as by product or service lines, businesses, geographical areas). The Group has identified that a cash generating unit often will be the separate networks in the separate geographical areas (countries), distinguishing between different technologies (mobile, fixed and broadcast).

Goodwill does not generate cash flows independently of other assets or groups of assets and is allocated to the cash generating units expected to benefit from the synergies of the combination that gave rise to the goodwill. Cash generating units to which goodwill have been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount (the higher of fair value less cost to sell and value in use) of the cash generating unit is less than the carrying amount of the cash generating unit, the impairment losses first reduces the carrying amount of any goodwill and then reduces the carrying amount of the other assets of the unit pro-rata on the basis of the carrying amount of the individual assets. The carrying amount of any individual asset is not reduced below its individual recoverable amount or zero. An impairment losses recognised for goodwill cannot be reversed in a subsequent period if the fair value of the cash generating unit recovers. Any impairment is presented as impairment losses in the income statement.

On disposal of businesses, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale in accordance with IFRS 5 if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Appropriate level of management (the Board of Directors or Group Executive Management depending on the transaction) must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell and no longer depreciated (or amortised).

A discontinued operation is a component of the Group that either has been disposed of, or is classified as held for sale, and represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

Profit after tax from discontinued operations are excluded from continuing operations and reported separately as Profit (loss) from discontinued operations. Prior period's Profit (loss) from discontinued operations are reclassified to be comparable. Assets and liabilities classified as held for sale are presented on separate line items in the balance sheet as current assets and current liabilities.

Revenue recognition and measurement

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenues are measured at the fair value of the consideration received or receivable, net of discounts and sales related taxes. These taxes are regarded as collected on behalf on the authorities.

Revenues primarily comprise sale of

- Services: traffic fees, subscription and connection fees, interconnection fees, fees for leased lines and leased networks, fees for data network services, fees for TV distribution and satellite services, IT-operations,
- Customer equipment: Telephony handsets, PCs, terminals, set-top boxes etc.

Revenues from subscription fees are recognised over the subscription period while deliveries of other services are normally recognised based on actual use.

Revenues from sale of customer equipment are normally recognised when the related significant risk and rewards are transferred to the buyer.

When the Group delivers services and equipment as part of one contract the consideration is allocated to separate identifiable components if the delivered item has value to the customer on a standalone basis and there is objective and reliable evidence of the fair value of undelivered items. Consideration is allocated based on their relative fair values, with the amount allocated to the delivered item being limited to the amount that is not contingent on the delivery of additional items or other specified performance criteria, and this is therefore most often the amount received in cash at the time of sale. In most instances the delivered element is equipment, and consequently the equipment is recorded with low revenue due to the discounts provided in the transaction. The subsequent services are recorded at the normal selling price or at a discounted value, depending on the facts and circumstances.

Connection fees

Revenues from connection that are linked to other elements in a way that the commercial effect cannot be understood without reference to the other transactions are deferred and recognised over the periods that the fees are earned which is the expected period of the customer relationship. The expected period of the customer relationship is based on past history of churn and expected development in the Group companies.

When connection fees are charged in the same transaction as other elements and where discounts are provided on other identifiable components in the transaction (including multiple element



transactions), connection fees are allocated to sale of the discounted equipment or services, limited to the amount of the discount, and recognised as revenues at the same time the equipment or services are recognised as revenue.

Sale of software

Revenues from sale of software licenses and software upgrades are deferred and recognised as revenue over the remaining software maintenance period as long as the customer has the right to use the software with software maintenance from the Group. In addition, in conjunction with these contracts, the Group may develop additional applications that are not essential to the use of the software. These development fees are also deferred and recognised as revenue over the remaining software maintenance period.

Discounts

Discounts are often provided in the form of cash discount, free products or services delivered by the Group or by external parties. Discounts are recorded on a systematic basis over the period the discount is earned. Cash discounts or free products are recorded as revenue reductions. Free products or services delivered by external parties are recorded as expenses.

For discount schemes (loyalty programmes etc) where Telenor has past history so that reliable estimates can be made, the accrued discount is limited to the estimated discount that will actually be earned by the customer. The exact amount and earnings period of the discount often must be based on estimation techniques, with any changes in estimates being recorded in the period the estimate changes or the final outcome is known.

Presentation

Where the Group's role in a transaction is a principal, revenue is recognised on a gross basis. The evaluation of whether Telenor is acting as principal or agent is based on an evaluation of the substance of the transaction, the responsibility for providing the goods or services and setting prices and the underlying financial risk and rewards. This requires revenue to comprise the gross value of the transaction billed to the customer, after trade discounts, with any related expenditure charged as an operating cost. Where the Telenor's role in a transaction is that of an agent, revenue is recognised on a net basis and represents the margin earned.

License fees paid to telecommunication authorities calculated on the basis of revenue share arrangements are treated as license costs and, hence, revenue is reported gross as Telenor is considered to be the primary obligor.

Interest and dividend income

Interest income is accrued on a time basis. Dividend income from investments is recognised when the Telenor's rights to receive payment have been established (declared by the General Assembly or otherwise).

Pensions

Defined benefit plans are valued at the present value of accrued future pension benefits at the balance sheet date. Pension plan assets are valued at their fair value. Changes in the pension obligations due to changes in pension plans are recognised over the estimated average remaining service period when the changes are not immediately vested. Accumulated effects of changes in estimates, changes in assumptions and deviations from actuarial assumptions (actuarial gains or losses) that are less than 10% of the higher of pension benefit obligations and pension plan assets at the beginning of the year is not recorded. When the accumulated effect is above 10% the excess amount are recognised in the income statement over the estimated average remaining service period. The net pension cost for the period is classified as salaries and personnel costs.

Payments to defined contribution plans are expensed as incurred. When sufficient information is not available to use defined benefit accounting for a multi-employer plan that is a defined benefit plan, the plan is accounted for as if it were a defined contribution plan.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognised through profit and loss when the curtailment or settlement occurs. A curtailment occurs when the Group either is demonstrably committed to make a material reduction in the number of employees covered by a plan or amends the terms of a defined benefit plan such that a material element of future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. The evaluation is based on the substance of the transaction. However, situations that individually would normally lead the Group to classify a lease as a finance lease is if the lease term is more than 75% of the estimated economic life or the present value of the minimum lease payments exceeds 90% of the fair value of the leased asset.

The Group may enter into an arrangement that does not take the legal form of a lease but conveys a right to use an asset in return for a payment or series of payments. Determining whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether: (a) fulfilment of the arrangement is dependent on the use of a specific asset; and (b) the arrangement conveys a right to use the asset.

The Group as lessor

The Group presents assets it has leased to others as receivables equal to the net investment in the leases. The Group's financial income is determined such that a constant rate of return is achieved on outstanding receivables during the contract period. Direct costs incurred in connection with establishing the lease are included in the receivable.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease is included in the carrying amount of the leased asset and recognised on a straight-line basis over the lease term. Contingent rents are recognised as revenue in the period in which they are earned.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The liability to the lessor is included in the balance sheet as finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and incentives to enter into an operating lease are also amortised on a straight-line basis over the lease term. Prepaid lease payments made on entering into operating leases or acquiring leaseholds are amortised over the lease term in accordance with the pattern of benefits provided and included in the line item "depreciation and amortisation" in the income statement.

Financial Instruments

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity



instrument of another entity. A financial asset is typically cash and cash equivalents, trade receivables, held to maturity investments and financial derivatives. A financial liability is typically bank overdraft liability, trade payables, other liability to banks, bonds issued and financial derivatives.

Financial instruments are classified in the following categories: at fair value through profit or loss (FVTPL), held-to-maturity investments (HTM), loans and receivables, available-for-sale (AFS) and other financial liabilities. The classification of the financial instrument is done based on the nature and purpose of the financial instrument and is determined at the initial recognition. Financial liabilities are classified as financial liabilities at fair value through profit or loss and other financial liabilities. Telenor has not used the fair value option that exists in IAS 39, to upon initial recognition designating a financial asset or liability as an instrument at fair value through profit or loss.

The financial instruments are recognised in Telenor's balance sheet as soon as Telenor become a party to the contractual provisions of the instrument. Financial instruments are recognised without any offsetting respectively as assets when the value is positive and as liabilities when the value is negative, as long as Telenor has no intention or ability to settle the contracts net.

Derivative financial instruments and hedging

The Group uses derivative financial instruments such as forward currency contracts, interest rate swaps, cross currency interest rate swaps and to small extent interest rate options, to hedge its risks associated with interest rate and foreign currency fluctuations. The Group does not use derivative financial instruments for trading purposes.

The derivative financial instruments are initially and subsequently measured at fair value. Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are recognised in profit or loss as financial income or expense. For detailed information related to derivative financial instruments and hedging see note 22.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risk and economical characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses recognised in profit or loss. Currency derivatives embedded in committed purchase or sales contracts are not bifurcated and recognised with fair value if the embedded currency derivative in the contract is either the functional currency of one of the parties to the contract or if it is a commonly used currency for purchase or sales in the relevant economic environment.

Telenor applies hedge accounting in accordance with the regulations in IAS 39. The hedging is entered into for balance sheet items and future cash flows to reduce income statement volatility. Telenor has cash flow hedges, fair value hedges and hedges of net investments in foreign operations.

At the inception of each hedge relationship, the Group formally designates and documents the hedge accounting relationship, risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to change in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective

throughout the financial reporting periods for which they were designated.

Hedge relationships that meet the requirements in IAS 39 for hedge accounting are accounted for in the Group's financial statement as follows:

Fair value hedges

The Group uses fair value hedge primarily to hedge interest rate risk of fixed-rate interest-bearing liabilities and currency risk for interest-bearing liabilities.

Fair value hedges are hedges of the Group's exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such, that is attributable to a particular risk and could affect profit or loss. For fair value hedges, the carrying amount of the hedged item is adjusted for gains and losses attributable to the risk being hedged. The derivative is also measured at fair value and gains and losses from both the instrument and the item are recognised in profit or loss.

For fair value hedges relating to items earlier carried at amortised cost, the adjustment from carrying amount to fair value is amortised through profit or loss over the remaining time to maturity.

The Group discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting or the Group revokes the designation. The carrying amount at de-designation will be amortised to face value over the remaining time to maturity.

Cash flow hedges

The Group uses cash flow hedges primarily to hedge interest rate risk of variable-rate interest-bearing liabilities and highly probable transactions such as purchase of a foreign entity and significant investments in foreign currency.

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in profit or loss.

Amounts recognised directly to equity are transferred to profit or loss when the hedged transaction affects profit or loss, such as when hedged financial income or financial expense is recognised or when a forecast sale or purchase occurs.

Where the hedged item is the cost of a non-financial asset or liability, the amounts recognised to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs. If the forecasted transaction is not expected to occur, the amount is immediately recognised in profit or loss.

Hedges of a net investment

A hedge of a net investment in a foreign operation is accounted for in a similar way as a cash flow hedge. Foreign exchange gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised directly in equity while any foreign exchange gains or losses relating to the ineffective portion are

recognised in profit or loss. On disposal of the foreign entity, the cumulative value of foreign exchange gains or losses recognised directly in equity is transferred to profit or loss.

Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered or paid to the tax authorities. Deferred tax assets and liabilities are calculated using the liability method with full allocation for all temporary differences between the tax base and the carrying amount of assets and liabilities in the financial statements, including tax losses carried forward. Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or in respect of temporary differences associated with investments in subsidiaries, associates or joint ventures where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Telenor has recognised a deferred tax liability (primarily withholding tax) for undistributed earnings in subsidiaries and associated companies. For undistributed earnings in subsidiaries a provision for deferred tax is made to the extent it is expected that dividends will be distributed in the foreseeable future. Deferred taxes are calculated on undistributed earnings in foreign subsidiaries and associated companies based on the estimated taxation on transfer of funds to the parent company, based on the enacted tax rates and regulation as of the balance sheet date.

Deferred tax assets that will be realised upon sale or liquidation of subsidiaries or associated companies are not recorded until a sales agreement has been entered into or liquidation is decided.

Telenor includes deductions for uncertain tax positions when it is probable that the tax position will be sustained in a tax review. Telenor records provisions relating to uncertain or disputed tax positions at the amount expected to be paid. The provision is reversed if the disputed tax position is settled in favour of Telenor and can no longer be appealed.

Deferred tax assets are recorded in the balance sheet to the extent it is more likely than not that the tax assets will be utilised. The enacted tax rates at the balance sheet date and undiscounted amounts are used.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and the Group is able to and intends to settle its current tax assets and liabilities on a net basis.

Current/non-current

An asset/liability is classified as current when it is expected to be realised/settled or is intended for sale or consumption in, the Group's normal operating cycle, it is held primarily for the purpose of being traded, or it is expected/due to be realised or settled within twelve months after the balance sheet date. Other assets/liabilities are classified as non-current. Financial instruments are classified based on expected life, except for the trading instruments, and consistent with the underlying hedged item. Deferred revenues and costs for connection are classified as current as they relate to the Group's normal operating cycle.

Trade and other receivables

Trade and other receivables are measured on initial recognition at fair value and subsequently measured at amortised cost using the effective interest rate method adjusted for provision for any impairment. Impairment for estimated irrecoverable amounts is recognised in profit or loss when a loss event and objective evidence that the asset is impaired, exists. The impairment is calculated by taking into

account the historic evidence of the level of bad debt experienced for customer types and the aging of the receivable balance. Individual trade receivables are impaired when management assess them not to be collectible.

Investments

Financial investments are initially measured at fair value, plus directly attributable transaction costs. The financial investments, primarily investments in shares with ownership less than 20%, are classified as available-for-sale as non-current or current financial assets in the balance sheet and are measured at subsequent reporting dates at fair value.

The main criteria for the classification of the financial investments are the intention of the investments. Currently none of Telenor's investments are held for the purpose of trading, nor do they meet the criteria to be within the loan and receivable or the held to maturity category as defined in IAS 39; they are therefore classified in the available-for-sale category.

Gains and losses arising from changes in fair value are recognised directly in equity, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the profit or loss for the period. Impairment losses recognised in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Dividends on any of the investments are recognised in profit or loss when the right to receive the dividend is established (typically when declared by the General Assembly).

Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits, fixed rate bonds and commercial paper with original maturity of three months or less. Cash and cash equivalents are initially measured at fair value.

Other financial assets – current and non-current

Bonds and commercial papers with original maturity beyond three months, financial derivatives including those used in a fair value hedging relationships, available for sale investments and other prepayments to suppliers. Other financial assets are measured at fair value on initial recognition and subsequently measured either at amortised cost or at fair value. All financial derivatives are subsequently measured at fair value.

Trade and other payables

Trade and other payables include accounts payable, government taxes, accrued expenses and prepaid revenue. Trade and other payables are not interest-bearing and are initially recognised in the balance sheet at fair value and subsequently measured at amortised cost using the effective interest rate method.

Non-interest-bearing financial liabilities

Non-interest-bearing financial liabilities includes financial derivatives and other non-interest-bearing liabilities. On initial recognition the non-interest-bearing financial liabilities are measured at fair value. Subsequently they are measured either at fair value or at amortised cost using the effective interest rate method.

Interest-bearing financial liabilities

Interest-bearing bonds and commercial papers, bank loans and overdrafts are initially measured at fair value net of transaction costs, and are subsequently measured at amortised cost, using the effective interest-rate method. In addition, where fair value hedge accounting is applied the hedged liabilities are also adjusted for gains and losses attributable to the risk being hedged. On extinguishment of debt, in whole or in part, the difference between the carrying amount of the liability and the consideration paid is recognised in profit or loss.





Inventories

Inventories are valued at the lower of cost or market price for products that will be sold as a separate product. Inventories that will be sold as part of a transaction with several components, which we expect to earn net income from, are valued to cost even if the selling price of the inventory is below cost price. Cost is determined using the FIFO or weighted average method.

Costs related to connection fees

Initial direct costs incurred in earning connection fees are deferred over the same period as the revenue, limited to the amount of the deferred revenue. Costs incurred consist primarily of the first payment of distributor commission, costs for credit check, cost of the SIM card, the cost of the printed new customer information package, costs of installation work and expenses for order handling. In most instances costs associated with connection fees exceed the revenues and is expensed.

Advertising costs, marketing and sales commissions

Advertising costs, marketing and sales commissions are expensed as incurred, unless they form part of the costs that are deferred in relation to deferral of connection fees as describe above.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated to reduce the cost of assets, other than land, to their estimated residual value, if any, over their estimated useful lives. Cost includes professional fees and, for qualifying assets, borrowing costs are capitalised. Depreciation commences when the assets are ready for their intended use.

Assets held under finance leases and leasehold improvements are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in "other (income) expense" in the income statement and is part of operating profit or loss.

Estimated useful life, depreciation method and residual value are evaluated at least annually. The straight-line depreciation method is used for most assets as this best reflects the consumption of the assets, which often is the passage of time. Residual value is estimated to be zero for most assets, except for commercial buildings and vehicles that the Group does not expect to use for the assets' whole economic life.

Repair and maintenance is expensed as incurred. If new parts are capitalised, replaced parts are derecognised and any remaining net book value is recorded to operating profit (loss) as loss on disposal.

Intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible asset with finite lives are amortised over the useful economic lives. Useful lives and amortisation method for intangible assets with finite useful life is reviewed at least annually. The straight-line depreciation method is used for most intangible assets as this best reflects the consumption of the assets.

Gains and losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised as "other (income) expense" in the income statement as part of operating profit.

Research and development costs

Research costs and development costs that do not meet the criteria of capitalisation, are expensed as incurred.

Development costs that meet the criteria for recognition of an asset in IAS 38 Intangible Assets are capitalised. The assets are amortised over their expected useful life once the asset is available for use. Costs incurred during the preliminary project stage, as well as maintenance and training costs are expensed as incurred.

Impairment of property, plant and equipment and intangible assets excluding goodwill and other assets with indefinite useful life

At each reporting date the Group evaluates if there are identified indications that property, plant and equipment or intangible assets may be impaired. If there are such indications, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any). Intangible assets not yet brought into use (assets under construction) are assessed annually. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. The impairment losses is recognised in the profit or loss. Where an impairment losses is subsequently reversed, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying amount that would have been recorded had no impairment losses been recognised for the asset (or cash-generating unit) in prior years.

Assets retirement obligations

An asset retirement obligation exists where Telenor has a legal or constructive obligation to remove an asset and restore the site. Where Telenor is required to settle an asset retirement obligation, Telenor has estimated and capitalised the net present value of the obligations and increased the carrying value of the related asset, with an amount equal to the depreciated value of the asset retirement obligation. The cash flows are discounted at an estimated long term pre tax rate that reflects the risks related to the obligation. Subsequent to the initial recognition, an accretion expense is recorded as finance cost relating to the asset retirement obligation, and the capitalised cost is expensed as ordinary depreciation with the related asset. The effects on the net present value of any subsequent changes to the gross removal costs or discount rates adjust the carrying value of assets and liabilities, and are expensed over the remaining estimated useful life of the related assets.

Share based payments

The Group has issued equity-settled share-based payments to certain employees. Such payments include both the closed share option programme and a grant of a fixed monetary compensation



where the participant is required to invest the net amount into Telenor shares. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on the Group's estimate of the shares that will eventually vest, adjusted for the effect of non market-based vesting conditions.

For the share option plans fair value is measured using the Black-Scholes pricing model. The expected life used in the model has been adjusted based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. Fair value of the share programme is measured to the consideration given on behalf of the employees.

The Group also has provided employees with the ability to purchase the Group's ordinary shares at a discount to the current market value and bonus shares. The Board of Directors decides such employee stock ownership grants from time to time. Discounts in the employee stock ownership programme are recorded as salaries and personnel costs when the discount is given to the extent that the discount is vested. Non-vested discounts, including bonus shares, are recorded as an expense based on the estimate of the discount related to shares expected to vest, on a straight-line basis over the vesting period.

Social security tax on options and other share-based payments is recorded as a liability and is recognised over the estimated vesting period. The social security tax is calculated with the appropriate tax rate on the difference between marked price and exercise price at the measurement date.

Payments from employees for shares, which are issued by Telenor ASA under the option plan or the employee stock ownership programme, are recorded as an increase in shareholders' equity. Payments from employees for shares, which are issued under the non-wholly owned subsidiaries' option plans (EDB Business Partner ASA), are recorded as an increase in non-controlling interests.

Provisions

Provisions such as asset retirement obligations, workforce reductions, onerous contracts and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Cash Flow Statement

The Group presents Cash Flow Statement using the direct method. Cash inflows and outflows are shown separately. Interest received and paid and dividends received are reported as a part of operating activities. Dividends distributed (both by Telenor ASA and by subsidiaries with non-controlling interests) are included as a part of financial activities. Value Added Tax and other similar taxes are regarded as collection of tax on behalf of authorities, and is reported net.

Treasury shares

Own equity instruments which are reacquired (treasury shares) are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgments in applying the entity's accounting policies

The areas where the managements judgements are critical for application of accounting principles described above, are discussed below.

Telenor owns 56.5% of the voting shares of Kyivstar G.S.M ("Kyivstar"), and the company was accounted for as a consolidated subsidiary until 29 December 2006. As further described in note 25, proper corporate governance in Kyivstar is not restored due to Storm's (the other shareholder in Kyivstar) continued failure to attend shareholder meetings, which is necessary to be able to appoint an operational Board of Directors in Kyivstar. Accordingly, the Company has determined that it currently is not able to demonstrate control over Kyivstar. Based on an assessment of the facts and circumstances, the Company has determined that significant influence exists, and accordingly, Kyivstar is accounted for as an associated company from 29 December 2006.

Key sources of estimation uncertainty – critical accounting estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Certain amounts included in or affecting our financial statements and related disclosure must be estimated, requiring management to make assumptions with respect to values or conditions which cannot be known with certainty at the time the financial statements are prepared. A "critical accounting estimate" is one which is both important to the portrayal of the Group's financial condition and results and requires management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. Management evaluates such estimates on an ongoing basis, based upon historical results and experience, consultation with experts, trends and other methods management consider reasonable in the particular circumstances, as well as the forecasts as to how these might change in the future.

Revenue recognition

The main part of our revenues is based on usage, such as traffic or periodic subscriptions. The Group has many subscribers and offers a number of different services with different price plans. The Group provides discounts of various types, often in connection with different campaigns. The Group also sells wholesale products to other operators and vendors within the different countries and across borders. Management has to make a number of estimates related to recognising revenues. To some extent, management has to rely on information from other operators on amounts of services delivered. For some services, the other parties may dispute the prices charged. Management makes then estimates of the final outcome. Some revenues are recorded in the balance sheet as deferred revenue, e.g. some connection fee which means that we have to estimate the average customer relationship (deferral period).

Business combinations, see also note 1

Management is required to allocate the purchase price of acquired companies to the assets acquired and liabilities assumed based on their estimated fair values. For the larger acquisitions, third-party valuation experts are engaged to assist in determining the fair values of the assets acquired and liabilities assumed. Such valuations require management to make significant judgements in selecting

valuation methods, estimates and assumptions. The significant purchased intangible assets recorded by Telenor include customer bases, customer contracts, brands, licenses, service concession rights, roaming agreements and software.

Critical estimates in the evaluations of useful lives for such intangible assets include, but are not limited to, estimated average customer relationship based on churn, remaining license or concession period, expected developments in technology and markets. The significant tangible assets include primarily networks. Critical estimates in valuing certain assets include, but are not limited to, future expected cash flows for customer contracts, licenses and roaming agreements and replacement cost for brands and property, plant and equipment. Management's estimates of fair value and useful lives are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual values may differ from estimates.

Pension costs, pension obligations and pension plan assets, see also note 7

Calculation of pension costs and net pension obligations (the difference between pension obligations and pension plan assets) are made based on a number of estimates and assumptions. Changes in, and deviations from, estimates and assumptions (actuarial gains and losses) affect the fair value of net pension liabilities. Changes in the discount rate has individually most significant impact, see note 7 where a sensitivity analysis for changes in certain actuarial assumptions and how they effect the pension obligations and the pension costs is included. The basis for the assumptions is also described in this note.

Deferred tax assets, see also note 13

Deferred tax assets are recognised as the amount that are more likely than not to be realised. Significant judgement is required to determine the amount that can be recognised and depends foremost on the expected timing, level of taxable profits and tax planning strategies. The judgements relates primarily to losses carried forward in some of our foreign operations. If realisation of the deferred tax assets earlier not recognised becomes probable, a tax income will be reported in the period in which the probability level for realisation changes. When new rules are introduced there may be disagreements on the interpretation of the new rules and the transitional rules. Please refer to note 13 for additional information on the Groups uncertain tax positions.

Depreciation and amortisation, see also note 14 and 15

Depreciation and amortisation is based on management estimates of the future useful life of property, plant and equipment and intangible assets. Estimates may change due to technological developments, competition, changes in market conditions and other factors and may result in changes in the estimated useful life and in the amortisation or depreciation charges. Technological developments are difficult to predict and our views on the trends and pace of development may change over time. Some of the assets and technologies, in which the Group invested several years ago, are still in use and provide the basis for the new technologies. For example, the copper cables and infrastructure in the fixed networks are used as the basis for the rollout of our ADSL technology and lines. In the mobile business, the development and launch of UMTS technology and services have been slower than the telecommunications industry anticipated a few years ago. The useful lives of property, plant and equipment and intangible assets are reviewed at least annually taking into consideration the factors mentioned above and all other important factors. Estimated useful lives for similar types of assets may vary between different entities in the Group due to local factors as growth rate, maturity of the market, history and expectations for

replacements or transfer of assets, climate and quality of components used. In case of significant changes in our estimated useful lives, depreciation and amortisation charges are adjusted prospectively.

Impairment, see also note 15 and 16

Telenor has made significant investments in property, plant and equipment, intangible assets, goodwill, associated companies and other investments. These assets and investments are tested, as described, for impairment annually or when circumstances indicate there may be a potential impairment. Factors considered important which could trigger an impairment evaluation include the following: significant fall in market values; significant underperformance relative to historical or projected future operating results; significant changes in the use of our assets or the strategy for our overall business, including assets that are decided to be phased out or replaced and assets that are damaged or taken out of use, significant negative industry or economic trends; significant regulatory decisions and significant cost overruns in the development of assets.

Estimating recoverable amounts of assets and companies must in part be based on management's evaluations, including determining appropriate cash generating units, estimates of future performance, revenue generating capacity of the assets, assumptions of the future market conditions and the success in marketing of new products and services. Changes in circumstances and in management's evaluations and assumptions may give rise to impairment losses in the relevant periods.

Associated companies, see note 17

If financial statements for associated companies are not available as of the Group's balance sheet date, Telenor's share of profits from the associated company is estimated based on the latest available quarterly financial statements. The estimate for the latest quarter is based on available information from different external sources. For listed associated companies, the information includes estimates from financial analysts. Subsequently Board approved financial statements from the associated company may differ from the estimated figures, and the estimates are adjusted when the information is available.

From 29 December 2006, Kyivstar is reported as an associated company. As further described in note 25, Kyivstar has not been able to issue board and shareholder approved financial statements due to Storm's (the other shareholder in Kyivstar) continued failure to attend shareholder meetings in Kyivstar. However, after the termination of the last of in all three barring injunctions by a Ukrainian court on 23 November 2007, Kyivstar management is now providing Telenor with monthly, quarterly and annual financial information. Telenor is actively involved in the operations of Kyivstar, and internal controls over financial reporting are implemented, evaluated and tested within Kyivstar with oversight by Telenor. Board and shareholder approved financial reporting from Kyivstar may differ from the management reporting when they are issued.

Legal proceedings, claims and regulatory discussions, see also note 25

Telenor is subject to various legal proceedings and claims including regulatory discussions, the outcomes of which are subject to significant uncertainty. Management evaluates, among other factors, the degree of probability of an unfavourable outcome and the ability to make a reasonable estimate of the amount of loss. Unanticipated events or changes in these factors may require us to increase or decrease the amount to be accrued for any matter or accrue for a matter that has not been previously accrued because it was not considered probable or a reasonable estimate could not be made.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Telenor Group

01 BUSINESS COMBINATIONS AND DISPOSALS

The following acquisitions and disposals have taken place in 2007, 2006 and 2005. All business combinations are accounted for by applying the acquisition method of accounting. The summary does not include capital increases or other types of financing by Telenor.

Acquisitions in 2007

NOK IN MILLIONS				
Company	Country	Change in interest %	Business	Purchase price
Spray Telecom AB ¹⁾	Sweden	100.0	Broadband/Telephony operation	148
CEK AB	Sweden	100.0	Operation and application services	230
Tele2 A/S	Denmark	100.0	Mobile, broadband and telephony operation	602
TeamR3 A/S	Denmark	100.0	Operation and application services	98
Talkmore Holding AS	Norway	100.0	Mobile telecommunication	133

¹⁾ Assets purchased by Glocalnet AB.

Business Combinations 2007

Of the acquisitions one has been defined as material business combination in 2007.

Tele2, Denmark

On 12 July 2007, Telenor acquired 100% of the issued share capital of Tele2 A/S, Denmark. The aggregate cost of the business combination was approximately NOK 602 million of which NOK 526 million was paid in cash for the shares and liabilities of NOK 76 million assumed liabilities from the former owner. The value was set based on fair value after negotiations between the parties.

Tele2, Denmark offers mobile, fixed line and broadband services to residential and business customers in Denmark.

The initial purchase price allocation, which is performed with assistance from third-party valuation experts, has been determined to be provisional pending the completion of the final valuation of the fair values of assets acquired and liabilities assumed. The carrying values at acquisition date in Tele2 are reported according to IFRS. The preliminary net assets acquired in the transaction, and the goodwill arising, are as follows:

NOK IN MILLIONS	Tele2s carrying values at the acquisition date	Provisional fair value adjustments	Provisional fair values
Deferred tax assets	205	-	205
Customer base	-	174	174
Software	17	(2)	15
Trademarks	-	9	9
Property, plant & equipment	72	35	107
Other financial non-current assets	5	17	22
Trade and other receivables	492	12	504
Non-current non-interest-bearing financial liabilities	(2)	-	(2)
Deferred tax liability	-	(61)	(61)
Provisions	(11)	-	(11)
Trade and other payables	(38)	-	(38)
Current non-interest-bearing financial liabilities	(444)	-	(444)
Current interest-bearing financial liabilities	(152)	-	(152)
Net assets	144	184	328
Goodwill			198
Total consideration for the shares, satisfied by cash			526
Liabilities assumed			76
Total consideration			602

Useful lives of intangible assets at the date of consolidation were estimated on average to: customer bases of 3–5 years, trademarks of 2 years, and administrative software systems of 2 years. The goodwill arising on the acquisition of Tele2 A/S, Denmark is a residual value and is attributable to expertise and anticipated profitability of its operations. Both the fair values and the goodwill are allocated to already existing cash generating unit.

Tele2 Denmark contributed NOK 513 million in revenues and NOK 21 million negative to the Telenor Group's profit from total operations for the period between the date of consolidation and 31 December 2007. This does not include Telenor's interest expenses related to the financing of the acquisition.

Individually immaterial acquisitions during 2007

During 2007 Telenor has consolidated Spray Telecom, Talkmore Holding AS, CEK AB, TeamR3 A/S and other acquisitions with a purchase price less than NOK 50 million.

The carrying values at the acquisition dates are reported according to IFRS. The net assets acquired in the transactions, and the goodwill arising, are as follows:

NOK IN MILLIONS	Total of all minor companies carrying values at the acquisition date	Fair value adjustments	Fair values
Deferred tax assets	34	-	34
Customer base	-	234	234
Licences	-	19	19
Software	1	-	1
Trademarks	-	2	2
Other intangible assets	12	-	12
Property, plant & equipment	37	-	37
Other financial non-current assets	1	-	1
Inventories	1	-	1
Trade and other receivables	163	-	163
Other financial current assets	2	-	2
Cash and cash equivalents	55	-	55
Non-current interest-bearing financial liabilities	(74)	-	(74)
Deferred tax liability	-	(34)	(34)
Provisions	(1)	(2)	(3)
Trade and other payables	(72)	-	(72)
Current tax liabilities	(5)	-	(5)
Current non-interest-bearing financial liabilities	(58)	(2)	(60)
Total Net assets	96	217	313
Net assets acquired	82	211	293
Goodwill			474
Total consideration for the shares, satisfied by cash			767
Liabilities assumed			66
Total consideration, satisfied by cash			833

Useful lives of intangible assets at the date of consolidation were estimated on average to: customer bases 3–10 years, licences from 3 years to indefinite and trademarks 15 years. The goodwill arising on the acquisition of these smaller companies is attributable to employees and the anticipated profitability of its operations.

These companies contributed NOK 291 million in revenues and NOK 12 million to the Telenor Group's profit from total operations for the period between the date of consolidation and 31 December 2007. This does not include Telenor's interest expenses related to the financing of the acquisition.

IS Partner AS, Norway

On 9 January 2008 EDB Business Partner announced the acquisition of 100% of the issued share capital of IS Partner AS. The total consideration for the shares was NOK 1,284 million, which was paid in cash. The transaction was completed on 11 February 2008 after the approval of the transaction by The Norwegian Competition Authority on 31 January 2008. The value was set based on fair value after negotiations between the parties. The transaction is not included in the financial statements of 31 December 2007.

IS Partner AS offers outsourcing of IT-services to business customers.

The initial purchase price allocation, which is based on the business case related to the acquisition, has been determined to be provisional due to the short time between acquisition and the completion of the annual report. The carrying values at the date of acquisition are reported according to IFRS.

The preliminary net assets acquired in the transaction, and the goodwill arising, are as follows:

NOK IN MILLIONS	IS Partner AS carrying values at the acquisition date	Provisional fair value adjustments	Provisional fair values
Customer contracts/customer base	-	163	163
Software	-	20	20
Property, plant & equipment	108	-	108
Other financial non-current assets	7	-	7
Trade and other receivables	463	-	463
Cash and cash equivalents	255	-	255
Deferred tax liabilities	(24)	(46)	(70)
Provisions and obligations	(191)	(20)	(211)
Trade and other payables	(433)	-	(433)
Net assets	185	117	302
Goodwill			982
Total consideration for the shares, satisfied by cash			1 284
Liabilities assumed			-
Total consideration			1 284

Useful lives of intangible assets at the date of acquisition were estimated on average to: customer contracts/customer base 1–5 years. The goodwill arising on the acquisition of IS Partner AS is a residual value and is attributable to expertise and anticipated profitability of the operations.

Disposals in 2007

Telenor's partially owned subsidiary Opplysningen AS acquired Carrot Communications AS with payment in Opplysningen AS shares. When acquiring the shares in Carrot Communication, Opplysningen issued new shares resulting in a dilution of Telenor's indirect ownership from 42.8% to 27.1%. From 1 July 2007, Opplysningen is treated as an associated company. The transaction resulted in a non-taxable gain of NOK 241 million. Telenor Venture IV AS has also sold minor companies during 2007, which resulted in a loss of NOK 4 million. Telenor Venture IV AS is reported under the segment Other operations.

The disposals are not regarded as discontinued operations according to IFRS 5 as they do not, separately or in aggregate, represent a major line of business or geographical area of operations.

Discontinued Operation

On 25 October 2006, Telenor entered into an agreement with Apax Partners France for the sale of Telenor Satellite Services (TSS) to funds managed by Apax Partners for a cash consideration of USD 400 million, which correspond to a value of NOK 2,691 million. TSS was classified as discontinued operation in 2006. The gain recorded in 2007 was NOK 1,194 million. For further details, see note 35.

Pro forma Information

The following pro forma financial information presents result as if the acquisitions had occurred at the beginning of the annual reporting period;

NOK IN MILLIONS, EXCEPT PER SHARE AMOUNTS	2007
Pro forma revenues	93 161
Pro forma profit before taxes and non-controlling interest	19 978
Pro forma net income	18 032
Pro forma net income per share in NOK	10.73

The pro forma result is adjusted for Telenor's interest expenses and the result in the period prior to the acquisition. The interest expenses are calculated based on the total cost price and the average interest rate in 2007 for loan in Norwegian kroner. The pro forma information has been prepared for comparative purposes only and are not necessarily indicative of the result of operations which actually would have been the resulted had the acquisitions been in effect in the beginning of the annual reporting period or of future results.





Acquisitions in 2006

NOK IN MILLIONS				
Company	Country	Change in interest %	Business	Purchase price
Europolitan Vodafone AB ¹⁾	Sweden	100.0	Mobile telecommunications	7 506
Mobi63 d.o.o ²⁾	Serbia	100.0	Mobile telecommunications	11 981
Glocalnet AB ³⁾	Sweden	62.2	Broadband/Telephony	539
Guide Konsult AB	Sweden	100.0	Operation and application services	585
Spring Consulting AS	Norway	100.0	Operation and application services	211
Tag Systems AS	Norway	100.0	Operation and application services	245
Drop IT AB	Sweden	100.0	Operation and application services	49
IT-operation ⁴⁾	Norway/Sweden	100.0	Operation and application services	244
Oy Comsel System AB	Finland/Sweden	100.0	Automatic Meter Reading	103
Maritim Communication Partner AS ⁵⁾	Norway	61.3	Mobile telecommunications	162
ABC Startsiden ⁵⁾	Norway	16.6	Internet operation	81
UCOM ⁶⁾	Thailand	3.2	Mobile telecommunications	116

¹⁾ Subsequently named Telenor Mobile Sweden.

²⁾ Subsequently named Telenor Serbia.

³⁾ Telenor owned 98.8% of the shares in the company as of 31 December 2006 and 2007.

⁴⁾ Assets purchased by EDB Business Partner ASA.

⁵⁾ Telenor owned 100% of the shares in the company as of 31 December 2006 and 2007.

⁶⁾ Telenor owned 89.4% of the shares in the company as 31 December 2006 and 99.5% 31 December 2007.

Business Combinations 2006

Of the acquisitions in 2006 two have been defined as material business combinations.

Telenor Mobile Sweden, Sweden

On 5 January 2006, Telenor acquired 100% of the issued share capital of Europolitan Vodafone AB, Sweden. The aggregate cost of the business combination was approximately NOK 7.5 billion of which NOK 7.2 billion was paid in cash for the shares and liabilities of NOK 0.3 billion assumed from the former owner. The value was set based on fair value after negotiations between the parties.

Telenor Mobile Sweden offers mobile services to residential and business customers in Sweden.

The purchase price allocation was performed with assistance from third-party valuation experts and is final. The carrying values in Telenor Mobile Sweden at acquisition date are reported according to IFRS. The net assets acquired in the transaction, and the goodwill arising, are as follows:

NOK IN MILLIONS	Telenor Mobile Sweden's carrying values at the acquisition date	Fair value adjustments	Fair values
Customer base	-	1 252	1 252
Other intangible assets	-	690	690
Software	286	525	811
Property, plant & equipment	6 392	(535)	5 857
Non-current financial assets	1	-	1
Currents assets excl. cash	1 682	-	1 682
Cash and cash equivalents	163	-	163
Deferred tax liabilities	(681)	(541)	(1 222)
Non-current liabilities	(852)	-	(852)
Current liabilities	(1 439)	-	(1 439)
Net assets	5 552	1 391	6 943
Goodwill			244
Total consideration for the shares, satisfied by cash			7 187
Liabilities assumed			319
Total consideration for shares and liabilities, satisfied by cash			7 506

Useful lives of intangible assets at the date of consolidation were estimated on average to: customer base of 5 years, roaming agreements of 11 years and administrative software systems of 2 years. The goodwill arising on the acquisition of Telenor Mobile Sweden is a residual value and is attributable to the anticipated profitability of its operations.

Goodwill amounting to NOK 701 million were reallocated from Telenor Fixed Sweden to Telenor Mobile Sweden of which NOK 529 million was reallocated from Bredbandsbolaget and NOK 172 million was reallocated from Glocalnet. This is due to estimated increased margin in Telenor Mobile Sweden because of combination of mobile/fixed products and using of brand owned by Telenor Fixed Sweden. Total goodwill after the reallocation is NOK 963 million including translation differences.

Telenor Mobile Sweden contributed NOK 5,810 million in revenues and NOK 367 million in losses to the Telenor Group's profit from total operations for the period from the date of consolidation to 31 December 2006. This does not include Telenor's interest expenses related to the financing of the acquisition.

Telenor Serbia, Serbia

On 31 August 2006, Telenor acquired 100% of the issued share capital of Mobi63 d.o.o, Serbia for a cash consideration of approximately NOK 12 billion. The value was set based on fair value after negotiations between the parties.

Telenor Serbia offers mobile services to residential and business customers in Serbia.

The initial purchase price allocation was performed with assistance from third-party valuation experts and is final. The carrying values in Telenor Serbia at acquisition date are reported according to IFRS.

NOK IN MILLIONS	Telenor Serbia carrying values at the acquisition date	Fair value adjustments	Fair values
Deferred tax assets	10	-	10
Customer base	-	406	406
Other intangible assets (roaming agreements)	-	1 024	1 024
Licence	2 573	-	2 573
Software	54	-	54
Property, plant & equipment	916	-	916
Current assets excluding cash and cash equivalents	117	-	117
Deferred tax liabilities	-	(143)	(143)
Non-current liabilities	(17)	-	(17)
Current liabilities	(88)	-	(88)
Net assets	3 565	1 287	4 852
Goodwill			7 129
Total consideration, satisfied by cash			11 981

Useful lives of intangible assets at the date of consolidation were estimated on average to: customer base of 7 years, roaming agreements of 20 years, licence of 20 years and administrative software of 3 years. The goodwill arising on the acquisition of Telenor Serbia is a residual value and is attributable to the anticipated profitability of its operations.

Telenor Serbia contributed NOK 726 million in revenues and NOK 116 million to the Telenor Group's profit from total operations for the period between the date of consolidation and 31 December 2006. This does not include Telenor's interest expenses related to the financing of the acquisition.

Individually immaterial acquisitions during 2006

During 2006 Telenor consolidated Glocalnet, Guide, Spring, DropIT, Avenir, Datarutin, TAG System, Comsel and Maritime Communication Partner.

The carrying values at the acquisition date are reported according to IFRS. The net assets acquired in the transactions, and the goodwill arising, are as follows:

NOK IN MILLIONS	Carrying amount at the acquisition date	Fair value adjustments	Fair values
Deferred tax assets	15	-	15
Customer base	-	393	393
Licences	8	-	8
Other intangible assets (contracts)	1	86	87
Trademarks	-	54	54
Software	27	21	48
Property, plant & equipment	105	44	149
Non-current financial assets	67	1	68
Current assets excluding cash and cash equivalents	334	-	334
Cash and cash equivalents	232	-	232
Deferred tax liabilities	(1)	(159)	(160)
Non-current liabilities	(122)	-	(122)
Current liabilities	(475)	-	(475)
Net assets	191	440	631
Goodwill			1 676
Total			2 307
Total consideration, satisfied by cash			2 134
Book value as an associated company at the date of consolidation			89
Increased values in business combination recorded against equity			84
Total			2 307

Useful lives of intangible assets at the date of consolidation were estimated on average to: customer bases 3–5 years, licence 3 years, trademarks 15 years, contracts of 5 years, technology of 10 years and administrative software of 3–5 years. The goodwill arising on the acquisitions are attributable to the anticipated profitability of its operations.

The companies contributed NOK 1,768 million in revenues and NOK 30 million negative to the Telenor Group's profit from total operations for the period between the date of consolidation and 31 December 2006. This does not include Telenor's interest expenses related to the financing of the acquisition.

Disposals in 2006

On 29 December 2006 Telenor sold its 50.1% ownership interest in Telenor Venture II ASA for a consideration of NOK 86 million, which resulted in a gain before taxes of NOK 62 million. Telenor Venture II ASA was a venture company seeking to create value through active ownership by investing in companies in the business of telecommunications and IT. Telenor Venture II ASA and Telenor Venture IV AS have sold minor companies during 2006, which resulted in a gain of NOK 54 million. Both Telenor Venture II ASA and Telenor Venture IV AS are reported under the segment Other operations.

The disposals are not regarded as discontinued operations according to IFRS 5 as they do not, separately or in aggregate, represent a major line of business or geographical area of operations.

Pro forma information

The following pro forma financial information presents results as if the acquisition of Telenor Mobile Sweden and Telenor Serbia had occurred at the beginning of the annual reporting period:

NOK IN MILLIONS, EXCEPT PER SHARE AMOUNTS		2006
Pro forma revenues		92 842
Pro forma profit before taxes and non-controlling interest		21 431
Pro forma net income		15 912
Pro forma net income per share in NOK		9.44

The pro forma result is adjusted for Telenor's interest expenses and the result in the period prior to acquisition. These pro forma figures have been prepared for comparative purposes only and are not necessarily indicative of the result of operations which actually would have resulted had the acquisitions been in effect in the beginning of the annual reporting period or of future results.

Significant acquisitions in 2005

NOK IN MILLIONS				
Company	Country	Change in interest %	Business	Purchase price
DTAC/UCOM	Thailand	3.5/61.3	Mobile telecommunications	2 664
Bredbandsbolaget	Sweden	100.0	Broadband operation	4 452
Cybercity	Denmark	100.0	Broadband operation	1 320

Business Combinations 2005

In 2005 three significant business combinations were effected.

Total Access Communication Ltd (DTAC) and United Communication Industry Pcl (UCOM).

Prior to 26 October 2005, Telenor owned 29.9% of the issued shares in DTAC. UCOM owned 41.6% of the issued shares in DTAC. On 26 October 2005 Telenor's subsidiary Thai Telco Holding Ltd purchased shares in UCOM and increased Telenor's economic stake in UCOM by 39.9 to 64.7% for a cash consideration of NOK 1.5 billion.

As of 31 December 2005, after the tender offers for DTAC and UCOM shares expired, Telenor's direct and indirect economic stake in UCOM increased by 21.5% to 86.2% and the direct and indirect ownership in DTAC by 18.2% to 75%, for a total cash consideration of NOK 1.2 billion. The only operations in UCOM to be continued are the ownership in DTAC and the holding of interest-bearing liabilities. The minority interests in DTAC as of 31 December 2005 were 25% directly and 5.7% indirectly through UCOM.

As of 31 December 2005 net interest-bearing debt in the companies was NOK 7.3 billion. The companies were consolidated from the date of acquisition, and the operations in UCOM, excluding the ownership in DTAC and the holding of interest-bearing liabilities, were reported as a discontinued operation in the financial statements as of 31 December 2005.

DTAC is one of the leading mobile operators in Thailand and offers GSM mobile services. The value was set based on a fair value after negotiations between relevant parties and stock exchange regulations in Thailand and Singapore.

The purchase price allocation was performed with assistance from third-party valuation experts and is final. The net assets acquired in the transactions, and the goodwill arising, are as follows:

NOK IN MILLIONS	DTAC's carrying values at the acquisition date	Fair value adjustments	Fair values
Deferred tax assets	241	572	813
Customer base	-	1 278	1 278
Concession rights	11 025	(4 777)	6 248
Trademarks	-	1 030	1 030
Software	251	(4)	247
Roaming agreements	-	738	738
Property, plant & equipment	752	-	752
Non-current financial assets	295	-	295
Current assets excluding cash and equivalents	1 727	-	1 727
Assets classified as held for sale	531	-	531
Cash and cash equivalents	200	-	200
Non-current liabilities	(6 210)	(9)	(6 219)
Current liabilities	(3 484)	-	(3 484)
Liabilities classified as held for sale	(285)	-	(285)
Net assets	5 043	(1 172)	3 871
Goodwill			2 128
Total			5 999
Total consideration, satisfied by cash			2 664
Book value as an associated company at the date of consolidation			882
Increased excess value in business combination recorded against equity			1 246
Minority fair values			1 207
Total			5 999

At acquisition date, the carrying values in DTAC are reported according to IFRS

Useful lives of intangible assets at the date of consolidation were estimated on average to: customer base 3 years, concession rights 13 years, trademarks 13 years, administrative software systems 3 years and roaming-agreements 13 years. The goodwill arising on the acquisition of DTAC is a residual value and is attributable to the anticipated profitability of its operations. DTAC is involved in several disputes, most of which commenced several years ago. Only insignificant values were attributed to these contingent liabilities in the purchase price allocation.

DTAC/UCOM contributed NOK 1,191 million in revenues and NOK 29 million to the Telenor Group's profit from total operations for the period from the date of consolidation to 31 December 2005. This does not include Telenor's interest expenses related to the financing of the acquisition.

In the period 1 January 2005 to the acquisition date, when DTAC/UCOM were accounted for as associated companies, they contributed to a profit from total operations of NOK 94 million.

Bredbandsbolaget, Sweden

On 8 July 2005, Telenor acquired 100% of the issued share capital of Bredbandsbolaget (Bredbandsbolaget Holding AB and its subsidiaries) for a cash consideration of NOK 4.5 billion. The value was set based on fair value after negotiations between the parties.

Bredbandsbolaget offers high-speed broadband for Internet access, telephony, digital-TV and add-on broadband services.

The purchase price allocation was performed with assistance from third-party valuation experts and is final. The net assets acquired in the transaction, and the goodwill arising, are as follows:

NOK IN MILLIONS	Bredbandsbolaget's carrying values at the acquisition date	Fair value adjustments	Fair values
Customer base	-	313	313
Trademarks	-	140	140
Software/other immaterial assets	287	34	321
Property, plant & equipment	529	(360)	169
Non-current financial assets	11	-	11
Current assets excluding cash and cash equivalents	458	(91)	367
Cash and cash equivalents	239	-	239
Deferred tax liabilities	-	(11)	(11)
Non-current liabilities	(1 050)	-	(1 050)
Current liabilities	(458)	-	(458)
Net assets	16	25	41
Goodwill			4 411
Total consideration, satisfied by cash			4 452

At acquisition date, the carrying values in Bredbandsbolaget are reported according to IFRS.



Useful lives of intangible assets at the date of consolidation were estimated on average to: customer base 5 years, trademarks 15 years and administrative software systems 3 years.

The goodwill included deferred tax assets that did not meet recognition criteria to be capitalised in the balance sheet. In addition, the goodwill arising on the acquisition of Bredbandsbolaget is a residual value and is attributable to the anticipated profitability of its operations and to the anticipated synergies. NOK 529 million kroner of the goodwill are reallocated to the mobile business in Sweden. This is due to estimated increased margin in Telenor Mobile Sweden because of bundling of mobile/fixed products.

Bredbandsbolaget contributed NOK 665 million in revenues and NOK 19 million to the Telenor Group's profit from total operations for the period from the date of acquisition to 31 December 2005. This does not include Telenor's interest expenses related to the financing of the acquisition.

Cybercity, Denmark

On 5 July Telenor acquired 100% of the issued share capital of Esplanaden Holding A/S for a cash consideration of NOK 1.3 billion. The value was set based on fair value after negotiations between the parties. Esplanaden Holding A/S owns 100% of the shares in Cybercity A/S.

Cybercity develops, manages and sells broadband solutions and network-based products such as security and VPN products for residential and business customers in Denmark.

The purchase price allocation was performed with assistance from third-party valuation experts and is final. The net assets acquired in the transaction, and the goodwill arising, are as follows:

NOK IN MILLIONS	Cybercity's carrying values at the acquisition date	Fair value adjustments	Fair values
Customer base	-	235	235
Trademarks	-	90	90
Software/other immaterial assets	50	40	90
Property, plant & equipment	131	(62)	69
Current assets excluding cash and cash equivalents	186	(24)	162
Cash and cash equivalents	42	-	42
Deferred tax liabilities	-	(78)	(78)
Non-current liabilities	(155)	-	(155)
Current liabilities	(200)	-	(200)
Net assets	54	201	255
Goodwill			1 065
Total consideration, satisfied by cash			1 320

At acquisition date, the carrying values in Cybercity are reported according to IFRS.

Useful lives of intangible assets at the date of consolidation were estimated on average to: customer base 5 years, trademarks 15 years and administrative software systems 3 years.

The goodwill included deferred tax assets that did not meet recognition criteria to be capitalised in the balance sheet. In addition the goodwill arising on the acquisition of Cybercity is a residual value and is attributable to the anticipated profitability of its operations and to the anticipated synergies.

Cybercity contributed NOK 306 million in revenues and NOK 26 million to the Telenor Group's profit from total operations for the period from the date of acquisition to 31 December 2005. This does not include Telenor's interest expenses related to the financing of the acquisition.

Disposals in 2005

At the end of 2005, the Group entered into agreements to sell 100% of the shares in Fixed Czech and Slovakia for a consideration of Euro 18.1 million in cash. The transactions were effected on 30 January 2006. Losses on disposal of NOK 63 million were recorded in 2005 due to reduction of the disposal group to fair value less costs to sell. The assets and liabilities are reported as current assets and liabilities held for sale as of 31 December 2005. The major classes of assets and liabilities comprising the disposal group classified as held for sale are as follows:

NOK IN MILLIONS	2005
Intangible assets	34
Property, plant & equipment	71
Current assets excluding cash and cash equivalents	37
Cash and cash equivalents	23
Total assets	165
Non-current liabilities	29
Current liabilities	3
Total liabilities	32

As of 18 September 2005 the Group sold the remaining part of EDB Business Partner ASA's Telecom business for a consideration of NOK 133 million. Gains on disposal of NOK 37 million before taxes were recorded in 2005.



None of these disposals are regarded as discontinued operations according to IFRS 5 as they do not, separately or in aggregate, represent a major line of business or geographical area of operations.

Discontinued operations

At the same time as the Group increased its shareholding in UCOM, UCOM received irrevocable purchase offers for the company's core assets from parties external to the Group. These assets and liabilities are primarily organised in separate subsidiaries of the company, and are regarded as disposal groups that meet the criteria to be classified as held for sale and discontinued operations on acquisition according to IFRS 5. The disposals were approved by the General Meeting of UCOM in January and effected in February 2006.

Pro forma Information

The following pro forma financial information presents results as if the acquisition of DTAC, Bredbandsbolaget and Cybercity had occurred at the beginning of the of the annual reporting period:

NOK IN MILLIONS, EXCEPT PER SHARE AMOUNTS	2005
Pro forma revenues	75 532
Pro forma profit before taxes and minority interest	12 563
Pro forma net income	7 473
Pro forma net income per share in NOK	4.37

The pro forma result is adjusted for Telenor's interest expenses and the result in the period prior to acquisition. These pro forma figures have been prepared for comparative purposes only and are not necessarily indicative of the result of operations which actually would have been the result had the acquisitions been in effect in the beginning of the annual reporting period or of future results.

02 REVENUES

NOK IN MILLIONS	2007	2006 (unaudited)	2005
Analog (PSTN)/digital (ISDN, ADSL and BBT)	14 909	14 821	14 125
Mobile telephony	58 278	58 531	36 972
Leased lines	859	842	959
Satellite and TV-distribution	6 582	5 946	5 382
Other network based activities	2 134	2 429	2 096
IT operations and sale of software	6 075	5 300	4 473
Other	1 691	1 430	1 179
Total services	90 528	89 299	65 186
Customer equipment	1 945	1 778	1 380
Total products	1 945	1 778	1 380
Revenues	92 473	91 077	66 566

Analog (PSTN)/digital (ISDN, ADSL and Broadband telephony (BBT)) includes revenues from traffic, subscription and connection for analog (PSTN), digital (ISDN, ADSL and BBT) and Internet subscriptions. Further, it includes revenues from incoming traffic from other telephone operators.

Mobile telephony includes revenues from traffic, subscription and connection for mobile telephones, incoming traffic from other mobile operators, text messages and content.

Leased lines include revenues from subscription and connection for digital and analog circuits.

Satellite includes revenues from satellite broadcasting and distribution of TV channels to the Nordic market. TV-distribution includes revenues from subscription, connection and distribution of TV channels through cable and satellite, and sale of programme cards.

Other network-based activities include revenues from leased networks, data network services, etc.

Customer equipment includes sale of equipment as telephone sets, mobile phones, computers, PABXs, etc.

IT operations and sale of software includes revenues from sales and operation of IT-systems, together with consultancy services and sale of software.

Other includes revenues from contracting, lease of properties etc.

Telenor has only limited operating lease revenues. These are primarily lease of some copper accesses and lease of dark fibre to other operators, co-location, lease of equipment, primarily in the satellite business and lease of properties. Telenor has to a very limited extent finance lease revenues. These revenues are included in the different revenue categories in the table above and not shown separately due to their immateriality and because they in substance do not differ from the relevant revenue categories. Most agreements have a short minimum lease term, and future minimum lease revenues are immaterial.

03 KEY FIGURES SEGMENTS

The segment information for the period 2005 to 2007 are reported in accordance with Telenor's accounting principles and was in accordance with the reporting to Group Executive Management (chief operating decisions-makers) in the same periods. The segment reporting was used by the chief operating decision-makers for assessing performance and allocating resources.

The Group's primary reportable segments are based on the business operations. The primary products and services are mobile communication, fixed line communication ("Fixed") and TV-based activities ("Broadcast"). In addition the Group reports Other operations as a separate segment.

The Group's mobile communication business includes voice, data, Internet, content services, customer equipment and electronic commerce. Due to the size of the different operations, the Group's mobile operations in Norway, Denmark, Sweden, Ukraine, Hungary, Thailand, Malaysia and Bangladesh are shown as separate segments. Mobile operations in Pakistan, Montenegro and Serbia are reported as "Other Mobile Operations". The associated company Kyivstar is monitored on the same level as Telenor's consolidated segments. As a consequence Kyivstar is regarded as an operating segment also in 2007. In addition the Group has ownership interests in mobile operations in associated companies, of which VimpelCom in Russia is one of the larger interests. VimpelCom is reported as part of segment assets of Other Mobile operations, but not a part of segment result (EBITDA).

At the end of 2005 the Group increased its economic stake in the mobile operation in Thailand. In January 2006, the Group increased its mobile operations in Sweden by the purchase of an existing mobile operation. In October 2006 Telenor acquired an existing mobile operation in Serbia.

Fixed comprises the Group's fixed network operations in Norway, Sweden and Denmark, which deliver services including analog PSTN, digital ISDN, Broadband telephony, xDSL, Internet and leased lines, as well as communication solutions. During 2005, the Group increased its operations in Sweden and Denmark through acquisition of businesses, primarily within Broadband operations. In March 2006, the Group expanded its operations in Sweden through purchase of Glocalnet AB. In January 2006 Telenor disposed the fixed operations in Czech and Slovakia. In 2007 the Group expanded their business in Denmark through the acquisition of Tele2 Denmark.

Broadcast comprises the Group's TV-based activities within the Nordic region. This includes satellite dish, cable TV-networks and satellite master antenna TV-networks systems. Broadcast operate the national terrestrial broadcast network in Norway and provide satellite broadcasting services in the Nordic region, utilising three geo-stationary satellites.

Other operations consist of several companies and activities that separately are not significant enough to be reported as separate segments. The main companies are EDB Business Partner ASA (51.3%-owned), Venture and Corporate functions and Group activities. EDB Business Partner ASA is an Oslo Stock Exchange listed IT group, which delivers solutions and operating services. The main activity in Venture was Opplysningen AS, which was deconsolidated 1 July 2007 due to dilution of the shares, see note 1. Corporate functions and Group activities comprise activities such as real estate, research and development, strategic Group projects, Group treasury, international services, the internal insurance company and central staff and support functions.

Deliveries of network-based regulated services within the Group are based on cost oriented prices based on negotiations between the units. For contract-based services, product development etc., prices are negotiated between the parties based on market prices. All other deliveries between the segments are to be based on market prices.

Gains and losses from internal transfer of businesses, group contribution and dividends are not included in the profit and loss statements for the segments. Segment revenue and expense includes transactions eliminated on consolidation, including fixed payments under the Mobile Virtual Network Operator (MVNO) agreements with the same counterparty but entered into by different segments, Telenor Mobile Norway and Telenor Mobile Sweden. For segment reporting, the fixed prepayments were recognised in the balance sheet and amortised to revenue and expense, respectively, based upon the actual to expected usage. During 2005, an impairment loss was recorded on the prepayments (onerous contracts) in Sweden due to revised expectations of the usage of capacity of the MVNO agreement. In the consolidated financial statements, the fixed prepayments were eliminated and related amortisation and loss provisions were reversed. Telenor Mobil Norway segment revenues of NOK 295 million in 2007, NOK 345 million in 2006 and NOK 210 million in 2005 were eliminated to reach consolidated revenues. Expenses in Mobile Sweden (including onerous contracts) of NOK 20 million in 2006 and NOK 293 million in 2005 were also eliminated on consolidation. The large amounts for assets and liabilities in "Other operations" activities were due to Group internal receivables and payables. Balance sheet eliminations are primarily Group internal receivables and payables. The segment assets are presented without shares in subsidiaries, where the subsidiaries are not a part of that operating segment.

Segment Information 2007

NOK IN MILLIONS	Revenues	External revenues	EBITDA ¹⁾	Depreciation, amortisation and write-downs	Operating profit (loss)	Total Assets (segment assets)	Total liabilities (segment liabilities)	Investments
Mobile – Norway	13 142	12 290	4 703	726	3 977	8 337	4 062	1 283
Mobile – Sweden	6 464	6 315	1 407	1 639	(232)	10 264	4 365	684
Mobile – Denmark	5 850	5 630	1 470	877	593	8 737	12 453	922
Kyivstar – Ukraine ²⁾	12 582	12 548	7 330	1 766	5 564	16 388	5 189	2 565
Pannon – Hungary	6 142	6 107	2 458	731	1 727	9 482	1 051	865
DTAC – Thailand	11 925	11 875	3 414	2 067	1 347	20 834	11 331	2 118
DiGi – Malaysia	7 430	7 424	3 581	1 128	2 453	6 952	3 804	1 163
Grameenphone – Bangladesh	4 622	4 621	2 122	883	1 239	6 839	4 870	3 038
Other mobile operations	7 112	7 017	1 773	1 520	253	35 329	5 041	9 314
Fixed	19 995	17 929	6 407	3 235	3 172	40 758	20 323	3 433
Broadcast	7 137	6 994	1 699	658	1 041	14 717	12 526	1 319
Other operations	8 990	6 558	489	822	(333)	41 904	55 049	1 395
Eliminations	(6 370)	(287)	(294)	(14)	(280)	(49 767)	(48 698)	(16)
Operating segments	105 021	105 021	36 559	16 038	20 521	170 774	91 366	28 083
Kyivstar reclassified as associated company ²⁾	12 548	12 548	7 302	1 766	5 536	9 942	5 189	2 565
Total Group	92 473	92 473	29 257	14 272	14 985	160 832	86 177	25 518

¹⁾ See table below for definition and reconciliation of EBITDA. EBITDA is the segment result.

²⁾ Kyivstar was deconsolidated and accounted for as an associated company from 29 December 2006. Business segment information in 2007 is presented as if Kyivstar was still consolidated with reconciliation to the consolidated financial statements, which is consistent with the information provided to the chief operating decision maker.

Reconciliation of EBITDA

NOK IN MILLIONS	2007	2006 (unaudited)	2005
Profit from total operations	19 203	18 535	9 134
Profit from discontinued operations	1 400	155	185
Profit from continuing operations	17 803	18 380	8 949
Taxes	(2 168)	(3 148)	(3 370)
Profit before taxes	19 971	21 528	12 319
Net financial items	(1 476)	1 467	(346)
Associated companies	6 462	2 353	1 227
Operating profit	14 985	17 708	11 438
Depreciation and amortisation	(13 958)	(14 721)	(11 281)
Write-downs	(314)	(258)	(583)
EBITDA	29 257	32 687	23 302

Segment Information 2006

NOK IN MILLIONS	Revenues	External revenues	EBITDA ²⁾	Depreciation, amortisation and write-downs	Operating profit (loss)	Total Assets (segment assets)	Total liabilities (segment liabilities)	Investments
Mobile – Norway	13 062	12 103	5 494	890	4 604	8 737	4 156	764
Mobile – Sweden	5 898	5 739	1 108	1 599	(491)	11 818	4 548	8 114
Mobile – Denmark	5 601	5 405	1 380	1 128	252	8 644	16 719	698
Kyivstar – Ukraine ¹⁾³⁾	10 956	10 956	6 516	1 616	4 900	14 407	5 654	3 631
Pannon – Hungary	5 951	5 937	2 205	1 137	1 068	10 671	1 230	619
DTAC – Thailand	8 124	8 088	2 944	1 413	1 531	17 912	10 558	2 566
DiGi – Malaysia	6 373	6 367	2 945	1 110	1 835	7 895	4 144	1 309
Grameenphone – Bangladesh	4 314	4 313	2 516	680	1 836	6 003	3 780	2 023
Other mobile operations	2 637	2 614	288	782	(494)	27 512	2 639	14 872
Fixed	19 874	17 955	6 066	3 165	2 901	39 090	21 605	3 151
Broadcast	6 309	6 145	1 590	624	966	13 781	11 698	833
Other operations	8 274	5 811	(49)	841	(890)	40 396	57 662	2 598
Eliminations	(6 296)	(356)	(316)	(6)	(310)	(48 842)	(52 859)	(18)
Operating segments	91 077	91 077	32 687	14 979	17 708	158 024	91 534	41 160
Kyivstar reclassified as associated company ³⁾						9 416	5 654	3 631
Total Group						148 608	85 880	37 529

¹⁾ Unaudited.

²⁾ See table above for definition and reconciliation of EBITDA. EBITDA is the segment result.

³⁾ Kyivstar was deconsolidated and accounted for as an associated company from 29 December 2006. Business segment information on balance items for 2006 is presented as if Kyivstar was still consolidated with reconciliation to actual figures.





Segment information 2005

NOK IN MILLIONS	Revenues	External revenues	EBITDA ¹⁾	Depreciation, amortisation and write-downs	Operating profit (loss)	Total Assets (segment assets)	Total liabilities (segment liabilities)	Investments
Mobile – Norway	12 243	11 072	4 471	905	3 566	8 267	4 472	1 218
Mobile – Sweden	244	120	(476)	-	(476)	97	781	-
Mobile – Denmark	5 191	5 059	1 176	1 285	(109)	8 783	6 441	1 066
Kyivstar – Ukraine	7 272	7 266	4 050	1 224	2 826	10 772	5 306	3 650
Pannon – Hungary	6 061	6 051	2 185	1 178	1 007	11 623	1 348	763
DTAC – Thailand	1 191	1 185	445	220	225	16 138	9 814	2 810
DiGi – Malaysia	4 932	4 928	2 142	1 043	1 099	8 277	3 587	1 170
Grameenphone – Bangladesh	2 970	2 969	1 559	439	1 120	4 975	3 348	2 596
Other mobile operations	784	771	(312)	391	(703)	10 197	3 631	1 881
Fixed	19 313	17 140	5 885	3 823	2 062	27 435	21 547	8 585
Broadcast	5 649	5 518	1 516	501	1 015	12 933	11 033	433
Other operations	7 606	4 699	557	776	(219)	44 386	38 937	1 166
Eliminations	(6 890)	(212)	104	79	25	(39 626)	(39 521)	(48)
Total Group	66 566	66 566	23 302	11 864	11 438	124 257	70 724	25 290

¹⁾ See table above for definition and reconciliation of EBITDA. EBITDA is the segment result.

Geographic distribution of external revenues based on customer location

NOK IN MILLIONS	2006		
	2007	(unaudited)	2005
Norway	31 932	32 140	31 268
Sweden	12 742	11 216	4 447
Other Nordic	8 444	7 550	6 353
Western Europe	1 318	1 121	733
Central Europe	9 931	7 602	6 903
Eastern Europe ¹⁾	261	10 925	7 235
Thailand	11 469	7 712	1 138
Other Asia ²⁾	15 953	12 414	8 282
Other countries	423	397	207
Total revenues	92 473	91 077	66 566

¹⁾ Eastern Europe includes Kyivstar in 2006 and 2005. In 2007 Kyivstar is accounted for as an associated company using the equity method.

²⁾ Other Asia includes DiGi, Grameenphone and Telenor Pakistan.

Assets by geographical location of the company

NOK IN MILLIONS	Non-current assets excl. deferred tax assets and other non-current assets		Total assets	
	2007	2006	2007	2006
Norway	26 606	25 958	41 446	38 982
Sweden	14 443	16 671	20 514	22 039
Other Nordic	9 344	9 181	11 855	11 114
Western Europe	57	58	206	637
Central Europe	21 672	22 540	24 084	24 639
Eastern Europe ¹⁾	19 374	12 583	19 388	12 584
Thailand	14 768	14 495	20 844	17 926
Other Asia ²⁾	19 253	16 298	22 451	20 043
Other countries	30	40	44	644
Total assets	125 547	117 824	160 832	148 608

¹⁾ Eastern Europe includes Kyivstar as an associated company.

²⁾ Other Asia includes DiGi, Grameenphone and Telenor Pakistan.

04 COSTS OF MATERIALS AND TRAFFIC CHARGES

NOK IN MILLIONS	2006		
	2007	(unaudited)	2005
Traffic charges – network capacity	17 346	15 163	10 581
Traffic charges – satellite capacity	39	71	23
Costs of materials etc	8 580	7 371	5 828
Total costs of materials and traffic charges	25 965	22 605	16 432

Traffic charges include some operating lease cost, primarily the lease of some dedicated network and satellite capacity. These costs are included in the different cost categories in the table above and not shown separately because they in substance do not differ from the relevant cost categories.

05 OWN WORK CAPITALISED

NOK IN MILLIONS	2006		
	2007	(unaudited)	2005
Costs of materials etc	41	58	216
Salaries and personnel costs	403	369	349
Other operating expenses	207	184	139
Total own work capitalised	651	611	704

06 SALARIES AND PERSONNEL COSTS

NOK IN MILLIONS	2006		
	2007	(unaudited)	2005
Salaries and holiday pay	9 425	9 116	7 547
Social security tax	1 410	1 342	1 097
Pension costs including social security tax	811	627	751
Share-based payments, excluding social security tax ¹⁾	35	38	20
Other personnel costs	793	615	502
Total salaries and personnel costs	12 474	11 738	9 917

¹⁾ Include share options and employee share ownership program, excluding social security tax on these – see note 30.

The average number of man-years employed was 33,500 in 2007, 31,500 in 2006 and 23,200 in 2005. This includes approximately 330, 540 and 540 man-years related to discontinued operations for 2007, 2006 and 2005 respectively.

07 PENSION OBLIGATIONS

The Norwegian companies in the Group are obligated to follow the Act on Mandatory company pensions and these companies pension schemes follows the requirement as set in the Act.

The Group provides pension plans for substantially all employees in Norway. In addition, the Norwegian government provides social security payments to all retired Norwegian citizens. Such payments are calculated by reference to a base amount annually approved by the Norwegian parliament (G-regulation). Benefits are determined based on the employee's length of service and compensation. The cost of pension benefit plans is expensed over the period that the employee renders services and becomes eligible to receive benefits.

Telenor Pension Fund in Norway, a defined benefit plan, was closed for new members from 1 January 2006. Existing members were offered to switch to a defined contribution plan from 3 July 2006. The voluntarily change of pension plan resulted in a one-time positive effect (gain) for Telenor of NOK 193 million in 2006, which was recorded as a cost reduction. EDB Business Partner ASA made the same change in the second quarter 2007. This resulted in a one-time positive effect (gain) of NOK 38 million. The gain is mainly related to the difference between pension obligations recognised for these employees and the paid up policy received by the employees accepting the plan.

3,187 of the Group's employees were members of the new contribution plan in Norway as of 31 December 2007 (3,083 in 2006). In 2007 6,173 of the Group's employees were covered through the defined benefit plans in Telenor Pension Fund (7,726 in 2006). In addition the Telenor Pension Fund paid out pensions to 1,954 persons in 2007 (1,709 in 2006). Plan assets consist primarily of bonds, shares and real estates. Telenor Sverige AB in Sweden has a defined benefit plan with 877 active members in 2007 (765 in 2006). For employees in other companies outside of Norway, contribution plans are dominant.



The funded part of the supplementary plan in Telenor Pension Fund was closed in the second quarter 2007 with effect from 1 January 2007. This resulted in a gain of NOK 46 million in 2007. The gain is mainly related to realisation of not recognised actuarial gains. The plan is carried forward as an unfunded plan. As of 31 December 2007 the obligation recognised in the balance sheet is NOK 193 million and the benefit obligation amounted to NOK 166 million.

In Norway, the Group has agreement-based early retirement plans (AFP) which are defined benefit multi-employer plans. In 2004, Telenor ASA and most Norwegian subsidiaries changed their employers' organisation membership from NAVO to NHO. Consequently, the agreement-based early retirement plan (AFP) was transferred to NHO. For this plan, the administrator is not able to calculate the Group's share of assets and liabilities and this plan is consequently accounted for as a defined contribution plan. When an employee retires through AFP the company has an obligation to pay a percentage of the benefits. The amount for the entire AFP-period is accrued for and expensed when the retirement occurs. In 2007 NOK 16 million was expensed related to new AFP retirees, compared to NOK 8 million in 2006 and NOK 26 million in 2005. For 2007, 2006 and 2005, NOK 29 million, NOK 48 million and NOK 49 million were pension contribution expensed for these plans respectively.

In 2006 updated versions of the risk tables were implemented. When calculating the pension obligation in Norway this gave a small positive effect which is included in actuarial gains/losses. The mortality table, K2005, is based on best estimates for the population in Norway. The disability table, KU, developed by Storebrand (insurance company), aligns with the actual disability risk for Telenor. The average expected lifetime in the risk tables are 81 years for men and 85 years for women. The table below shows the probability of an employee in a certain age group becoming disabled or dying, within one year, as well as expected lifetime.

Age	Disability %		Death %		Expected lifetime	
	Men	Women	Men	Women	Men	Women
20	0.12	0.15	-	-	79.00	83.34
40	0.21	0.35	0.09	0.05	79.35	83.60
60	1.48	1.94	0.75	0.41	80.94	84.57
80	-	-	6.69	4.31	87.04	88.97

1 January 2006 the spouse pension within the defined benefit plan in Norway was terminated. The net effect of the settlement and curtailment was recorded in 2005 with a gain of NOK 63 million (excluding social security tax).

The plan assets were measured at 31 December 2007, 2006 and 2005. The projected benefit obligations (PBO; net present value of pension benefits earned at the balance sheet date based on expected pension qualifying income at the time of retirement) were measured at 11 December 2007 and adjusted for the best estimate of the financial assumptions at 31 December. 2006 and 2005 projected benefit obligations were measured at 24 October and 30 September respectively and then adjusted for the best estimate of the financial assumptions at 31 December.

The actuarial calculations for the Telenor Pension Fund obligations were carried out by independent actuaries. The present value of the projected defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

Employees that leave the company before the age of retirement receive a paid-up policy. Telenor Pension Fund administers some of these policies. This is at the discretion of the Telenor Pension Fund and does not affect Telenor. At the time of issuance of paid-up policies Telenor is relieved of any further obligations towards the related employees. The Funds and obligations are valued at the time of issuance of paid-up policies, and are derecognised from pension obligations and plan assets.

At the time when Telenor AS (now Telenor ASA) was incorporated in 1995, the employees received paid-up policies in the Norwegian Public Service Pension Fund. Employees which have been members of the Norwegian Public Service Pension Fund will have an accrued pension right covered by this fund as a part of total payments. The payments from this pension fund will be adjusted by the increase of the base amount annually approved by the Norwegian parliament. The Norwegian Public Service Pension Fund has a project for updating the correct values of these paid-up policies, and the values have not been adjusted in the period up to 2004. Telenor expects that the outcome of the updating and adjustments may reduce Telenor's share of pension obligations for the affected employees, which may reduce Telenor's liabilities at the time of the adjustments.

NOK IN MILLIONS	2007	2006
Change in projected benefit obligation		
Projected benefit obligation at the beginning of the year	6 111	5 789
Service cost	429	446
Interest cost	254	230
Actuarial (gains) and losses	31	157
Curtailements and settlements	(342)	(179)
Acquisitions and sale	(297)	40
Benefits paid/paid-up policies	(149)	(305)
Reclassified as held for sale	-	(67)
Translation difference ²	(17)	-
Benefit obligations at the end of the year	6 020	6 111
Change in plan assets		
Fair value of plan assets at the beginning of the year	4 042	3 896
Actual return on plan assets	225	122
Curtailements and settlements	(308)	-
Acquisitions and sale	(245)	(70)
Pension contribution	338	436
Benefits paid/paid-up policies	(182)	(289)
Reclassified as held for sale	-	(53)
Translation difference ²⁾	(2)	-
Fair value of plan assets at the end of the year	3 868	4 042
Funded status at the end of the year	2 152	2 069
Unrecognised net actuarial gains (losses) ¹⁾	(164)	53
Accrued social security tax ¹⁾	263	238
Reclassified as held for sale	-	(9)
Total provision for pensions including social security tax at the end of the year	2 251	2 351
Total provision for pensions as of 01.01	2 351	2 441
Acquisitions and sale	(127)	149
Net periodic benefit costs	401	305
Pension contribution	(349)	(436)
Benefits paid paid-up policies	41	(16)
Social security tax on pension contribution	(50)	(62)
Reclassified as held for sale	-	(30)
Translation difference ²⁾	(16)	-
Total provision for pensions as of 31.12. including social security tax (Note 20)	2 251	2 351

¹⁾ Social security tax is the funded status multiplied with the average social security tax rate. Unrecognised net actuarial gains (losses) include social security tax.

²⁾ Translation difference is mainly related to the pension plan in Telenor Sverige AB.

Amounts for the current and previous three periods are as follows:

	2007	2006	2005	2004
Benefit obligations at the end of the year	6 020	6 111	5 789	5 835
Fair value of plan assets at the end of the year	3 868	4 042	3 896	3 811
Funded status	2 152	2 069	1 893	2 024
Experience adjustments on benefit obligations in %	(1.3)	(1.8)	0.4	-

Experience adjustments are the effects of differences between previous actuarial assumptions and what has actually occurred.

Assumptions used to determine benefit obligations for Norwegian companies as of 31 December

	2007	2006	2005
Discount rate in %	4.90	4.50	3.90
Future salary increase in %	4.25	4.00	3.00
Future increase in the social security base amount in %	4.25	4.00	3.00
Future turnover in %	10.00	10.00	10.00
Expected average remaining service period in years	9.00	9.00	9.00
Future pension increases in %	3.75	3.10	2.50



Assumptions used to determine net periodic benefit costs for Norwegian companies for year ended 31 December

	2007	2006 ¹⁾ 1. half year	2006 ¹⁾ 2. half year	2005
Discount rate in %	4.5	3.9	4.6	4.5
Expected return on plan assets in %	5.9	4.7	6.0	5.4
Future salary increase in %	4.0	3.0	3.8	3.0
Future increase in the social security base amount in %	4.0	3.0	3.8	3.0
Future turnover in %	10.0	10.0	10.0	6.0
Expected average remaining service period in years	9.0	9.0	9.0	12.0
Future pension increases in %	3.1	2.5	3.3	3.0

¹⁾ Normally the cost is calculated based on assumptions as of 31 December previous year. Due to the introduction of the new contribution plan a new calculation was performed as of 3 July 2006 and a more updated population was available. Hence the second half of the year 2006 was calculated based on assumptions as of 30 June 2006 (except for EDB Business Partner ASA).

The assumptions are set based on an internally developed model and are evaluated against guidelines published by The Norwegian Standard Accounting Board (NRS). The discount rate for the defined benefit plan in Norway was estimated based on the interest-rate on Norwegian government bonds. Average time before the payments of earned benefits was calculated to 25 years, and the discount rate was projected to a 25-year rate based on reference to European non-current interest rates, as the longest duration in Norway is 10 years. The assumption for salary increase, increase in pension payments and G-regulation are tested against historical observations and the relationship between different assumptions.

The discount rate for the benefit obligation as of 31 December 2007 was set to 4.9%, compared to 4.5% recommended by NRS. The difference of 0.4% is due to different methods, but the method used by Telenor is also described in the NRS guidelines. Telenor estimates a 25-year interest rate based on 10 year Norwegian Government bonds with a maturity adjustment based on Euro-bonds. NRS uses swap rates from the inter bank market to calculate average zero coupons. NRS has not calculated a recommended rate based on a duration calculation according to bonds in the Euro zone. The expected return on plan assets is based on the asset allocation in the Pension Fund, see also table below. Future salary increase is set at 4.25%, compared to 4.50% in the NRS guidelines. The 0.25% difference is due to higher average age in the Telenor member base after closing of the defined benefit plan for new members in 2006 (for EDB Business Partner ASA in 2007) and that a major part of employees that voluntarily changed to contribution plan was below the age of 35. We expect a lower salary increase for this group than for a group with a lower average age. Future increase in the social security base amount is set at 4.25%, the same level as the NRS guidelines. Future pension increases are set 0.5% below the social security base amount based on historical observations in Telenor.

The expected turnover assumption was increased as of 31 December 2005 based on observations over the later years that turnover has been higher than previously expected. This change also affected estimated remaining service period.

Components of net periodic benefit cost

NOK IN MILLIONS	2007	2006	2005
Service cost	429	446	569
Interest cost	254	230	253
Expected return on plan assets	(221)	(185)	(194)
Losses/gains on curtailments and settlements	(49)	(229)	(60)
Amortisation of actuarial gains and losses	(66)	(15)	(72)
Social security tax	55	58	84
Net periodic benefit costs	402	305	580
Contribution plan costs	409	322	171
Total pension costs charged to profit or loss for the year	811	627	751

Telenor Pension Fund's weighted average asset allocations as of 31 December 2005, 2006 and 2007, by asset category were as follows:

Asset category

	2007	2006	2005
Bonds %	53	53	53
Equity securities %	29	28	32
Real estates %	14	11	12
Other %	4	8	3
Total	100	100	100

The plan assets are invested in bonds issued by the Norwegian government, Norwegian municipalities, financial institutions and corporations. Bonds held in foreign currencies are to a large extent currency hedged. Investments in equity securities are restricted to a maximum of 35% of the plan assets. The plan assets are invested both in Norwegian and foreign equity securities. The currency hedging policy for foreign equity securities is evaluated per investment.

The Telenor Pension Fund owns real estates previously held by the Group. The values of these were set based on evaluations made by an independent Project and Construction Management Company. Parts of the buildings are leased back from the Pension Fund. Approximately 40% of the buildings measured in market value are used by the Group through internal rental contracts.



The expected non-current return on plan assets as of 31 December 2007 was 6.5%. Expected returns on plan assets are calculated based on the estimated Norwegian government bond yield at the balance sheet date, adjusted for the different investment categories of the plan assets. The expected long-term yield above government bonds is based on historical non-current yields.

Telenor expects to contribute approximately NOK 297 million to the Telenor Pension Fund in 2008.

As of 31 December 2007, the estimated pension cost for 2008 for the defined benefit plans in Norway was estimated to NOK 462 million. The companies outside Norway have mainly contribution plans. The costs of the benefit plans outside Norway are less than 10% of the total benefit costs and no estimates are made for these plans.

Telenor AB (including Utfors AB) and EDB Business Partner AB in Sweden, have multi-employer plans. The plans are currently accounted for as a defined contribution plans and the cost was NOK 73 million in 2007, NOK 95 million in 2006 and NOK 63 million in 2005 respectively.

Telenor Sverige AB has a defined benefit plan with 877 active members as of 31 December 2007 (765 in 2006). The plan carries an obligation of NOK 198 million. NOK 23 million was expensed in 2007. The assumptions are set within the recommended levels according to Swedish actuaries. The discount rate as of 31 December 2007 was 4.60% while the salary increase was set to 3.00%. Corresponding figures as of 31 December 2006 were 3.75% and 3.00% respectively.

The table below shows an estimate of the potential effects of changes in the key assumptions for the defined benefit plans in Norway. The following estimates and the estimated pension cost for 2008 are based on facts and circumstances as of 31 December 2007. Actual results may deviate materially from these estimates.

	Discount rate		Future salary increase		Social security base amount		Annual adjustments to pensions		Turnover	
	+1%	-1%	+1%	-1%	+1%	-1%	+1%	-1%	+4%	-4%
NOK IN MILLIONS										
Changes in pension										
Obligations	(845)	1 082	655	(577)	(242)	215	657	(550)	(177)	221
Unrecognised actuarial losses	(964)	1 235	747	(659)	(276)	245	750	(627)	(202)	252
Expense due to amortisation of actuarial losses	(34)	80	30	-	-	-	31	-	-	-
Net periodic benefit cost including effect due to amortisation of actuarial losses (as shown above)	(140)	216	113	(73)	(30)	27	113	(69)	(22)	27

08 OTHER OPERATING EXPENSES

NOK IN MILLIONS	2007	2006 (unaudited)	20055
	Operating leases of buildings, land and equipment	2 121	1 990
Other cost of premises, vehicles, office equipment etc	1 032	980	841
Operation and maintenance	5 202	5 469	4 292
Travel and travel allowances	606	560	455
Postage freight, distribution and telecommunication	523	508	380
Concession fees	3 434	2 563	848
Marketing and sales commission	6 844	6 244	4 858
Advertising	2 337	2 782	2 007
Bad debts ¹⁾	467	340	302
Consultancy fees and external personnel	2 504	2 213	1 729
Other	631	704	455
Total other operating expenses	25 701	24 353	17 391

¹⁾ See note 10 for more information.

09 OTHER INCOME AND EXPENSES

NOK IN MILLIONS	2007	2006 (unaudited)	2005
Gains on disposals of fixed assets and operations	(552)	(194)	(318)
Losses on disposals of fixed assets and operations	48	90	151
Expenses for workforce reduction and onerous (loss) contracts ¹⁾	231	409	395
Total other (income) and expenses	(273)	305	228

¹⁾ See note 20 for more information.

Gains on disposals in 2007, 2006 and 2005 were primarily related to sale of properties and sale of businesses. Gains on disposals in 2007 were primarily related to the dilution of Telenor's ownership of the subsidiary Opplysnigen AS. In 2006 gains on disposals also relate to the sale of the subsidiary Telenor Venture II ASA.

Losses on disposal in 2007 were primarily related to disposal of equipment, while the disposal in 2006 was related to properties and equipment. Losses on disposal in 2005 were primarily related to disposal of properties and equipment and the Fixed operation in the Czech Republic and Slovakia.

Expenses for workforce reductions and onerous (loss) contracts in 2007 were primarily related to loss contracts in DTAC and Other units and workforce reductions in Fixed. In 2006 the expenses were primarily related to workforce reductions in Fixed, EDB Business Partner, mobile operations in Nordic and loss contracts in Fixed. Expenses for workforce reduction and onerous (loss) contracts in 2005 were primarily related to the MVNO contract in Sweden and expenses for workforce reductions in Fixed.

10 BAD DEBTS

NOK IN MILLIONS	2007	2006 (unaudited)	2005
Provisions as of 1 January	1 031	950	720
Reclassified to held for sale	-	(35)	-
Kyivstar reclassified to Associated companies ¹⁾	-	(52)	-
Provisions as of 31 December ²⁾	1 244	1 031	950
Change in provisions for bad debts	213	168	230
Reclassified to held for sale	-	-	(9)
Other changes in provisions for bad debts ³⁾	(40)	(77)	(143)
Realised losses for the year	394	341	308
Recovered amounts previously written off	(100)	(92)	(84)
Total bad debts expenses recognised in the income statement⁴⁾	467	340	302

¹⁾ See note 17 for further information.

²⁾ Due to local Hungarian regulations, Pannon GSM is not able to write off receivables without having tax disadvantages if certain conditions are not met. Total provision in Pannon GSM is around NOK 530 million in 2007 (approximately NOK 520 million in 2006 and approximately NOK 380 million in 2005).

³⁾ Include effects from disposals and acquisitions of businesses and translation adjustments. The increase in 2007 was primarily related to consolidation of acquired companies.

⁴⁾ The total change in bad debts of NOK 467 million (NOK 340 million in 2006) is mainly from the trade receivables and other current receivables class of financial instruments, see note 22. For the other classes the change is insignificant.

The change in bad debts provision is recognised in the income statement as other operating expense, see note 8.

11 RESEARCH AND DEVELOPMENT COSTS

Research and development costs that have been expensed amounted to NOK 585 million, NOK 495 million and NOK 401 million in 2007, 2006 and 2005 respectively. Expensed research and development activities relate to new technologies, new products, security in the network and new usages of the existing network.

12 FINANCIAL INCOME AND EXPENSES

NOK IN MILLIONS	2007	2006 (unaudited)	2005
Interest income on cash and current deposits	394	745	281
Dividend income on available-for-sale financial assets	7	20	42
Other financial income	167	138	117
Total financial income	568	903	440
Interest expenses on financial liabilities measured at amortised cost	(2 650)	(2 555)	(1 665)
Other financial expenses	(153)	148	(117)
Capitalised interest	113	101	146
Total financial expenses	(2 690)	(2 306)	(1 636)
Net foreign currency gain (loss)	(208)	(301)	89
Net change in fair value of financial instruments held for trading	845	1 293	243
Gains on disposal of financial assets available-for-sale	26	1 885	515
Gains on disposal of financial assets held for trading	13	6	6
Losses on disposal of financial assets available-for-sale	(3)	(3)	(1)
Losses on disposal of financial assets held for trading	(3)	(1)	(1)
Write-downs of financial assets available-for-sale	(6)	(9)	(1)
Write-downs of other financial assets	(18)	-	-
Net gains (losses and write-downs) of financial assets	9	1 878	518
Net financial items	(1 476)	1 467	(346)

Decreased financial income in 2007 was mainly due to interest income of NOK 280 million related to the tax Sonofon case in 2006 against the Norwegian tax authorities. Kyivstar was deconsolidated 29 December 2006, and is subsequently reported as an associated company, see note 17. In 2006 Kyivstar reported NOK 146 million as financial income. The increase in financial income in 2007, in addition to the effect of Kyivstar and the Sonofon tax case, is mainly due to increased volume of current deposits and higher interest rates.

In 2006 financial expenses included a reversal of the provision for interest expenses of NOK 304 million related to the Sonofon tax case. Kyivstar reported NOK 312 million as financial expenses in 2006. The increase in financial expenses, adjusting for the effect of Kyivstar and the Sonofon tax case, is mainly due to increased interest rates.

Borrowing costs included in the cost of qualifying assets (capitalised interest) during the year arose in Norway on the general borrowing programs and outside Norway based on the relevant subsidiaries' borrowing costs. Subsidiaries owned 90% or more are financed by Telenor. See note 21 Interest-bearing Liabilities for further information about interest rates on external borrowings.

The net change in fair value of financial instruments was primarily related to the total return swap agreement in the underlying VimpelCom share as well as derivatives used for economic hedge of interest-bearing liabilities that do not fulfil the requirements for hedge accounting according to IAS 39.

Gains on disposal of financial assets in 2006 were primarily the gain on sale of Telenor's remaining shareholding in Inmarsat and Eutelsat. Gains on disposal in 2005 were primarily gain on sale of Telenor's shares in Intelsat.

13 TAXES

NOK IN MILLIONS	2007	2006 (unaudited)	2005
Profit before taxes	19 971	21 528	12 319
Current taxes	3 782	1 705	1 941
Deferred taxes	(1 614)	1 443	1 429
Income tax expense	2 168	3 148	3 370

Current taxes in Norway in 2005 were positively affected by the liquidation of Dansk Mobil Holding AS, as described below. The tax losses in Norway were utilised during 2006 and the companies within the Norwegian tax group are now in a current tax position. In 2006, Telenor was repaid NOK 2,409 million in taxes which were recognised as a reduction in current taxes. The net deferred tax income in 2007 is mainly caused by the recognition of deferred tax assets relating to tax losses in Fixed Sweden.

Effective tax rate

The table below reconciles the reported income tax expense to the expected income tax expense according to the corporate income tax rate of 28% in Norway. It also shows the major components of the tax expense (income).

NOK IN MILLIONS	2007	2006 (unaudited)	2005
Expected income taxes according to corporate			
Income tax rate in Norway (28%)	5 592	6 028	3 449
Tax rates outside Norway different from 28%	121	(217)	(81)
Associated companies	(1 798)	(680)	(350)
Non-taxable income	(23)	(187)	(128)
Non-deductible expenses	476	365	265
Non-taxable gains/losses on sales of shares	(844)	(554)	(30)
Deferred taxes on retained earnings in subsidiaries and associated companies	222	414	292
Deferred tax assets not recognised in the year	251	487	634
Change in previous years' valuation allowance	(1 355)	(49)	(12)
Previously not recognised deferred tax assets in business combinations	(217)	(67)	(162)
Impairment of goodwill that are not tax deductible	73	19	12
Tax credits	(133)	-	-
Conversion of intercompany debt	-	-	(249)
Resolution of significant disputed transactions	(247)	(2 409)	(263)
Other	50	(2)	(7)
Income tax expense (income)	2 168	3 148	3 370
Effective tax rate in %	10.9	14.6	27.4

Comments on selected line items in the preceding table

Tax rates outside Norway different from 28%

The tax rates for subsidiaries outside Norway are both higher and lower than the Norwegian 28% tax rate. The most significant effects in 2007 were that Pannon GSM Rt. (Hungary: 20%) and Telenor Serbia (10%) had tax rates lower than 28% and Grameenphone Ltd. (Bangladesh: 45%) and Telenor Pakistan (35%) had higher tax rates. For 2007, this reconciling item also includes effects of changes in tax rates in Malaysia, Denmark and Bangladesh.

Associated companies

Results from associated companies are reflected after tax and therefore do not impact the Group's tax expense. In 2007, results from associated companies include both the effect of Kyivstar being reported as an associated company and gain from the sale of shares in One, see note 17. Tax on undistributed earnings in associated companies is included in a separate line item (Deferred taxes on retained earnings in subsidiaries and associated companies).

Non-taxable gains/losses on sales of shares

The main item on this line in 2007 is the net change in fair value of the total return swap agreement in the underlying VimpelCom share that gives rise to tax free income of NOK 2,625 million, of which NOK 1,566 million was recorded as a gain in 2006. In 2006, the shares in Inmarsat were realised with a non-taxable gain of NOK 1,785 million.

Deferred taxes on retained earnings in subsidiaries and associated companies

Telenor has recognised a deferred tax liability (primarily withholding tax) for undistributed earnings in subsidiaries and associated companies. For undistributed earnings in subsidiaries a provision for deferred tax is made to the extent it is expected that dividends will be distributed in the foreseeable future. Deferred taxes have not been provided on undistributed earnings of foreign subsidiaries, amounting to NOK 3,718 million. For associated companies deferred tax liabilities are recognised based on the total undistributed earnings (Telenor's share) because Telenor is not able to control the timing of the distribution of dividends. However, if loan covenants or other limitations on dividends exists, the deferred tax liabilities are recognised based on the dividend capacity in the company.

Deferred taxes are calculated to the extent dividends will be subject to taxation, either in Norway or as withholding taxes at source. Following the introduction of the Exemption Method in Norway and the abolishment of withholding taxes in Hungary, for dividends that will be distributed to companies resident within the European Economic Area subsequent to 1 January 2006, Telenor reversed NOK 639 million of deferred taxes on undistributed earnings in 2005 due to these changes.

Tax assets not recognised current year

Deferred tax assets are not recognised for deductible temporary differences (primarily carry forward of unused tax losses) in subsidiaries when Telenor cannot demonstrate probable taxable profits that will be available against such deductible temporary differences. In 2005 and 2006, this issue is primarily related to Fixed Sweden and Telenor Pakistan. In 2007, this is the situation for Telenor Cinclus which is not a part of the Norwegian tax group, and Telenor Pakistan.

Change in previous years' valuation allowance

This line relates to deferred tax assets previously not recognised, and derecognition of previously recognised deferred tax assets. Due to the reorganisation of the operations in Fixed Sweden and the expansion of the Swedish tax group in 2007, the group's future utilisation of the tax deductible temporary differences (mainly tax losses to be carried forward) in the Swedish companies became probable, and consequently valuation allowances of NOK 1,517 million were reversed.

Previously not recognised tax assets in business combinations

In 2007, NOK 194 million of deferred tax assets previously not recognised in the business combination for Bredbandsbolaget (Fixed Sweden), and NOK 23 million is related to Canal Digital Denmark (Broadcast) have been recognised. In 2006, Cybercity (Fixed Denmark) and Canal Digital Denmark (Broadcast) were able to demonstrate probable taxable profits and deferred tax assets have been recognised related to these business combinations. In 2005, Telenor recorded deferred tax assets previously not recognised in business combinations for the Canal Digital Group.

When recognising these deferred tax assets, the corresponding tax income is recognised in the income statement. As a result, the carrying amount of goodwill is reduced to the amount that would have been recognised if the deferred tax asset had been recorded at the acquisition date. Recognised tax assets in excess of the goodwill impairment are presented on the line "Change in previous years' valuation allowance".

Impairment of goodwill that are not tax deductible

Impairment of goodwill deriving from purchase of shares are generally not tax deductible.

Tax credits

Telenor Serbia has tax credits related to their level of investments in 2006 and 2007. The tax credits not utilised in 2007 are unconditional and can be carried forward for 10 years. In addition, Pannon reduced their 2007 current tax by NOK 23 million related to tax credits on investments. Pannon has no tax credits to be carried forward.

Loss on conversion of intercompany debt

In 2005, Telenor ASA converted intercompany loans to operating subsidiaries, rendered in connection with the business activities of Telenor ASA. The conversion was carried out to remove negative equity in these subsidiaries. Through these conversions, Telenor recognised a tax loss and correspondingly reduced the income tax expense for 2005.

Resolution of significant disputed transactions

NOK IN MILLIONS	2007	2006	2005
Sale of Telenor Business Solutions AS	-	-	(701)
Internal sale of Sonofon shares	-	(2 409)	-
Liquidation of Dansk Mobil Holding AS	-	-	438
RISK adjustment of Cosmote shares	(155)	-	-
Canal Digital Denmark	(92)	-	-
Total resolution of significant disputed transactions	(247)	(2 409)	(263)

Sale of Telenor Business Solutions AS

In 2003 Telenor Eiendom Holding AS realised a tax loss of approximately NOK 2.8 billion in connection with the sale of shares in Telenor Business Solutions AS to Telenor Business Solutions Holding AS. This sale was carried out as part of the overall restructuring of the Telenor Group. Due to the challenge of Telenor's tax return regarding the tax loss in connection with the sale of shares in Sonofon in 2001, as discussed below, Telenor did not reflect the tax benefit derived from the loss on this sale in the financial statements for 2003. Following discussions with the Norwegian tax authorities, the loss was accepted as tax deductible, in March 2006. However, there was a reduction of the loss to approximately NOK 2.5 billion. Consequently, Telenor recorded a tax benefit of NOK 701 million in 2005.

Internal sale of Sonofon shares

In 2002, the Norwegian tax authorities disallowed the tax loss from the disposal of the shares in Sonofon Holding A/S claimed by Telenor Communication AS (now Telenor Eiendom Holding AS) for the fiscal year 2001. As a result of this change, the current tax expense for 2001 was increased by NOK 2.4 billion, which was recorded in 2002. The Norwegian Supreme Court ruled on this case in October 2006 and Telenor won the case and was awarded coverage of all legal fees, plus interest. In 2006 Telenor was repaid NOK 2,409 million in taxes which is recognised as a reduction in current taxes in 2006.

Liquidation of Dansk Mobil Holding AS

Dansk Mobil Holding AS was the initial owner of Telenor's "original" 53.5% shareholding in Sonofon Holding A/S. Following the acquisition of the remaining 46.5% shareholding from Bell South in February 2004, the Sonofon Holding A/S shares were sold to Telenor Mobile Holding AS. Dansk Mobil Holding AS was then liquidated.

This liquidation realised a tax loss of NOK 1,563 million, which Telenor claimed under the transition rules to the Exemption Method. The Norwegian tax authorities disallowed this loss. Therefore the tax expense for 2004 was increased by approximately NOK 438 million in 2005. In 2007 the Central Tax Directorate accepted the 2004 RISK adjustment of NOK 368 million for the sale of shares in Telenor B-Invest AS as discussed below. The disputed loss from liquidation of Dansk Mobil Holding AS was reduced by NOK 368 million, from NOK 1,563 million to NOK 1,195 million. The tax effect of this dispute is reduced from NOK 438 million to NOK 335 million.

RISK adjustment of Cosmote shares

In connection with Telenor B-Invest AS' calculation of the gain on sale of shares in Cosmote SA in 2003 and 2004, a RISK adjustment of the tax base values of the shares with NOK 184 million and NOK 368 million respectively was claimed by Telenor. The Norwegian tax authorities disallowed such RISK adjustments for 2003. At the end of 2005 the Appeal assessment board accepted the RISK adjustment for 2003. However, the Central Tax Directorate brought this decision before the County Assessment Board for a renewed hearing. Consequently, Telenor did not record the potential tax benefit in 2006. In 2007 the Central Tax Directorate withdrew the appeal and a tax income of NOK 155 million related to RISK adjustments for 2003 and 2004 of NOK 552 million was recorded.



Canal Digital Denmark

The Danish tax authorities challenged Canal Digital Denmark's tax assessment for 2003. The challenge was based on a transaction where the previous tax losses were realised and a corresponding increased depreciable tax base of assets was established. The tax authorities disagreed with the valuation of the assets in this transaction. Consequently, the tax authorities disallowed the step up in depreciable tax basis. The reduced deferred tax asset and increased current tax effect of this dispute amounted to approximately NOK 100 million at year end 2006. In 2007 Telenor and the Danish tax authorities have agreed on a value close to Canal Digital Denmark's tax assessment for 2003 and a tax income of NOK 92 million was recognised in 2007.

Tax losses carried forward

Tax losses carried forward in selected countries expire as follows as of 31 December 2007:

NOK IN MILLIONS	Norway	Sweden	Asia	Other	Total
2008	-	-	5	142	147
2009	-	-	-	28	28
2010	-	-	-	61	61
2011	-	-	1 038	37	1 075
2012	-	-	374	18	392
2013 and later	-	-	-	135	135
Not time-limited	289	3 253	3 967	342	7 851
Total tax losses carried forward	289	3 253	5 384	763	9 689
Of which not recognised as deferred tax assets (Valuation allowance)	288	1 229	2 485	712	4 714
Tax losses on which deferred tax assets have been recognised	1	2 024	2 899	51	4 975

Tax losses carried forward in selected countries expired as follows as of 31 December 2006:

NOK IN MILLIONS	Norway	Sweden	Asia	Other	Total
2007	-	-	12	123	135
2008	-	-	26	74	100
2009	-	-	557	35	592
2010	-	-	-	56	56
2011	-	-	1 404	38	1 442
2012 and later	-	-	517	124	641
Not time-limited	147	4 642	2 653	336	7 778
Total tax losses carried forward	147	4 642	5 169	786	10 744
Of which not recognised as deferred tax assets (Valuation allowance)	119	4 539	3 492	736	8 886
Tax losses on which deferred tax assets have been recognised	28	103	1 677	50	1 858

Companies within the Norwegian tax group (Telenor ASA and all subsidiaries owned by more than 90%) utilised all tax losses in 2007. Deferred tax asset are not recognised for carry forward of unused tax losses when Telenor cannot demonstrate that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. This is the situation for some of the operations in the other Nordic countries, Thailand and Pakistan. In Thailand no tax positions can be transferred between the companies. In Pakistan the taxable losses in excess of the deferred tax liabilities are not recognised. The temporary differences related to losses not utilised are set off against taxable temporary differences. Due to time of occurrence, some of the tax losses in Fixed Sweden cannot be viewed as part of the net deferred tax liability position in the Swedish tax group. The recognition of these losses as deferred tax assets is based on probable future taxable profits.

Tax effect of temporary differences and tax losses carried forward as of 31 December

NOK IN MILLIONS	Deferred tax assets	Deferred tax liabilities	Of which assets not recognised (valuation allowance)	Deferred tax assets	Deferred tax liabilities	Of which assets not recognised (valuation allowance)
	2007	2007	2007	2006	2006	2006
Tangible and intangible assets	4 578	(6 435)	(25)	4 435	(5 953)	(415)
Associated companies	-	-	-	-	-	-
Undistributed earnings in foreign subsidiaries and associated companies	-	(979)	-	-	(968)	-
Other non-current items	1 432	(1 690)	-	1 439	(2 310)	-
Total non-current assets and liabilities	6 010	(9 104)	(25)	5 874	(9 231)	(415)
Total current assets and liabilities	799	(215)	(31)	807	(362)	-
Tax losses carried forward	3 038	-	(1 444)	3 280	-	(2 642)
Deferred taxes	9 847	(9 319)	(1 500)	9 961	(9 593)	(3 057)
Net deferred tax assets/liabilities	-	(973)	-	-	(2 689)	-
Of which deferred tax assets	-	2 771	-	-	1 848	-
Of which deferred tax liabilities (note 21)	-	(3 744)	-	-	(4 537)	-

Recognised deferred tax assets mainly relate to Norway, Sweden, Thailand and Serbia. For all countries probable future taxable profits to offset these deductible temporary differences can be demonstrated.

Changes in net deferred taxes

NOK IN MILLIONS	2007	2006	2005
As of 1 January	(2 689)	383	1 065
Recorded to equity ¹⁾	(416)	36	57
Recorded to profit or loss	1 614	(1 443)	(1 429)
Exchange differences	401	188	(84)
Acquisition of subsidiaries	150	(1 588)	707
Disposal of subsidiaries	(33)	(265)	67
As of 31 December	(973)	(2 689)	383

¹⁾ The effect of the implementation of IAS 32 and 39 at 1 January 2005 was NOK (16) million.

Changes in deferred tax assets not recognised (valuation allowances)

NOK IN MILLIONS	2007	2006	2005
Balance at the beginning of the year	3 057	2 289	1 685
Changes in opening balance	(1 580)	133	(160)
Net losses from associated companies and subsidiaries outside Norway	164	515	618
Other not recognised tax assets this year	87	57	16
Acquisitions and disposals ¹⁾	(42)	(13)	177
Currency adjustments	(186)	76	(47)
Balance at the end of the year	1 500	3 057	2 289

¹⁾ of which Discontinued Operations NOK (58) million in 2006.

The significant change in the opening balance of deferred tax assets not recognised (valuation allowances) in 2007 is related to recognition of deferred tax assets after the reorganisation in Fixed Sweden and expansion of the Swedish tax group, as explained above.

14 AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES

Details of amortisation, depreciation and impairment losses:

NOK IN MILLIONS	Property, plant and equipment ¹⁾			Goodwill ¹⁾		Intangible assets ¹⁾			Prepaid leases			
	2006		2005	2006		2006		2006				
	2007 (unaudited)	2006		2007 (unaudited)	2005	2007 (unaudited)	2005	2007 (unaudited)	2005			
Amortisation and depreciation	8 313	8 938	7 854	-	-	-	5 392	5 603	3 373	253	180	54
Impairment losses	42	150	486	265	67	44	7	38	53	-	3	-
Total	8 355	9 088	8 340	265	67	44	5 399	5 641	3 426	253	183	54

¹⁾ See note 15 for property, plant and equipment, intangible assets and goodwill.

Estimated useful lives of property, plant and equipment and intangible assets are reviewed annually to ensure consistency with the expected economic recovery period for these assets based on current facts and circumstances. During 2007, no major changes were made in estimated useful lives compared to 2006.

During 2006 some changes were made in estimated useful lives, especially for some components in the different networks, including transmission equipment in the mobile operations and different platforms. The estimated useful lives for the majority of these assets were decreased, primarily due to a higher pace of replacements than previously expected, due to company or asset specific reasons. Expected useful lives were also increased for some of the assets. This was primarily based on recent experience that some assets are now being utilised over a longer economic life than previously expected. This is because they are not as affected by changes in technological developments as previously expected. The change in useful lives during 2006 is estimated to have increased depreciation and amortisation by approximately NOK 166 million in 2006. The highest impact was for DiGi, mainly regarding network and related equipment.

Prepaid leases are payments made on entering into leases or acquiring leaseholds that are accounted for as operating leases. These prepaid lease payments are amortised over the lease term or estimated customer relationship in accordance with the pattern of benefits provided. They relate primarily to access charges for lease of the cables of other operators (local loop unbundling etc), primarily in the Fixed operations in Sweden and Denmark that were acquired during 2005. The amortisation period for access charges are the estimated customer relationship, based on past history.



Details of impairment losses:

	2007			2006			2005					
	Property, plant and equipment	Goodwill ¹⁾	Other intangible assets	Prepaid leases	Property, plant and equipment	Goodwill ¹⁾	Other intangible assets	Prepaid leases	Property, plant and equipment	Goodwill ¹⁾	Other intangible assets	Prepaid leases
Mobile – Norway	1	-	-	-	28	-	9	-	14	2	-	-
Mobile – Sweden	-	-	-	-	6	-	-	-	-	-	-	-
Kyivstar – Ukraine (Unaudited)	-	-	-	-	31	-	-	-	15	-	-	-
Pannon – Hungary	-	-	-	-	58	-	1	-	6	-	1	-
DiGi – Malaysia	10	-	-	-	7	-	-	-	5	-	-	-
Grameenphone – Bangladesh	9	-	-	-	-	-	-	-	-	-	-	-
Other mobile operations	3	-	1	-	-	-	-	-	-	-	-	-
Fixed	13	242	-	-	10	56	12	3	571	(36)	52	-
Broadcast	6	23	-	-	7	11	-	-	(128)	75	-	-
Other operations	-	-	6	-	3	-	16	-	3	3	-	-
Total group	42	265	7	-	150	67	38	3	486	44	53	-

¹⁾ See note 15 and 16.

The impairment losses of property, plant and equipment in 2007 were primarily related to various components of the network. The impairment losses of goodwill (NOK 265 million) in 2007 were due to recognition of not previously recognised deferred tax assets in business combinations of which NOK 195 million relates to Fixed Sweden.

The impairment losses of property, plant and equipment in 2006 were primarily related to various components of the network. The impairment losses of goodwill in 2006 (NOK 67 million) were due to recognition of not previously recognised deferred tax assets in business combinations.

The impairment losses of property, plant and equipment and intangible assets in 2005 were primarily related to decreases in the values in Fixed Sweden to its estimated recoverable amount based on fair value less cost to sell. The impairment losses were due to increased competition and a general shift in product demand to lower priced products. The assessment of the fair value was based on various valuation methods, with assistance of an external valuation expert. In 2005 Broadcast reversed a previous impairment loss of satellites by NOK 133 million. The impairment losses of goodwill (NOK 44 million) were primarily due to previously unrecognised deferred tax assets in business combinations, partially offset by the excess of fair value of net assets over the cost of a business combination that was recognised immediately to income.

15 PROPERTY, PLANT, EQUIPMENT AND INTANGIBLE ASSETS
Property, plant and equipment

NOK IN MILLIONS	Local, regional & trunk networks	Mobile telephone network and switches	Subscriber equipment	Switches and equipment	Radio installations	Cable TV equipment	Buildings	Land	Corporate administrative assets	Satellites	Work in-progress ¹⁾	Total
	Cost											
As of 1 January 2006	35 606	24 769	1 127	17 332	4 425	1 647	10 834	886	7 454	2 420	3 619	110 119
Reclassifications ²⁾	(546)	(1 260)	551	(2 294)	912	2	406	(19)	1 716	-	35	(497)
Additions	1 420	5 913	50	1 175	888	168	633	35	1 294	-	2 098	13 674
Acquisition of subsidiaries	-	5 725	-	452	3	-	230	68	227	-	321	7 026
Translation differences	74	(721)	39	74	(44)	6	50	10	46	-	(150)	(616)
Disposal	(3 519)	(460)	(863)	(3 136)	(893)	(40)	(386)	(18)	(3 285)	(1)	(42)	(12 643)
Reclassified as held for sale	(22)	-	(156)	(875)	-	-	(98)	(3)	(589)	-	(66)	(1 809)
Kyivstar reclassified to Associated companies ³⁾	-	(7 694)	-	-	-	-	(302)	-	(386)	-	(1 685)	(10 067)
As of 1 January 2007	33 013	26 272	748	12 728	5 291	1 783	11 367	959	6 477	2 419	4 130	105 187
Reclassifications ²⁾	(902)	(714)	(15)	86	4	(9)	696	(88)	253	6	(28)	(711)
Additions	2 227	5 431	137	1 373	1 744	214	810	85	1 686	-	1 169	14 876
Acquisition of subsidiaries	-	1	-	101	-	-	17	16	44	-	1	180
Translation differences	(261)	(2 286)	(43)	(280)	(281)	(5)	(172)	(16)	(266)	-	(274)	(3 884)
Disposal	(241)	(552)	(68)	(261)	(82)	(32)	(582)	(100)	(712)	-	(24)	(2 654)
As of 31 December 2007	33 836	28 152	759	13 747	6 676	1 951	12 136	856	7 482	2 425	4 974	112 994
Depreciation and impairment losses												
As of 1 January 2006	27 444	7 627	979	15 122	2 476	880	4 448	10	5 854	1 321	-	66 161
Reclassifications ²⁾	(421)	516	524	(1 991)	415	13	15	-	632	-	-	(297)
Depreciation	1 741	3 629	62	680	529	148	420	26	1 230	180	293	8 938
Impairment losses	7	68	-	15	-	-	6	-	15	-	39	150
Translation differences	56	(106)	36	34	7	3	19	2	50	-	(5)	96
Disposal	(3 518)	(380)	(861)	(3 130)	(892)	(39)	(305)	(10)	(3 215)	(1)	(15)	(12 366)
Reclassified as held for sale	(22)	-	(119)	(624)	-	-	(32)	(1)	(342)	-	-	(1 140)
Kyivstar reclassified to Associated companies ³⁾	-	(1 919)	-	-	-	-	(26)	-	(200)	-	(303)	(2 448)
As of 1 January 2007	25 287	9 435	621	10 106	2 535	1 005	4 545	27	4 024	1 500	9	59 094
Reclassifications ²⁾	(417)	(461)	1	77	(2)	(1)	335	(15)	89	4	68	(322)
Depreciation	1 653	3 065	76	776	702	154	446	2	1 257	181	1	8 313
Impairment losses	6	12	-	7	-	-	-	-	3	-	14	42
Translation differences	(128)	(646)	(39)	(61)	(51)	(3)	(29)	(1)	(142)	-	(3)	(1 103)
Disposal	(233)	(518)	(66)	(261)	(80)	(27)	(191)	-	(628)	-	-	(2 004)
As of 31 December 2007	26 168	10 887	593	10 644	3 104	1 128	5 106	13	4 603	1 685	89	64 020
Carrying amount												
As of 31 December 2007	7 668	17 265	166	3 103	3 572	823	7 030	843	2 879	740	4 885	48 974
As of 31 December 2006	7 726	16 837	127	2 622	2 756	778	6 822	932	2 453	919	4 121	46 093
Depreciation rates in %	3-33	3-20	20-33	10-33	6-14	8-33	1-20	-	14-33	10	-	-

¹⁾ Net additions.

²⁾ Including reclassifications to/from lines in the balance sheet items which are not a part of this disclosure table.

³⁾ See note 17.

The Group has entered into Cross Border QTE arrangements for telephony switches, GSM Mobile network and fixed-line network with a carrying amount as of 31 December 2007 of NOK 155 million (NOK 330 million as of 31 December 2006). The transactions have the legal form of leases. However, Telenor has according to SIC 27 determined that the substance of the transactions is that these are not leases as defined in IAS 17. The arrangements were entered into in 1998, 1999 and 2003, respectively. The agreement entered into in 1998 was terminated in January 2007. Their terms are for approximately 15 years with early termination options for Telenor. Telenor has defeased all amounts due under these agreements with highly rated financial institutions and US Government related securities. The financial institutions then release the payments over agreement periods in accordance with their contractual terms. During the agreement periods, Telenor maintains the legal rights and economic benefits in Norway of ownership of the equipment. During the agreement periods, Telenor cannot dispose of the equipment but may make replacements. Telenor has received benefits of NOK 530 million since both parties can depreciate the equipment for tax purposes. The amounts are deferred over the periods for which the benefits are expected to be earned, and NOK 31 million, NOK 43 million and NOK 43 million was recorded as other financial income in 2007, 2006 and 2005, respectively.

Telenor had finance leases with carrying amounts of NOK 1,127 million as of 31 December 2007 (NOK 1,195 million as of 31 December 2006), primarily fibre optic Network in Grameenphone in Bangladesh (NOK 493 million as of 31 December 2007 and NOK 387 million in 2006), properties in Sonofon Denmark and Mobile – Sweden of NOK 171 million and NOK 204 million in 2007 (NOK 178 million and NOK 225 million in 2006) and satellites in Broadcast (NOK 225 million in 2007 and NOK 361 million in 2006).

As of 31 December 2007, future minimum annual rental commitments under finance leases (Telenor as a lessee) were as follows:

NOK IN MILLIONS	Within 1 year	2–5 years	More than 5 years
Future minimum lease payments	418	795	1 607
Less amount representing interest	81	344	840
Present value Finance lease obligations	337	451	767

As of 31 December 2006, future minimum annual rental commitments under finance leases (Telenor as a lessee) were as follows:

NOK IN MILLIONS	Within 1 year	2–5 years	More than 5 years
Future minimum lease payments	379	1 186	916
Less amount representing interest	117	339	317
Present value Finance lease obligations	262	847	599

The Group has buildings that have been acquired for the use by the Group. However, some space is vacant or rented to external parties. In evaluating if these parts of buildings are investment properties, the Group has evaluated if the floor in the building which is no longer used by the Group is separate or discrete from the rest of the building, and if the building is held for its investment potential and if this is not a short-term strategy. The Group has not identified any investment properties.

Intangible assets

NOK IN MILLIONS	Customer- base	Licenses	Trade- marks	Software acquired	Internal generated software	Other ¹⁾	Work in progress ²⁾	Total
Cost								
As of 1 January 2006	6 132	11 656	2 694	7 302	2 385	2 181	707	33 057
Reclassifications ⁴⁾	4	(304)	-	1 030	(232)	(76)	58	480
Additions	4	1 987	-	2 021	438	53	240	4 743
Internally developed	-	22	-	10	103	26	8	169
Acquisition of subsidiaries	2 161	2 596	55	867	39	1 749	42	7 509
Translation differences	306	594	116	10	8	227	23	1 284
Disposal	(15)	(31)	(2)	(1 457)	(289)	(96)	-	(1 890)
Reclassified as assets held for sale	(111)	(70)	-	(99)	-	(4)	-	(284)
Kyivstar reclassified to Associated companies ³⁾	(467)	(354)	(57)	(2 156)	-	-	-	(3 034)
As of 1 January 2007	8 014	16 096	2 806	7 528	2 452	4 060	1 078	42 034
Reclassifications ⁴⁾	-	58	-	781	(86)	(44)	86	795
Additions	7	1 578	-	1 402	191	59	778	4 015
Internally developed	-	-	-	34	159	16	21	230
Acquisition of subsidiaries	414	25	11	6	-	12	-	468
Translation differences	(283)	(151)	(37)	(327)	(12)	(130)	(10)	(950)
Disposal	(1)	(12)	-	(142)	(69)	-	(21)	(245)
As of 31 December 2007	8 151	17 594	2 780	9 282	2 635	3 973	1 932	46 347
Amortisation and impairment losses								
As of 1 January 2006	2 880	1 603	333	4 337	1 841	818	-	11 812
Reclassifications ⁴⁾	(2)	(117)	-	516	(74)	(53)	9	279
Amortisation	1 737	904	210	2 161	266	320	5	5 603
Impairment losses	-	1	-	14	5	-	18	38
Translation differences	122	23	14	46	3	44	-	252
Disposal	(9)	(30)	(2)	(1 440)	(291)	(86)	-	(1 858)
Reclassified as assets held for sale	(29)	(53)	-	(48)	-	(4)	-	(134)
Kyivstar reclassified to Associated companies ³⁾	(404)	(75)	(25)	(785)	-	-	-	(1 289)
As of 1 January 2007	4 295	2 256	530	4 801	1 750	1 039	32	14 703
Reclassifications ⁴⁾	-	59	-	431	(35)	(52)	3	406
Amortisation	1 895	1 207	215	1 507	278	290	-	5 392
Impairment losses	-	-	-	2	5	-	-	7
Translation differences	(162)	(38)	(16)	(190)	(5)	(48)	(1)	(460)
Disposal	-	(5)	-	(125)	(40)	-	(7)	(177)
As of 31 December 2007	6 028	3 479	729	6 426	1 953	1 229	27	19 871
Carrying amount								
As of 31 December 2007	2 123	14 115	2 051	2 856	682	2 744	1 905	26 476
As of 31 December 2006	3 719	13 840	2 276	2 727	702	3 021	1 046	27 331

¹⁾ Mainly roaming agreements with carrying amount of NOK 2,551 million per 31 December 2007.

²⁾ Net additions.

³⁾ See note 17

⁴⁾ Including reclassifications to/from lines in the balance sheet which is not a part of this disclosure table.

Additions of intangible assets in 2007 from acquisition of subsidiaries were primarily related to Spray Telecom AB, Tele2 in Denmark, CEK AB, Talkmore, TeamR3 and other acquisitions with a purchase price less than NOK 50 millions, see note 1. Those acquisitions were in Fixed, EDB and Mobile – Norway area. In 2006 the acquisition of subsidiaries were primarily related to Telenor Mobile Sweden and Telenor Serbia. The additions of licenses in 2007 and 2006 were primarily DTAC's investments in mobile networks, see "DTAC's concession right" below for further information.

The intangible assets included above have finite useful lives, over which the assets are amortised. Customer base, trademarks and roaming agreements (the major part of "other") were acquired as part of business combinations. Licenses consist primarily of mobile licenses that were acquired separately or as part of business combinations. The amortisation period for customer base is the expected customer relationships based on historic experience of churn for the individual businesses, and varies primarily between 3 to 5 years. Licenses and roaming agreements are amortised over the license periods (6 to 28 years), see note 32. Trademarks are amortised over their estimated useful lives, which is on average 15 years. Software is amortised over their estimated useful lives. Given the history of rapid changes in technology, computer software are susceptible to technological obsolescence and therefore, their estimated useful life is normally 3 to 5 years.

DTAC's concession right

DTAC has a concession right to operate and deliver mobile services. The Communication Authority of Thailand (CAT) granted the concession to DTAC. CAT allows DTAC to arrange, expand, operate and provide the cellular system radio communication services in various areas in Thailand. The concession originally covered a 15 year period but the agreement was amended on 23 July 1993 and 22 November 1996, with the concession period being extended to 22 and 27 years, respectively. Accordingly, the concession period under the existing agreement expires in 2018.

The service rates and fees charged to customers are subject to approval by CAT. DTAC is obliged to pay fees in accordance with the concession. Fees are based on the greater of a minimum annual payment and a percentage of revenues from services. The percentages of revenues from services for each year and minimum annual payments are as follows:

Year ²⁾	Percentage of revenues per annum	Minimum annual payment (NOK in millions) ¹⁾	
		2007	2006
1 to 4	12	4 to 28	4 to 27
5	25	64	62
6 to 15	20	69 to 109	67 to 106
16 to 20	25	135 to 139	132 to 136
21 to 27	30	136 to 217	132 to 211

¹⁾ Converted from THB to NOK based on exchange rates as of 31 December 2007 in 2007 and based on exchange rates as of 31 December 2006 in 2006.

²⁾ DTAC commenced commercial operations on 16 September 1991 and the table above shows annual payment from that time.

DTAC shall provide, at its own expense, all devices and equipment which must be sufficient for provision of the services at all times. All such devices and equipment becomes the property of CAT when they are put into use. At the end of the concession period, or if the contract is terminated earlier DTAC must deliver all devices and equipment to CAT in a good working condition.

The service concession of DTAC is accounted for under the Intangible Asset Model according to IFRIC 12 Service Concession Arrangements. The intangible asset is amortised on a straight line basis over the concession period. Enhancements and extensions are capitalised as incurred. Repair, maintenance and replacements are expensed as incurred. At the time of consolidation in 2005, the concession in DTAC was valued based on an income approach under the assumption that DTAC would sell its concession to a hypothetical operator.



Goodwill

	Telenor Mobil Denmark	Mobil Sweden	Pannon Hungary	DiGi.com Malaysia	Kyivstar Ukraine	DTAC Thailand	Telenor Serbia	Other/ mobile- operations	Fixed	Broad- cast	Other/ Elimi- nations	Total
Cost												
As of 1 January 2006	6 025	-	4 928	580	311	2 288	-	100	5 486	2 054	2 000	23 772
Exchange differences 2006	99	18	178	(6)	(23)	152	630	3	386	7	51	1 495
Arising on acquisition												
of a subsidiaries	-	244	-	-	-	(50)	7 129	-	342	-	1 346	9 011
Reallocation of goodwill	-	701	-	-	-	-	-	-	(701)	-	-	-
Derecognised on disposal												
of a subsidiaries	-	-	-	-	-	-	-	-	4	(2)	(24)	(22)
Reclassified to asset held for sale	-	-	-	-	-	-	-	-	-	-	(245)	(245)
Kyivstar reclassified to Associated companies ¹⁾												
	-	-	-	-	(288)	-	-	-	-	-	-	(288)
As of 31 December 2006	6 124	963	5 106	574	-	2 390	7 759	103	5 517	2 059	3 128	33 723
Exchange differences 2007	(131)	(70)	(206)	(44)	-	63	(248)	(4)	(341)	(10)	(55)	(1 046)
Arising on acquisition												
of a subsidiaries	-	-	-	-	-	-	-	120	198	-	366	684
Derecognised on disposal												
of a subsidiaries	-	-	-	(54)	-	(189)	-	-	-	-	(66)	(309)
As of 31 December 2007	5 993	893	4 900	476	-	2 264	7 511	219	5 374	2 049	3 373	33 052
Impairment												
As of 1 January 2006	(2 971)	-	-	-	-	-	-	-	9	(99)	(11)	(3 072)
Impairment loss 2006	-	-	-	-	-	-	-	-	(56)	(11)	(1)	(68)
As of 31 December 2006	(2 971)	-	-	-	-	-	-	-	(47)	(110)	(12)	(3 140)
Exchange differences	25	-	-	-	-	-	-	-	-	-	-	25
Impairment loss 2007	-	-	-	-	-	-	-	-	(242)	(23)	-	(265)
As of 31 December 2007	(2 946)	-	-	-	-	-	-	-	(289)	(133)	(12)	(3 380)
Carrying amount												
As of 31 December 2007	3 047	893	4 900	476	-	2 264	7 511	219	5 085	1 916	3 361	29 672
As of 31 December 2006	3 153	963	5 106	574	-	2 390	7 759	103	5 470	1 949	3 116	30 583

¹⁾ See note 17.

Goodwill impairment losses in 2006 and 2007 were mainly due to recognition of deferred tax assets after the initial accounting for business combination was complete. According to IFRS, the acquirer shall reduce the carrying amount of goodwill with the same amount as not previously recognised deferred tax assets are recognised as a tax benefit, see note 14 above.



16 IMPAIRMENT TESTING OF GOODWILL

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill is impaired. The annual impairment test is performed at year end. Telenor has identified intangible assets with indefinite lives, but these assets carrying amount are immaterial. Telenor has identified its mobile and fixed operations in different countries as its cash generating units. In addition EDB Business Partner (IS service provider), Broadcast DTH (direct to home) operations as well as some other minor cash generating units. Telenor acquired Tele2 Denmark in the 2nd quarter of 2007. The goodwill is allocated to the already existing cash generating unit in Denmark.

Goodwill acquired through business combination has been allocated to individual cash-generating units for impairment testing as follows:

Carrying amount of goodwill

NOK IN MILLIONS	2007	2006
Pannon – Hungary	4 900	5 106
Mobile Denmark	3 047	3 153
DTAC – Thailand	2 264	2 390
Fixed Sweden	3 891	4 410
Fixed Denmark	1 185	1 051
Broadcast DTH – Nordic	1 598	1 621
EDB Business Partner – Norway	3 379	3 088
Mobile – Sweden	893	963
Telenor Serbia	7 511	7 759
Other ¹⁾	1 004	1 287
Reclassified to assets held for sale	-	(245)
Total carrying amount of goodwill	29 672	30 583

¹⁾ Other includes primarily DiGi – Malaysia, and the Broadcast cable-TV operation in Norway and Sweden.

Telenor has used a combination of value in use and fair value less cost to sell to determine the recoverable amounts of the cash generating units.

Fair value less cost to sell has been derived from quoted market prices where available. DTAC is listed both on the Stock Exchange in Singapore and the Stock Exchange in Thailand, DiGi is listed on the Stock Exchange in Malaysia and EDB Business Partner on the Oslo Stock Exchange and the fair value have been derived from the quoted market prices as of 31 December 2007. Currently, Telenor has not included any control premium to determine the fair value less cost to sell as there is significant headroom between the recoverable amount and carrying amount.

For the other cash generating units we have used a discounted cash flow analysis to determine the value in use. Value in use is based on cash flow projections reflecting the financial forecast and strategy plans approved by senior management covering a three-year period. In addition, the calculation includes estimated cash flows for the years 4 to 9, as presented in the table below, because some of the operations are in a growth phase and will not reach a stable cash flow within three years. Cash flows beyond the nine-year period are extrapolated with a long-term growth rate. Key assumptions used in the calculation of value in use are growth rates, EBITDA margins, capital expenditure and discount rates.

The recoverable amounts have been determined for the cash generating units based on the following key assumptions for the years ending 31 December 2007 and 2006:

	Discount rate after tax (WACC)		Discount rate pre tax		Growth rate revenues 4–9 years	
	2007	2006	2007	2006	2007	2006
Pannon – Hungary	11.4%–9.7%	10.1%	14.3%–12.1%	12.1%	2%–(1)%	3%
Mobile Denmark	8.2%	7.8%	11.0%	10.8%	7%–2%	3%–2%
Fixed Sweden	8.1%	7.7%	11.3%	10.7%	2%–1%	6%–2%
Fixed Denmark	8.2%	7.8%	11.0%	10.8%	2%	8%–2%
Broadcast DTH – Nordic	7.9%	7.3%	10.9%	10.2%	2%	2%
Mobile – Sweden	8.2%	7.7%	11.3%	10.7%	2%–1%	4%–2%
Telenor Serbia	14.9%–11.2%	11.2%	16.6%–12.3%	12.4%	10%–4%	10%–4%

In the calculation Telenor has used estimated cash flows after tax and discount rate after tax. The recoverable amounts would not change if Telenor had used a pre tax rate.

Telenor has used long term growth rates of 2% for all investments relates to the periods beyond nine years. The long term growth rates include inflation.

Growth rates – Current financial forecasts and strategy plans project that growth in cash flows are expected to decline in the time period up to nine years. Average growth rates in revenues in the period 4 to 9 years are based on Telenor's expectations for the market development in which the business operates. Telenor uses steady growth rates to extrapolate the cash flows beyond nine years. The long-term growth rate beyond nine years is not higher than the expected long-term growth in the economy in which the business operates. For the different cash generating units the expected growth rates converges from its current level experienced over the last few years to the long-term growth level.

Average EBITDA margin – The EBITDA margin represents the operating margin before depreciation and amortisation and is estimated based on the margin achieved in the period immediately before the cash projections period and on estimated future development in the market. Committed operational efficiency programs are taken into consideration. Changes in the outcome of these initiatives may affect future estimated EBITDA margin.

Capital expenditure (Capex) – A normalised capex to sales ratio (capital expenditure as a percentage of revenues) is assumed in the long run. In the years 1 to 9 capital expenditure necessary to meet the expected growth in revenues is taken into consideration. Changes in traffic volumes and the number of subscriptions in the growth phase will also result in a change in future capex to sales ratio. The Broadcast DTH operation leases satellite capacity, and thus capex to sales ratio is not one of the key assumptions for the valuation. To the best of management's judgement, estimated capital expenditures do not include capital expenditures that enhance the current performance of assets and related cash flows have been treated consistently.

Discount rates – Discount rates are based on Weighted Average Cost of Capital (WACC). The cost of a company's debt and equity capital, weighted accordingly to reflect its capital structure, gives its weighted average cost of capital. In economies where long term risk free yields do not exist, the WACC rates used in discounting the future cash flows are based on US 10 years risk free interest rate, adjusted for inflation differential and country risk premium (1.2%–2.5%). The discounting factors also take into account the debt premium, market risk premium, gearing, corporate tax rate and asset beta.

For cash generating units within economies with high inflation as of today and future expectations of reduced inflation, rolling discount rates are used.

These values have been compared with external valuation reports and multiples for peers in the telecom business for reasonableness.

Cash generating units where a reasonable possible change in a key assumption could result in an impairment charge:

Overall, there is significant headroom between the recoverable amounts of goodwill and the carrying amounts. However, for Telenor Fixed Sweden and Telenor Serbia the recoverable amounts are approximately on the same level as the carrying amounts, indicating that minor changes in assumptions could result in impairment. Telenor Fixed Sweden consists of Bredbandsbolaget, Telenor AB and Glocalnet.

For those cash generating units, where a small change in key assumption would lead to an impairment loss, the following provides additional information on the values assigned to the key assumptions. The table illustrates the percentage change in the key assumptions, other things being equal, which will reduce the recoverable amount to the same as the carrying amount.

Key assumption:	Telenor Fixed Sweden	Telenor Serbia
Negative variance in revenue growth	0%–4%	0%–1%
Negative variance in EBITDA margin	0%–2%	0%–2%

17 ASSOCIATED COMPANIES AND JOINT VENTURES

Associated companies:

NOK IN MILLIONS	2007	2006
Balance as of 1 January	13 816	7 283
Additions	4 520	101
Transferred to/from other investments	67	(82)
Disposals	(1 432)	(156)
Reclassification to assets held for sale	-	(62)
Net income ^{*)}	5 319	1 820
Gains (losses) on disposal	1 143	372
Impairment of Golden Telecom Inc. ¹⁾	-	170
Equity adjustments	(547)	(136)
Translation adjustments	(2 518)	(485)
Kyivstar reclassified from subsidiary ²⁾	-	4 991
Balance as of 31 December	20 368	13 816
Of which investments carried with a negative value ³⁾	57	1
Total associated companies	20 425	13 817

^{*)} Of which net income reclassified to Profit (loss) from discontinued operations ⁴⁾

¹⁾ In 2006, the fair value write-down of Golden Telecom booked in 2005 was reversed.

²⁾ Kyivstar is included as an associated company using the equity method from 29 December 2006, see description below.

³⁾ Associated companies are carried at negative values where Telenor has other long-term interests that in substance form part of the capital invested (classified against long-term receivables on associates), or a corresponding liability above and beyond the capital invested (classified as provision).

⁴⁾ World Wide Mobile Communications AS was owned by Telenor Satellite Service and has been reclassified to "Asset classified as held for sale" in 2006.

Specifications of investments in associated companies

NOK IN MILLIONS Company	Share	Carrying amount	Investments/	Share	Equity and	Carrying amount
	owned in % ¹⁾	31 December 2006	disposals during 2007	of net income ²⁾	translation adjustments	31 December 2007
ONE GmbH ⁵⁾	-	306	(1 418)	1 112	-	-
Kyivstar J.S.C. ⁶⁾	56.5	4 991	-	2 295	(848)	6 438
VimpelCom ^{3) 8)}	33.6	6 182	4 516	2 775	(1 995)	11 478
Wireless Matrix Corporation ⁸⁾	20.6	32	-	(3)	1	30
United Distribution Business Co., Ltd.	25.0	41	-	7	(5)	43
Golden Telecom Inc ^{4) 8)}	18.3	1 410	-	207	(174)	1 443
Kjedehuset AS	49.0	43	-	51	(16)	78
Otrum Electronics ASA ⁸⁾	33.1	84	-	-	-	84
A-Pressen AS	44.2	523	-	99	(22)	600
Norges Televisjon AS	33.3	42	-	4	-	46
RiksTV AS	33.3	7	-	(60)	-	(53)
TV2 Zebra AS	45.0	80	-	(41)	-	39
Opplysningen AS ⁷⁾	27.3	-	67	21	-	88
Others	-	75	(11)	(5)	(5)	54
Total		13 816	3 154	6 462	(3 064)	20 368

¹⁾ The share owned and voting interests are the same except for VimpelCom as described below.

²⁾ Share of net income includes Telenor's share of net income after taxes and pre tax gains and losses on disposal.

³⁾ In May 2007 Telenor increased its ownership interest in VimpelCom by entering into an amendment to its total return swap agreement with ING Bank, giving Telenor 29.9% of the voting stock in Russian mobile operator VimpelCom and 33.6% of VimpelCom's common stock.

The other main shareholder of VimpelCom (Alfagroup) has a put option over its shares in VimpelCom that could require Telenor to acquire its shares if Telenor takes control in VimpelCom. In addition, in 2006 a change to the Russian open joint stock Company law (OJSC law) was adopted, establishing a mandatory tender offer obligation to any shareholder who becomes owner of 30% of the shares in a Russian Company. VimpelCom has amended its charter in accordance with the changes in the OJSC. Following the change in Russian competition law, as of 26 October 2006, both main shareholders would be able to increase their stakes in VimpelCom up to 50% without seeking permission from the Russian Federal Antimonopoly Service.

Kar-Tel, VimpelCom's subsidiary in Kazakhstan, received in 2005 "an order to pay" approximately US\$5.5 billion to the Savings Deposit Insurance Fund, a Turkish state agency. The order was issued in furtherance of its collection of claims against the Uzan group of companies that were affiliated with the Uzan family, former shareholders of KaR-Tel. In July 2006, KaR-Tel submitted a court filing in support of its former petition, objecting to the propriety of the order. VimpelCom believes that the order to pay is without merit, in part due to the fact that the Uzan family has not owned any interest in KaR-Tel since November 2003. VimpelCom acquired KaR-Tel in August 2004. VimpelCom has further stated that in the event of an adverse resolution of this matter, and any others that may arise in connection therewith, could have a material adverse effect on VimpelCom's business, financial condition and results of operations, including an event of default under some or all of VimpelCom's outstanding indebtedness. VimpelCom may provide additional information in its financial statements for the year of 2007.

⁴⁾ Telenor's ownership in Golden Telecom was diluted from 20.3% to 18.3% in 2007, but still significant influence over the company was retained through two board members representing Telenor in Golden Telecom's Board of Directors – thus the investment remained accounted for as an associated company using the equity method. Telenor's ownership in Golden Telecom was sold in 2008, see note 36 "Subsequent events after the balance sheet date" for more information.

⁵⁾ The sale of One GmbH was completed on 2 October 2007. The sales gain related to the transaction was approximately NOK 1,1 billion

⁶⁾ Kyivstar was deconsolidated from 29 December 2006. From this date legal injunctions prohibiting Kyivstar's management from providing financial information to Kyivstar's international auditors and its shareholders, including Telenor were effective. Alfa Group has not met on shareholders meetings and board meetings. A valid quorum at the shareholders meeting represents 60% of the votes and a valid quorum at the board meeting requires one member from Alfa Group to be present, see also note 25 "Commitments and Contingencies". The shareholder situation in addition to the legal injunctions led to the deconsolidation.

In response to the termination of the last of in all three barring injunctions by a Ukrainian court on 23 November 2007, Kyivstar is now providing Telenor with unaudited financial information. This does not however by itself lead to consolidation of Kyivstar. But due to Telenor's continuing significant influence in Kyivstar, Kyivstar is treated as an associated company; see also "Critical accounting judgements and key sources of estimation uncertainty.

Kyivstar has been accounted for as an associated company from 29 December 2006 and was presented separately as Investment in Kyivstar in the balance sheet at year end 2006. When the remaining injunction was lifted and Kyivstar resumed its financial reporting to Telenor, Kyivstar is no longer presented on a separate line, but included in the line "Associated companies". The carrying amount of Kyivstar as of 31 December 2006 that is included in the line associated company represents our 56.5% share of Kyivstar's estimated balance sheet as of 29 December 2006 amounted to NOK 4,991 million.

⁷⁾ From 1 July 2007, Opplysningen AS is accounted for as an associated company.

⁸⁾ Market values of Telenor's ownership interest in listed associated companies as of 31 December 2007 were: VimpelCom: NOK 77,679 million, Wireless Matrix Corporation: NOK 98 million, Golden Telecom Inc.: NOK 4,026 million, Otrum Electronics ASA: NOK 73 million.



The following table sets forth summarised financial information of Telenor's share of associated companies as of 31 December.

NOK IN MILLIONS	2007	2006	2005
Income Statement Data			
Revenue	28 025	19 606	18 360
Net income	6 462	2 362	1 233
Balance Sheet Data			
Total assets	34 781	23 808	
Total liabilities	14 413	9 992	
Net assets	20 368	13 816	

Joint ventures

3G Infrastructure Services AB

3G Infrastructure Services AB was acquired as a part of Vodafone Sweden 5 January 2006. 3G Infrastructure Services AB is a jointly controlled entity with the mobile operator "3", of which Telenor consolidates proportionally 50%, which is equal to ownership and share of votes. 3 and Telenor Sweden were awarded 3G licenses in Sweden. The jointly controlled entity was established to build the network together to reduce costs to build and operate the 3G network.

There are no commitments or contingent liabilities beyond the paid in capital towards 3GIS.

AeroMobile

AeroMobile is a jointly controlled entity of which ARINC and Telenor own 50% respectively. AeroMobile is consolidated proportionally in the Group's financial statements. The business of AeroMobile is to deliver services enabling passenger's onboard aircraft to use their mobile phones and PDAs whilst in flight.

Telenor has given a guarantee to a supplier on behalf of AeroMobile amounted to NOK 7 million. In addition there has been given a restricted guarantee of USD 12.5 million to Societè Generale related to a loan in AeroMobile. Telenor has entered into an agreement which implies, subject to certain terms, that Telenor will increase the equity in AeroMobile by GBP 7.8 million during 2008. As a consequence of the transaction, Telenor's ownership in AeroMobile will increase and the company will be consolidated.

The Group's share of assets, liabilities, revenues, expenses, taxes and profit of the jointly controlled entities, which are consolidated in the Group's financial statements, are as follows:

NOK IN MILLIONS	2007	2006
Revenues	574	533
Operating expenses	(617)	(545)
Net finance items	(2)	1
Profit before taxes	(45)	(11)
Taxes	(1)	(1)
Profit	(46)	(12)
Non-current assets	2 414	2 678
Current assets	169	110
Total assets	2 583	2 788
Non-current liabilities	2 068	2 285
Current liabilities	112	51
Net assets	403	452

18 TRADE AND OTHER RECEIVABLES

NOK IN MILLIONS	2007	2006
Trade receivables	12 227	9 907
Provision for bad debt, see note 10	(1 231)	(1 014)
Total trade receivables	10 996	8 893
Other current receivables		
Interest-bearing receivables	51	145
Accrued revenues	2 848	2 506
Receivables on associated companies and joint ventures	888	904
Receivables on employees	16	41
Other non-interest-bearing receivables	1 587	1 470
Provision for bad debt	(7)	(7)
Total other current receivables	5 383	5 059
Prepaid expenses ¹⁾		
Deferred costs related to connection revenues ²⁾	480	884
Prepaid leases that are amortised ³⁾	487	202
Prepaid expenses	2 526	1 886
Total prepaid expenses	3 493	2 972
Total trade and other receivables	19 872	16 924

¹⁾ Prepaid expenses do not meet the definition of a financial instrument as defined in IAS 32.11, hence they are outside the scope of IFRS 7.

²⁾ Deferred costs for connection revenues are limited to the deferred connection revenues and are deferred over the estimated customer relationship. Deferred costs for connection are classified as current as they relate to the Group's normal operating cycle.

³⁾ For prepaid leases that are amortised see note 14.

The carrying amount of the trade and other current receivables, adjusted for allowance for bad debt, is assessed by the Group to be a reasonable approximation for the fair values of these financial instruments.

Specification of the age distribution per class of financial instruments is as follow⁴⁾:

NOK IN MILLIONS	Carrying amount	Not past due on the reporting date	Past due on the reporting date in the following periods:					More than 365 days
			Less than 30 days	Between 30 and 60 days	Between 61 and 90 days	Between 91 and 180 days	Between 181 and 365 days	
As of 31 December 2007								
Trade receivables	12 227	7 389	2 361	450	306	414	451	856
Provision for bad debt	(1 231)	(16)	(17)	(21)	(65)	(88)	(267)	(757)
Total trade receivables	10 996	7 373	2 344	429	241	326	184	99
As of 31 December 2006								
Trade receivables	9 907	6 093	1 592	342	217	375	568	720
Provision for bad debt	(1 014)	(15)	(17)	(20)	(28)	(62)	(187)	(685)
Total trade receivables	8 893	6 078	1 575	322	189	313	381	35

⁴⁾ For information about the grouping of the financial instruments into appropriate classes see note 22.

For the trade and other current receivables that are not impaired or past due there are no indicators at the date of the reporting that the debtors will not be able to meet their payment obligations.

Due to the large volume and diversity of the Group's customer base, there are no concentrations of credit risk with respect to trade accounts receivables.



19 OTHER CURRENT AND NON-CURRENT ASSETS

NOK IN MILLIONS	2007	2006
Financial non-current assets¹⁾		
Available-for-sale investments	266	271
Financial derivatives – non-interest-bearing non-currents assets (note 22)	645	105
Fair value hedge instruments – interest-bearing non-current assets (note 22)	57	1 125
Other financial non-interest-bearing non-current assets ²⁾	333	329
Other financial interest-bearing non-current assets ³⁾	158	132
Total financial non-current assets	1 459	1 962
Prepaid expenses ⁶⁾	1 581	1 106
Total other non-current assets	3 040	3 068
Other financial current assets¹⁾		
Assets held for trading	52	59
Bonds and commercial papers > 3 months	471	451
Financial derivatives – non-interest-bearing current assets (note 22)	372	616
Total other financial current assets	895	1 126

¹⁾ For further information about the fair values, methods for valuation and grouping into classes of financial instruments, see note 22.

²⁾ Other financial non-interest-bearing non-current assets:

NOK IN MILLIONS	2007	2006
Capital contribution to Telenor Pension Fund	298	298
Receivables on associated companies	10	6
Loans to employees	3	5
Provision for bad debt	(6)	(6)
Other non-interest-bearing loans and deposits	28	26
Other financial non-interest-bearing non-current assets	333	329

³⁾ Other financial interest-bearing non-current assets:

NOK IN MILLIONS	2007	2006
Receivables on associated companies ⁴⁾	35	14
Loans to employees	-	1
Other non-current receivables ⁵⁾	123	121
Provision for bad debt	-	(4)
Other financial interest-bearing non-current assets	158	132

⁴⁾ Negative value on associated company of NOK 53 million has been recorded as a reduction in receivables in 2007 and relates to a loan considered as a part of Telenor's investment in RiksTV AS. Interest-bearing receivables due from associated companies were primarily against RiksTV AS and TV2 Zebra AS in 2007 and primarily against RiksTV AS in 2006.

⁵⁾ Other non-current interest-bearing receivables as of 31 December 2007 and 2006 consisted primarily of the net amount recognised on a receivable DTAC has on Digital Phone Company Limited (DPC). DTAC has submitted its disputes with regard to DPC's default payments in the Thai Arbitration Office in June and October 2003 in addition to July 2006 for settlement of around NOK 728 million (including interests from the default dates until the date DTAC submitted the disputes) pursuant to the terms of an agreement dated 7 January 1997. The recognised receivables are classified as interest-bearing as the disputes include claims of interest from the default date until the date that DPC makes payment of 9.5% per annum, but no net interest income has been recognised as of 31 December 2007. On 25 March 2008, the Arbitral Tribunal has rendered its award granting DTAC 80% of the amounts claimed on October 2008 and July 2006 plus interest at the rate of 9.5% per annum until the payment would be paid in full.

⁶⁾ Prepaid expenses include prepayments for the satellites Thor 5 and Thor 6 of NOK 1,342 million and NOK 790 million as of 31 December 2007 and 2006, respectively.

20 PROVISIONS AND OBLIGATIONS

Non-current

NOK IN MILLIONS	2007	2006
Pension liabilities (Note 7)	2 251	2 351
Provisions for workforce reduction, onerous (loss) contracts and legal disputes	153	184
Asset retirement obligations (ARO)	834	732
Other provisions	92	72
Total non-current provisions and obligations	3 330	3 339

Current

NOK IN MILLIONS	2007	2006
Provisions for workforce reduction, onerous (loss) contracts and legal disputes	243	500
Asset retirement obligations (ARO)	4	3
Other provisions	439	363
Total current provisions and obligations	686	866

Figures for 2007 and 2006 are presented excluding liabilities held for sale.

Development in 2007

NOK IN MILLIONS	Workforce reductions	Onerous (loss) contracts	Legal disputes (note 25)	ARO	Total
1 January 2007	275	407	2	735	1 419
Arising during the year	67	183	3	82	335
Accretion expense	-	10	-	45	55
New subsidiaries	-	10	-	-	10
Amounts utilised	(187)	(329)	(2)	(5)	(523)
Unused amounts reversed	(19)	-	(2)	-	(21)
Translation differences	(5)	(17)	-	(19)	(41)
31 December 2007	131	264	1	838	1 234

Asset Retirement Obligations

Telenor has asset retirement obligations relating primarily to equipment and other leasehold improvements installed on leased network sites and in administrative and network buildings. Those leases generally contain provisions that require Telenor to remove the asset and restore the sites to their original condition at the end of the lease term. The table above presents all changes in Telenor's assets retirement obligations.

In most situations, the timing of the asset removals will be a long time into the future and result in significant uncertainty as to whether the obligation actually will be paid. The actual gross removal costs that the Group incurs may be significantly different from the estimated costs, for example due to negotiation of prices for a large amount of removals or agreements that reduce or relieve the Group from its liabilities. The actual timing of the removals may also differ significantly from the estimated timing.

Workforce reduction, onerous (loss) contracts and legal disputes

Provisions for workforce reductions included approximately 500 employees as of 31 December 2007 and approximately 650 employees as of 31 December 2006.

Onerous contracts relate mainly to estimated losses on property leases, the MVNO agreement in Sweden and roll-out contracts in Other units. Estimated losses on property leases are based on the assumptions of future subleases. The actual outcome may differ from the estimates.

Provisions for legal disputes represent the management's best estimates of the actual outcome. The actual outcome of amount and timing may differ significantly from the estimates. See note 25 for more information regarding legal disputes.

21 INTEREST-BEARING LIABILITIES

NOK IN MILLIONS	2007			2006		
	Current interest-bearing financial liabilities	Non-current interest-bearing financial liabilities	Total	Current interest-bearing financial liabilities	Non-current interest-bearing financial liabilities	Total
Interest-bearing liabilities measured at amortised cost:						
– Bank loans	1 089	7 777	8 866	2 348	7 893	10 241
– Finance lease obligations	337	1 218	1 555	320	1 630	1 950
– Bonds and Commercial Paper	4 837	13 500	18 337	5 188	18 973	24 161
– Other liabilities	261	1 170	1 431	118	1 155	1 273
Interest-bearing liabilities in fair value hedge relationships	1 000	16 060	17 060	1 978	9 858	11 836
Total	7 524	39 725	47 249	9 952	39 509	49 461



Non-current interest-bearing liabilities

NOK IN MILLIONS	Company	Debt instrument	Currency	Average	Debt	Debt	Debt	Debt
				interest rate	excluding interest-rate and currency swaps	including interest-rate and currency swaps	excluding interest-rate and currency swaps	including interest-rate and currency swaps
			31.12.07	31.12.07	31.12.07	31.12.07	31.12.06	31.12.06
	Telenor ASA	Committed Revolving Credit Facility						
		Limit EUR 1 500 – Maturity 2012	-	-	-	-	-	-
	Telenor ASA	Committed Revolving Credit Facility	EUR	-	3 980	-	4 119	-
		Limit EUR 1 500 – Maturity 2009	NOK	5.72%	-	3 980	-	4 000
	Telenor ASA	EMTN programme	CHF	-	-	-	794	-
		Limit EUR 7 500	EUR	4.71%	22 428	7 549	17 624	10 378
			NOK	6.17%	2 206	15 514	2 199	11 068
			SEK	4.83%	1 096	3 079	1 184	448
			JPY	-	338	-	630	-
	Telenor ASA	Norwegian Bonds	NOK	7.28%	198	198	2 198	2 198
	Telenor ASA	Other non-current interest-bearing liabilities	NOK	-	65	65	100	100
	DiGi	Borrowings from financial institutions	MYR	5.05%	327	327	532	532
	Grameenphone	Borrowings from financial institutions	USD	8.33%	96	96	186	186
	Grameenphone	Borrowings from financial institutions	NOK	6.28%	8	8	12	12
	Grameenphone	Borrowings from financial institutions	BDT	13.50%	141	141	-	-
	Grameenphone	Borrowings from NORAD	NOK	3.40%	17	17	24	24
	Grameenphone	Finance lease	BDT	15.00%	414	414	394	394
	Sonofon	Finance lease	DKK	6.27%	174	174	184	184
	Sonofon	UMTS licenses ¹⁾	DKK	3.67%	259	259	302	302
	Mobile – Sweden	Finance lease	SEK	3.98%	208	208	-	-
	Euroopolitan Telenor AB	Finance lease	SEK	-	-	-	244	244
	Telenor Pakistan	GSM licenses ¹⁾	USD	4.59%	629	629	698	698
	DTAC	Borrowings from financial institutions	USD	5.47%	1 034	-	1 239	-
	DTAC	Borrowings from financial institutions	JPY	6.60%	412	-	461	-
	DTAC	Borrowings from financial institutions	THB	-	-	1 446	-	1 700
	DTAC	Bonds	THB	5.68%	2 604	2 627	3 523	3 602
	Telenor d.o.o	Finance lease	EUR	8.66%	6	6	8	8
	Telenor Cinclus	Borrowings from Skagerak Energi	NOK	8.48%	102	102	91	91
	Telenor Cinclus	Liabilities related to share purchase	SEK	-	54	54	-	-
	EDB Business Partner	Borrowings from financial institutions	NOK	6.40%	530	530	300	300
	EDB Business Partner	Borrowings from financial institutions	SEK	5.26%	1 140	1 140	952	952
	EDB Business Partner	Finance lease	NOK	4.60%	13	13	25	25
	EDB Business Partner	Bonds	NOK	5.82%	593	593	600	600
	Telenor Satellite Broadcasting AS	Finance lease ²⁾	GBP	4.50%	405	405	671	671
	Telenor Satellite Broadcasting AS	Finance lease	NOK	-	-	-	71	71
	AeroMobile Ltd	Borrowings from financial institutions	GBP	6.79%	55	55	37	37
		Derivatives designated to fair value hedging ³⁾	-	-	97	-	79	-
		Other non-current interest-bearing liabilities	-	-	96	96	28	28
	Total non-current interest-bearing liabilities				39 725	39 725	39 509	38 853

¹⁾ Net present value of future payments for mobile licenses.

²⁾ Satellite leases (Thor II and III). Telenor ASA is guaranteeing this financing, see note 33.

³⁾ Interest rate derivatives used in order to convert the cash flows of a debt instrument from fixed to floating interest rate that fulfils the requirements for applying fair value hedge accounting. These derivatives are classified gross as interest-bearing financial assets (see note 19), or interest-bearing liabilities according to IAS 39.

Telenor ASA has established syndicated revolving credit facilities of EUR 1.5 billion with maturity in 2012 and EUR 1.5 billion with maturity in 2009 of which EUR 0.5 billion is a term loan. According to Telenor's Group Policy Treasury, these committed credit facilities should at any time serve as refinancing source for all outstanding commercial paper and other current interest-bearing debt.

All outstanding debt issued by Telenor ASA is unsecured. The financing agreements except the Commercial Papers, contain provisions restricting the pledge of assets to secure future borrowings without granting a similar secured status to the existing lenders (negative pledge) and also contain covenants limiting disposals of significant subsidiaries and assets. Telenor ASA has during 2007 made changes to the wording in parts of its financing agreements, to align it to market standards and reduce the impact of default in Principal Subsidiaries.

A majority of Telenor ASA's outstanding bonds under its existing EMTN Programme are subject to a Change of Control Clause. Such Change of Control shall be deemed to have occurred if a person or entity other than the Kingdom of Norway directly or indirectly, own or acquire more than 50% of the issued ordinary share capital of the Issuer, where by such change in ownership or acquisition leads to a downgrade below investment grade rating, the holder of such bonds can require the Issuer to redeem the principal amount together with accrued interest. The full definition of this Change of Control clause is described in the Final Terms for each specific bond issue.

The interest-bearing liabilities in subsidiaries are generally not guaranteed by Telenor ASA and are subject to standard financial covenants, some of which limit the ability to transfer funds to Telenor ASA in the form of dividends or loans. Telenor ASA has covenants on the lease of satellites that grant the other party the right, if Telenor ASA is downgraded, to require Telenor to either pledge assets or terminate the lease agreements.

Telenor entered into Cross Border QTE Leases for telephony switches, GSM Mobile network and fixed-line network in 1999 and 2003. Telenor has defeased all amounts due by us under these agreements with highly rated financial institutions and US Government related securities. The leasing obligations and the defeased amounts are shown net on the balance sheet, and are not reflected in the tables. See notes 15, 22 and 33.

The reference interest rates used as a basis for the floating rate fixings are LIBOR, NIBOR, EURIBOR, BIBOR, SIBOR, KIBOR, CIBOR and STIBOR.

Current interest-bearing liabilities

NOK IN MILLIONS			Average interest rate	Debt excluding interest-rate-swaps	Debt including interest-rate-swaps	Debt excluding interest-rate-swaps	Debt including interest-rate-swaps
Company	Debt instrument	Currency	31.12.07	31.12.07	31.12.07	31.12.06	31.12.06
Telenor ASA	Committed Revolving Credit Facility						
	Limit EUR 1 500 – Maturity 2012	-	-	-	-	-	-
Telenor ASA	Committed Revolving Credit Facility						
	Limit EUR 1 500 – Maturity 2009	-	-	-	-	-	-
Telenor ASA	U.S. Commercial Paper programme (USCP)						
	Limit USD 1 000	-	-	-	-	-	-
Telenor ASA	Euro Commercial Paper programme (ECP)	NOK	4.40%	-	717	-	-
	Limit EUR 1 000	EUR	-	717	-	-	-
Telenor ASA	Commercial Paper	NOK	-	-	-	1 230	1 230
Telenor ASA	EMTN program	NOK	6.58%	-	241	-	2 356
	Limit EUR 7 500	JPY	-	241	-	-	-
		CHF	-	721	-	-	-
		EUR	4.99%	2 388	3 109	3 297	824
Telenor ASA	Norwegian Bonds	NOK	5.77%	770	770	2 638	2 638
Telenor ASA	Other current term debt	NOK	-	50	50	47	47
DiGi	Borrowings from financial institutions	MYR	4.60%	164	164	-	-
Pannon	UMTS licenses	HUF	-	-	-	52	52
Grameenphone	Borrowings from financial institutions	USD	8.33%	65	65	76	76
Grameenphone	Borrowings from financial institutions	NOK	6.28%	4	4	4	4
Grameenphone	Borrowings from financial institutions	BDT	12.52%	391	391	-	-
Grameenphone	Borrowing from NORAD	NOK	3.40%	8	8	8	8
Grameenphone	Finance lease	BDT	15.00%	116	116	19	19
Sonofon	Finance lease	DKK	6.28%	4	4	3	3
Sonofon	UMTS licenses ¹⁾	DKK	3.67%	32	32	32	32
Mobile – Sweden	Finance lease	SEK	3.98%	14	14	-	-
Cybercity A/S	Finance lease	DKK	-	-	-	17	17
Telenor Pakistan	GSM licenses ¹⁾	USD	5.69%	2	2	2	2
DTAC	Borrowings from financial institutions	USD	5.38%	215	-	509	-
DTAC	Borrowings from financial institutions	JPY	6.60%	52	-	51	-
DTAC	Borrowings from financial institutions	THB	-	-	267	881	1 441
DTAC	Bonds	THB	5.09%	994	1 000	-	-
UCOM	Borrowings from financial institutions	THB	-	-	-	676	676
Telenor d.o.o	Finance lease	EUR	8.66%	2	2	2	2
Telenor Cinclus	Borrowings from Skagerak Energi	NOK	8.48%	136	136	-	-
Telenor Cinclus	Borrowings from financial institutions	SEK	4.90%	151	151	-	-
Oy Comsel System AB	Borrowings from financial institutions	EUR	5.40%	47	47	-	-
Telenor Satellite Broadcasting AS	Finance lease ²⁾	GBP	4.50%	187	187	187	187
EDB Business Partner	Borrowings from financial institutions	NOK	-	-	-	140	140
EDB Business Partner	Finance lease	NOK	4.60%	13	13	15	15
Canal Digital	Finance lease	-	-	-	-	17	17
	Derivatives designated to fair value hedging ³⁾	-	-	6	-	-	-
	Other current interest-bearing liabilities	-	-	34	34	49	49
Total current interest-bearing liabilities				7 524	7 524	9 952	9 835

¹⁾ Net present value of future payments for mobile licenses.

²⁾ Satellite leases (Thor II and III). Telenor ASA is guaranteeing this financing, see note 33.

³⁾ Interest rate derivatives used in order to convert the cash flows of a debt instrument from fixed to floating interest rate that fulfils the requirements for applying fair value hedge accounting. These derivatives are classified gross as interest-bearing financial assets (see note 19), or interest-bearing liabilities according to IAS 39.

22 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk factors

Telenor ASA's treasury function is responsible for funding, foreign exchange risk, interest rate risk, credit risk and liquidity management for the parent company and for companies owned 90% directly or indirectly by Telenor ASA. Subsidiaries owned less than 90% normally have stand-alone financing.

Telenor has limited activity related to interest rate and currency trading for its own account. As of 31 December 2007, Telenor did not have any outstanding open trading positions.

Liquidity risk

Telenor emphasises financial flexibility. An important part of this emphasis is to minimise liquidity risk through ensuring access to a diversified set of funding sources. Telenor ASA issues debt in the domestic and international capital markets mainly in the form of Commercial Paper and bonds. Telenor uses Euro Commercial Paper, U.S. Commercial Paper, Euro Medium Term Note and the Norwegian domestic capital market to secure satisfactory financial flexibility. Telenor ASA has established committed syndicated revolving credit facilities of EUR 1.5 billion with maturity in 2012 and EUR 1.5 billion with maturity in 2009 of which EUR 0.5 billion is a term loan.

The table below shows the maturity profile of Telenor's liabilities (in nominal values).

NOK IN MILLIONS	Total as of 31.12.07	< 1 year	1–3 years	3–6 years	6–9 years	>9 years	Not specified
Interest-bearing liabilities							
Bank loans	8 866	1 089	5 621	2 087	69	-	-
Bonds and Commercial Paper	35 294	5 831	5 901	11 614	3 962	7 986	-
Financial derivative liabilities	103	6	24	12	61	-	-
Lease liabilities	1 555	337	473	52	80	613	-
Other interest-bearing liabilities	1 431	261	342	339	298	191	-
Sum of interest-bearing liabilities	47 249	7 524	12 361	14 104	4 470	8 790	-
Non-interest-bearing liabilities							
Trade and other payables	26 829	26 829	-	-	-	-	-
Current and deferred tax liabilities	6 411	2 667	-	-	-	-	3 744
Other current non-interest-bearing liabilities	1 284	1 284	-	-	-	-	-
Other non-current non-interest-bearing liabilities	4 403	-	-	-	-	-	4 403
Sum of non-interest-bearing liabilities	38 927	30 780	-	-	-	-	8 147
Total	86 176	38 304	12 361	14 104	4 470	8 790	8 147

NOK IN MILLIONS	Total as of 31.12.06	< 1 year	1–3 years	3–6 years	6–9 years	>9 years	Not specified
Interest-bearing liabilities							
Bank loans	10 241	2 348	5 956	1 739	198	-	-
Bonds and Commercial Paper	35 918	7 166	10 387	13 285	5 080	-	-
Financial derivative liabilities	79	-	49	30	-	-	-
Finance lease obligations	1 950	320	556	344	494	236	-
Other interest-bearing liabilities	1 273	118	277	393	48	437	-
Sum of interest-bearing liabilities	49 461	9 952	17 225	15 791	5 820	673	-
Non-interest-bearing liabilities							
Trade and other payables	22 726	22 726	-	-	-	-	-
Current and deferred tax liabilities	6 561	2 024	-	-	-	-	4 537
Other current non-interest-bearing liabilities	2 369	2 369	-	-	-	-	-
Other non-current non-interest-bearing liabilities	4 763	-	-	-	-	-	4 763
Sum of non-interest-bearing liabilities	36 419	27 119	-	-	-	-	9 300
Total	85 880	37 071	17 225	15 791	5 820	673	9 300

The Group uses Commercial Papers, cash and credit facilities to manage short term liquidity. Long term liquidity needs are managed by raising funds in the capital markets or issue of new shares.

Interest rate risk

Telenor is exposed to interest rate risk through funding and cash management activities. Changes in interest rates affect the fair value of assets and liabilities. Interest income and interest expense in the income statement are influenced by changes in interest rates in the market.

The objective for interest rate risk management is to minimise interest cost and at the same time keep the volatility of future interest payments within acceptable limits. A portion of the debt issued by Telenor Group is fixed rate debt (65% of outstanding debt before swap as of 31 December 2007 and 70% at 31 December 2006). Telenor applies interest rate derivatives to manage the interest rate risk of the debt portfolio. This typically involves interest rate swaps, while forward rate agreements and interest rate options are used to a lesser extent.





According to Telenor's Group Policy Treasury, the average duration of the debt portfolio should be between 0.5 to 2.5 years. As of 31 December 2007 the average duration was 1.1 years (1.3 years as of 31 December 2006).

Derivative instruments designated as cash flow hedging instruments

A substantial part of Telenor's effective cash flow hedges were related to interest rate risk. Interest rate risk for certain bonds issued with floating rate have been hedged using interest rate swaps where Telenor receives floating rate and pays fixed rate. In addition, Telenor hedged some minor forecasted capital expenditure outflows denominated in foreign currency by entering into currency forward contracts, as well as some future purchase of electricity using energy future contracts.

The table below shows the effective and the ineffective parts of Telenor's cash flow hedges.

Cash flow hedging relationships

NOK IN MILLIONS	2007	2006
Cash flow hedging equity reserve at beginning of year:	(1)	37
Changes in fair value of derivative:	(6)	(2)
Ineffective part taken over the profit and loss:	-	-
Transferred in the period from equity to		
Profit & Loss (Financial expenses):	-	(1)
Assets (Property, plant and equipment)	2	(35)
Cash flow hedging equity reserve at the end of year:	(5)	(1)

Derivative instruments designated as fair value hedging instruments

Telenor employs two strategies that qualify for fair value hedge accounting. The first is to issue a fixed rate bond in the currency in which funding is to be raised and consequently enter into an interest rate swap receiving fixed and paying floating interest rate.

The second strategy is to hedge a fixed rate bond issued in currency other than local currency by entering into a cross currency interest rate swap receiving fixed rate foreign currency and paying floating rate local currency.

The table below shows the effective and the ineffective parts of Telenor's fair value hedges.

Fair value hedging relationships

NOK IN MILLIONS	2007	2006
Net gain/(loss) recognised in income statement on hedged items	115	(1 013)
Net gain/(loss) recognised in income statement on hedging instruments	(92)	1 009
Amount of hedge ineffectiveness	23	(4)
Effect of de-designating – object re-measured at amortised cost	2	-

Interest rate swaps are also used to periodically rebalance the portfolio in order to be in line with the duration limit according to Telenor's Group Policy Treasury. These derivatives do not qualify for hedge accounting.

Interest rate risk sensitivity analysis

Effects on changes in fair value

Telenor Group calculates the sensitivity on the change in fair value of a defined parallel shift in the yield curve of the relevant currencies. For each simulation, the same shifts in interest rates are used for all currencies. The sensitivity analysis is run only for assets and liabilities that represent major interest-bearing positions. Based on simulations performed, the impact on profit or loss of a 10% change in the yield curve as of 31 December 2007 would represent an increase in change in fair value of financial instruments of maximum NOK 268 million (NOK 252 million as of 31 December 2006) or a decrease in change in fair value of financial instruments of maximum NOK 269 million (NOK 255 million as of 31 December 2006), respectively.

Effects on interest expenses

Interest rate movements would also affect interest expense from floating rate borrowings. The sensitivity analysis is run for floating rate liabilities, and reflects a 10% change in the interest rate by year end. If all interest rates for all currencies had weakened/strengthened by 10% for Telenor ASA and all subsidiaries, with all other variables held constant, interest expense for the Group would have been NOK 157 million higher/lower as of 31 December 2007 (NOK 111 million as of 31 December 2006).

Exchange rate risk

Telenor is exposed to changes in the value of NOK relative to other currencies. The carrying amount of Telenor ASA's net investments in foreign entities varies with changes in the value of NOK compared to other currencies. The net income of the Telenor Group is also affected by changes in exchange rates, as the profit and losses from foreign operations are translated into NOK using the average exchange rate for the period. If these companies pay dividends, it will typically be paid in currencies other than NOK. Exchange rate risk related to some net investments in foreign operations is partly hedged by issuing financial instruments in the currencies involved, when this is considered appropriate. Combinations of money market instruments (Commercial Paper and bonds) and derivatives (foreign currency forward contracts and cross currency swaps) are typically used for this purpose.

Exchange rate risk also arises when subsidiaries enter into transactions denominated in other currencies than their own functional currency, including agreements made to acquire or dispose assets in foreign currency. In accordance with Group Policy Treasury committed cash flows in foreign currency equivalent to NOK 50 million or above, are hedged economically by using forward contracts. When possible, cash flow hedge accounting is applied for these transactions.

Exchange rate risk related to debt instruments in non-functional currencies in foreign operations is also a part of the risk exposure of the Telenor Group. Cross currency swaps are occasionally applied to eliminate such exchange rate risk. Fair value hedge accounting is applied for these transactions when possible.

Foreign currency swaps are frequently used for liquidity management purposes. No hedging relationships are designated in relation to these derivatives.

Derivative (and non-derivative) instruments designated as hedging instruments of net investment in foreign operations

As of 31 December 2007, material hedging positions are designated as net investment hedges. See the consolidated Statements of changes in equity for currency effects booked directly to equity as a result of net investment hedging.

Net investment hedging relationships

NOK IN MILLIONS	2007	2006
Effective part booked directly to equity	436	116
Amount of hedge ineffectiveness	-	-
Amount removed from equity and included in the income statement – at the time of disposal of investment	48	-

In accordance with the Group Policy Treasury, hedging as described above is only carried out in currencies that have well-functioning capital markets.

Exchange rate risk sensitivity analysis

This analysis does not take into account correlation between currencies other than NOK. Empirical studies confirm substantial diversification effects across the currencies that Telenor is exposed to.

Effects on net currency gains (losses)

At 31 December 2007, if local currency had weakened/strengthened by 10% against other currencies for Telenor ASA and all subsidiaries, with all other variables held constant, net income for the Group for the year would have been NOK 586 million (NOK 388 million as of 31 December 2006) higher/lower. This is mainly a result of foreign exchange translation of USD and EUR denominated trade payables, debt in EUR, USD and SEK as well as some currency positions in Telenor ASA. The change in sensitivity in 2007 compared with 2006 is mainly explained by an increase in trade payables in non-functional currency.

Effects due to foreign exchange translations on equity

If local currency had weakened/strengthened by 10% against all other currencies included in the analysis, the increase/decrease in the carrying amount of equity as of 31 December 2007 would have been approximately NOK 5.8 billion (NOK 5.6 billion as of 31 December 2006). Compared to last year there are no specific acquisitions or disposals that should have changed this exposure significantly. The increased exposure is mainly due to retained earnings that are added to the equity during 2007.

Effects due to foreign exchange translations on net income after taxes

Translation of net income from subsidiaries with functional currency other than NOK, also represents a currency exposure for Telenor. The sensitivity analysis is run only for the material subsidiaries owned by Telenor. If local currency had weakened/strengthened by 10% against all other currencies included in the analysis, net income after taxes for Telenor Group would have been NOK 497 million lower/higher in 2007 (NOK 175 million in 2006).

Credit risk

Credit risk is the loss that Telenor would suffer if a counterparty fails to perform its financial obligations. The Group considers its maximum exposure to credit risk to be as follows:

Maximum credit exposure

NOK IN MILLIONS	2007	2006
Cash and cash equivalents	6 841	4 628
Other financial assets – Financial derivatives	1 074	1 846
Trade and other receivables	19 872	16 924

Concentrations of credit risk with respect to trade receivables are limited due to Telenor's customer base containing a high number of customers that are also considered unrelated. Due to this, there is no further credit risk provision required in excess of the normal provision for bad and doubtful receivables.

Telenor invests surplus liquidity in current interest-bearing assets. Credit risk is inherent in such instruments. Financial derivatives with positive replacement value for Telenor, taking into account legal netting agreements, also represents a credit risk.

Credit risk arising from financial transactions is reduced through diversification, through accepting counterparties with high credit ratings only and through defining limits on aggregated credit exposure towards each counterparty. Telenor ASA has legal netting agreements (ISDA agreements), which allows gains to be offset against losses in a bankruptcy situation with 13 banks that are counterparties in derivative transactions. As of 31 December 2007, Telenor ASA had collateral agreements with four banks in derivative transactions. Both ISDA agreements and collateral agreements are means to reduce overall credit risk. Counterparty risk in subsidiaries in emerging markets is higher due to lack of counterparties with high credit rating. This counterparty risk is monitored on a regular basis.



Telenor ASA has entered into Cross Border QTE Leases for telephony switches, GSM Mobile network and fixed-line network. Telenor has defeased all amounts due under these agreements in highly rated financial institutions and US Government related securities. The leasing obligations and the defeased amounts are presented net in the balance sheet, see notes 15, 21 and 33. The defeased amounts were NOK 4.0 billion as of 31 December 2007 (NOK 5.5 billion as of 31 December 2006).

Fair value of derivatives with positive replacement value for Telenor was NOK 622 million as of 31 December 2007, taking into account legal netting agreements (NOK 987 million as of 31 December 2006). Telenor's cash and cash equivalents do also represent a credit risk. Telenor normally has deposits in countries with Telenor operative operations. The credit risk on such deposits varies dependent on the credit worthiness of the individual banks and countries in which the banks are localised. It is also referred to note 28 for information regarding cash inside and outside the cash pool. Some associated companies also held significant deposits in banks. Such deposits are distributed in several banks to reduce the credit risk. Credit exposure for Telenor ASA is monitored on a daily basis.

Managing capital

The Group's objectives and policies when managing capital are to maintain a sufficient financial flexibility to diligently capitalise on proper opportunities and/or challenges without incurring financial distress and secondly to maintain an optimal capital structure to minimise the cost of capital. The Group's overall strategy remains unchanged from 2006.

The Group's capital structure consists of debt that includes the borrowings disclosed in note 21, cash and short term deposit and equity attributable to shareholders of Telenor ASA as presented in the consolidated statement of changes in equity and in note 34, excluding components arising from cash flow hedges.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, perform share buy back, issue new shares or sell shares to reduce debt.

Telenor ASA has a target of a long term credit rating of Single A. As of 31 December 2007 the rating is A2 (Moody's) and BBB+ (S&P), both with Stable outlook.

Subsidiaries should have a capital structure reflecting the cost of capital, market conditions, legal and tax regulations and other relevant parameters in each individual case.

Fair values of financial instruments

Principles for estimating fair value

Based on the characteristics of the financial instruments that are recognised in the financial statement Telenor has grouped the significant financial instruments into the classes described in the table below. The estimated fair values of the Group's financial instruments are based on market prices and the valuation methodologies are per class described below.

Equity securities available for sale

Fair values for listed shares are based on quoted prices at the end of the relevant years. Fair value for unlisted shares are calculated by using commonly used valuation techniques, or measured at cost if the investment do not have a quoted market price in an active market and whose fair value cannot be reliably measured. Listed companies consolidated in the Telenor Group or accounted for by using the equity method, are not included in the table further below.

Financial derivatives

Fair values of currency swaps, foreign currency forward contracts and interest rate swaps are estimated by the present value of future cash flows, calculated by using quoted swap curves and exchange rates as of 31 December 2007 and 2006, respectively. Options are revalued using appropriate option pricing models.

Interest-bearing liabilities

Fair values of interest-bearing liabilities have been calculated using yield curves. The yield curves have been interpolated from cash and swap curves observed in the market for different currencies and maturities.

Cash and cash equivalents

The fair value for this class of financial instruments is assessed to be equal to the carrying amount.

Trade receivables and other current receivables

For the trade receivables and the other current receivables the carrying amount, adjusted for allowance for bad debt, is assessed to be a reasonable approximation of the fair value for this class of transactions. Discounting is not considered to have material effect on this class of financial instruments.

Trade payables and other non-interest-bearing financial liabilities

For the trade payables and the other non-interest-bearing financial liabilities the carrying amount is assessed to be a reasonable approximation of the fair value for this class. Discounting is not considered to have material effect these financial instruments.

Fair values of financial instruments

NOK IN MILLIONS	Carrying amount	Fair value	Carrying amount	Fair value
	31.12.2007	31.12.2007	31.12.2006	31.12.2006
Available-for-sale investments	266	266	271	271
Assets held for trading	52	52	59	59
Cash and current deposits				
– Cash and cash equivalents	6 841	6 841	4 628	4 628
– Bonds and commercial papers > 3 months	471	471	451	451
Non-current interest-bearing liabilities	(39 725)	(40 548)	(39 509)	(40 647)
Current interest-bearing liabilities	(7 524)	(7 271)	(9 952)	(9 407)

Derivatives

Gain interest rate swaps	125	125	335	335
Loss interest rate swaps	(168)	(168)	(423)	(423)
Gain cross currency interest rate swaps	554	554	1 313	1 313
Loss cross currency interest rate swaps	(769)	(769)	(813)	(813)
Gain foreign currency forward contracts	262	262	181	181
Loss foreign currency forward contracts	(51)	(51)	(125)	(125)
Gain interest rate options	21	21	9	9
Loss interest rate options	-	-	(1)	(1)
Gain equity derivatives ¹⁾	110	110	-	-
Loss equity derivatives	-	-	(120)	(120)
Gain energy futures	3	3	5	5
Loss energy futures	(4)	(4)	(2)	(2)
Total net derivatives	83	83	359	359

¹⁾ Telenor ASA has in 2007 provided a guarantee in relation to equity derivatives. The guarantee amounts to NOK 529 million as of 31 December 2007.

Classification of derivatives in the consolidated balance sheet¹⁾

NOK IN MILLIONS	Carrying amount	Carrying amount
	31.12.2007	31.12.2006
Financial derivatives – non-interest-bearing non-current assets ²⁾	645	105
Fair value hedge instruments – interest-bearing non-current assets ²⁾	57	1 125
Financial derivatives – non-interest-bearing current assets ³⁾	372	616
Fair value hedge instruments – non-current interest-bearing liabilities ⁴⁾	(97)	(79)
Financial derivatives – non-current non-interest-bearing liabilities ⁵⁾	(684)	(335)
Fair value hedge instruments – current interest-bearing liabilities ⁶⁾	(6)	-
Financial derivatives – current non-interest-bearing liabilities ⁷⁾	(204)	(1 073)
Total net derivatives	83	359

¹⁾ Derivatives designated as hedging instruments in fair value hedges are classified as interest-bearing in the balance sheet. All other derivatives are classified as non-interest-bearing.

²⁾ Included in Financial non-current assets in the balance sheet (note 19).

³⁾ Included in Other financial current assets in the balance sheet (note 19).

⁴⁾ Included in Non-current interest-bearing financial liabilities in the balance sheet (note 21).

⁵⁾ Included in Non-current non-interest-bearing financial liabilities in the balance sheet (note 23).

⁶⁾ Included in Current interest-bearing financial liabilities in the balance sheet (note 21).

⁷⁾ Included in Current non-interest-bearing financial liabilities in the balance sheet (note 23).

23 TRADE AND OTHER PAYABLES AND NON-INTEREST-BEARING LIABILITIES

Trade and other payables

NOK IN MILLIONS	2007	2006
Trade payables	8 044	7 114
Government taxes, tax deductions etc.	3 293	2 852
Accrued expenses	9 431	6 341
Deferred connection revenues ¹⁾	956	1 125
Prepaid revenues	5 098	5 290
Liabilities to Associated Companies	7	4
Total trade and other payables²⁾	26 829	22 726

¹⁾ Connection revenues are deferred over the estimated customer relationship. Deferred connection revenues are classified as current as they relate to the Group's normal operating cycle.

²⁾ Government taxes, tax deductions, deferred and prepaid revenues do not meet the definition of a financial instrument as defined in IAS 32.11, hence they are outside the scope of IFRS 7. Further disclosures given per class of financial instrument as required by IFRS 7.6 do therefore not include these items.



**Current non-interest-bearing liabilities**

NOK IN MILLIONS	2007	2006
Financial derivatives	204	1 073
Other current non-interest-bearing liabilities	394	430
Total current non-interest-bearing liabilities	598	1 503

Non-current non-interest-bearing liabilities

NOK IN MILLIONS	2007	2006
Financial derivatives	684	335
Other non-current non-interest-bearing liabilities	390	367
Total non-current non-interest-bearing liabilities	1 074	702

The carrying amount of the trade payables is assessed by the Group to be a reasonable approximation for the fair values of this class of financial instruments, hence no further information is included for within this disclosure. For information about the fair value of the financial derivatives and the grouping of financial instruments into appropriate classes see note 22.

24 EARNINGS PER SHARE**From total operations**

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of Telenor ASA is based on the following data:

Earnings

NOK IN MILLIONS	2007	2006 (unaudited)	2005
Net income for the purposes of basic earnings per share (profit for the year attributable to the equity holders of Telenor ASA)	18 016	15 920	7 646
Effect of dilutive potential ordinary shares	-	-	-
Earnings for the purposes of diluted earnings per share	18 016	15 920	7 646

Number of shares

NOK IN THOUSANDS	2007	2006	2005
Weighted average number of ordinary shares for the purposes of basic earnings per share	1 680 126	1 685 701	1 710 502

Effect of dilutive potential ordinary shares

Share options	1 552	1 003	1 340
Weighted average number of ordinary shares for the purposes of diluted earnings per share	1 681 678	1 686 704	1 711 842

The denominators for the purposes of calculating both basic and diluted earnings per share have been adjusted for the buyback of shares held by the Kingdom of Norway from the time of approval at the Annual General Meeting.

From continuing operations

The calculation of the basic and diluted earnings per share from continuing operations attributable to the ordinary equity holders of Telenor ASA is based on the following data.

Earnings

NOK IN MILLIONS	2007	2006 (unaudited)	2005
Profit for the year attributable to the equity holders of Telenor ASA	18 016	15 920	7 646

Less

Profit for the year from discontinued operations	1 400	155	185
Net income for the purposes of basic earnings per share from continuing operations	16 616	15 765	7 461
Effect of dilutive potential ordinary shares	-	-	-
Net income for the purposes of diluted earnings per share from continuing operations	16 616	15 765	7 461

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

25 COMMITMENTS AND CONTINGENCIES

Telenor is involved in a number of legal proceedings in various forums. While acknowledging the uncertainties of litigation, Telenor is of the opinion that based on the information currently available, these matters, except as discussed below, will be resolved without any material adverse effect individually or in the aggregate on Telenor's financial position. No provisions have been made for the legal disputes discussed in this note. For legal disputes, in which Telenor assess it to be probable (more likely than not) that an economic outflow will be required to settle the obligation, provisions have been made based on management's best estimate. See note 20 for further information with regard to provisions for legal disputes. In addition, restrictions in Telenor's ownership interest or where the non-controlling shareholders have temporarily restricted Telenor's control is disclosed in this note. Telenor expects that these matters will be resolved without any material adverse effect on Telenor's financial position.

Kyivstar

1) There is ongoing litigation in New York between Telenor and four affiliates of the Alfa Group Consortium that relate to the Kyivstar shareholders' agreement dated January 2004 and related corporate governance matters. Since 2005, Storm has in a number of instances failed to have at least one representative from Storm attend Kyivstar's shareholder and board meetings. For a valid quorum to be present at Kyivstar's shareholder meetings, Ukrainian law requires the attendance of shareholders holding more than 60% of a company's share capital and, for a valid quorum to be present at board meetings, Kyivstar's charter and shareholders' agreement require the attendance of at least one director from Storm. In February 2006, in accordance with the disputes resolution provision in the Kyivstar shareholders' agreement, Telenor commenced an arbitration proceeding in New York against Storm LLC, the Alfa affiliate that is a 43.5% shareholder in Kyivstar, for violating the Kyivstar shareholders' agreement.

The arbitration tribunal in New York released their award on 1 August 2007, in favour of Telenor. The award stated that the Shareholders' Agreement is valid and binding between the parties and Kyivstar, and orders Storm to participate in all future Shareholders' meetings of Kyivstar and in particular to vote in a way that secures necessary amendments to the Kyivstar charter to make it conform with both Ukrainian law and the Shareholders' Agreement, and that a proper board according to the charter and the Shareholders' Agreement is elected which entitles Telenor to a majority of the votes. Furthermore, Storm and its affiliates were ordered to stop any pending and enjoined from future court proceedings in Ukraine related to matters governed by the Shareholders' Agreement and Storm and its affiliates were enjoined from taking any action that would hinder or preclude Telenor's ability to exercise its rights and obligations under the Shareholders' Agreement. Storm was also found to be in breach of the non-competition clause of the Shareholders' Agreement, and was ordered to sell its Kyivstar shares to an unaffiliated party unless Storm and its affiliates divested their stakes in the competing companies.

The arbitration award was upon Telenor's petition confirmed in full by the United States District Court of New York (SDNY) on 2 November 2007. Storm has appealed the SDNY confirmation order, but has not succeeded in obtaining a stay of effect of the confirmation order pending appeal. No hearing date has yet been set for the hearing of the appeal.

It is Telenor's position that neither Storm nor any of its affiliates have complied with any point in the order, and that they consequently are in violation of the SDNY order. On 23 January, 2008, Telenor filed a motion against Storm and its affiliates with the SDNY, seeking to hold Storm and its affiliates in contempt of the SDNY order as of 2 November 2007, and asking for coercive fines to be imposed on Storm. The hearing of this case before the SDNY took place 11 March 2008.

Storm's continued failure to attend shareholders' meetings of Kyivstar in order to amend the charter and put a board in place, could still adversely affect the ability of Kyivstar to operate and compete effectively, as proper corporate governance is not restored. Storm's continued boycott of shareholders meetings also prevents dividends to be paid out from Kyivstar.

2) Kyivstar along with other major mobile operators in the Ukraine have disputed the Ukrainian Tax Authority's claim for value added tax, or VAT, on the Pension Fund Duty charged on subscriber's phone bills. Kyivstar proceeded to seek relief in the Ukrainian Kyiv City Commercial Court. In February 2006, lower court decisions were issued invalidating the tax authority's claim concerning the same issues involving another mobile operator in the Ukraine as well as Kyivstar. The Ukrainian Tax Authority decided to appeal these rulings to the High Administrative Court of Ukraine, but pursuant to an award released 25 July 2007 the High Administrative Court of Ukraine has confirmed the awards of the lower courts. The Tax Authorities appealed the matter to the Supreme Court of Ukraine, but the Supreme Court did not find grounds for additional investigation of the issue and thus refused to accept the cassation appeal from the Tax Authorities. A final decision was rendered in March 2008. The matter is thereby closed.

VimpelCom

On 21 March 2008, Alfa through its subsidiary Eco Telecom launched an arbitration claim against Telenor East Invest AS under the VimpelCom Shareholders' Agreement. In the Notice of Arbitration, received by Telenor on 25 March 2008, Eco Telecom claims for damages of up to USD 1 billion as compensation for lost shareholder value purportedly due to a delay in entry into the Ukrainian market caused by Telenor's blocking of the purchase of the Ukrainian mobile operator URS for more than a year. In Telenor's opinion the case holds no merit. So far, no arbitration panel is established.

DTAC

On 17 May 2006, the National Telecommunications Commission (NTC) issued the Notification on Use and Interconnection of Telecommunications Network of 2006 applicable to telecommunication licensees who have its own telecommunication network, requiring the licensees to interconnect with each other on request, where the interconnection provider is entitled to apply an interconnection charge that reflects its costs.

On 17 November 2006, DTAC issued a written notification informing Telephone Organisation of Thailand (TOT) and CAT Telecom Public Company Limited (CAT) that DTAC would amend the rates for calculating the access charge under the Access Charge Agreement entered into with TOT on the basis that the rate and the collection of access charge under the Access Charge Agreement were contrary to the law in a number of respects. DTAC also informed TOT and CAT that it would pay the interconnection charge to TOT at the rate which is in compliance with the law or at the provisional rate announced by the NTC while negotiations on the interconnection agreement with TOT has not been concluded. On 16 November 2007, TOT lodged suit with the Civil Court, calling for DTAC and CAT jointly to make payment of Access Charge and penalties totalling NOK 2.1 billion for the period between 17 November 2006 and 31 October 2007, including default interest and value added tax, and to pay Access Charge from 1 November 2007 until the agreements among TOT, CAT and DTAC expired, together with default interest at rate of 1.25% per annum from the default of each instalment until full payment is made to TOT. At present, the case is in before the court, at the stage of the legal process whereby the Company and CAT have prepared pleas disputing the claims. However, the legal process may take several years.

Dispute between DTAC and CAT regarding revenue sharing payment under concessionary agreement

On 11 January 2008, CAT submitted the dispute to the Arbitration Institute requesting DTAC to make concession payments for the 12th–16th concession years amounting to NOK 3.1 billion, and including penalties totalling to NOK 4.0 billion. The statement of claim made by CAT did not refer to the reason that DTAC did not make payment in the full amount. Currently, the dispute is still in the arbitration process, and the process of resolving these matters could take several years. DTAC is currently at the stage of preparing to lodge its plea in the case. DTAC's management believes, based on advice from legal counsel, that the arbitral award would not have a material adverse effect on the financial position of DTAC.

Grameenphone

There has been a follow-up investigation from Bangladesh Telecommunication Regulatory Commission (BTRC) recently on Grameenphone's involvement in the issue on international call termination via Voice over IP business prior to February 2007. As a consequence of this investigation BTRC has filed a case against Grameenphone and some of the present and previous management. Grameenphone has further been requested to show cause under the Bangladesh Telecommunication Act as to the findings of BTRC before it considers appropriate measures. Grameenphone has duly replied to the show cause notice. The Bangladesh Telecommunication Act 2001 stipulates provisions for fine or suspension or cancellation of license for contravention of any provision of the act or any condition of the license. The Act also provides for discretion of the Regulator to direct appropriate corrective measures to the operator.

BTRC requires mandatory re-registration of all customers who bought their subscription prior to 28 February 2006. The deadline has been postponed to 31 May 2008.

Other

In February 2008, Telenor Mobile Communications AS, Telenor Mobil AS, Pannon GSM Telecommunications LTD, Sonofon AS and Total Access Communications Plc (DTAC) together with 125 other telecommunication companies world wide have been served a patent infringement claim by the plaintiff Technology Patents LLC, Maryland, USA based on two patents owned by the plaintiff related to international exchange of text messages. The plaintiff demands full compensation, no lower than reasonable royalty together with interest, cost and disbursement determined by the court.

Telenor have invested in subsidiaries where there are restrictions on Telenor's ownership interest or where the non-controlling shareholders have temporary restricted Telenor's control

DTAC

In Thailand the Foreign Business Act limits the direct ownership of foreign investors in public communications license-holders to 49% of the total issued share capital. However, our total economic stake in DTAC, held through Thai Telco Holding and Telenor Asia, is 65.5% as of 31 December 2007.

DiGi

In Malaysia, one of the conditions from the government to approve Telenor's ownership of 61% in 2001 was to reduce Telenor's ownership interest in DiGi to 49% within five years. On 15 November 2007, Telenor reduced its ownership interest in DiGi from 61% to 50.8% through a book building process in order to comply with foreign equity restrictions in Malaysia. Furthermore, on 25 January 2008, DiGi entered into a strategic alliance with TIME dotcom Berhad (TdC). The agreement between DiGi and TdC will, among other factors, entail a transfer of TdC's 3G Spectrum to DiGi for a total consideration of 27.5 million new DiGi shares. After the transfer, Telenor will have a 49% ownership interest in DiGi. The transfer of the 3G Spectrum was conditionally approved by Malaysian authorities on 5 March 2008 and is expected to be completed during the first half of 2008. At the same time, Telenor was granted an extension of time up to 30 June 2008 to reduce its equity interest in DiGi to 49%.





26 CONTRACTUAL OBLIGATIONS

The Group has entered into agreements with fixed payments in the following areas as of 31 December 2007 and as of 31 December 2006:

2007

NOK IN MILLIONS	2008	2009	2010	2011	2012	After 2012
Minimum lease payments under non-cancellable operating leases (Telenor as a lessee)						
Lease of premises	1 076	890	808	706	657	2 829
Lease of cars, office equipment, etc	102	56	32	18	9	5
Lease of satellite- and net-capacity	263	95	77	36	30	107
Contractual purchase obligations						
Purchase of satellite- and net-capacity	86	31	11	10	10	-
IT-related agreements	341	121	57	18	2	2
Other contractual obligations	915	502	335	320	61	30
Committed investments						
Property plant and equipment	2 301	260	-	-	-	-
Other contractual investments	743	325	-	-	-	-
Total contractual obligations	5 827	2 280	1 320	1 108	769	2 973

2006

NOK IN MILLIONS	2007	2008	2009	2010	2011	After 2011
Minimum lease payments under non-cancellable operating leases (Telenor as a lessee)						
Lease of premises	1 091	968	842	732	635	2 526
Lease of cars, office equipment, etc	86	53	17	6	3	1
Lease of satellite- and net-capacity	491	286	177	102	66	156
Contractual purchase obligations						
Purchase of satellite- and net-capacity	354	65	29	29	28	84
IT-related agreements	349	183	80	31	13	-
Other contractual obligations	1 065	467	245	56	23	57
Committed investments						
Property plant and equipment	1 138	-	-	-	-	-
Other contractual investments	364	40	2	2	2	16
Total contractual obligations	4 938	2 062	1 392	958	770	2 840
Discontinued operations	(253)	(177)	(116)	(62)	(54)	(115)
Total contractual obligation continued operations	4 685	1 885	1 276	896	716	2 725

The tables above do not include agreements under which Telenor has no committed minimum purchase obligations. Obligations related to future investments as a consequence of licenses held by Telenor, are not included if no committed minimum purchase obligations have been entered into.

27 RELATED PARTIES

As of 31 March 2008 Telenor ASA was 53.97% (including own shares) owned by the Norwegian state, through the Ministry of Trade and Industry.

The Norwegian telecommunications market is governed by the Electronic Communications Act of 25 June 2003 and other regulations issued pursuant to this Act. Until it expired 1 September 2004, Telenor had to provide and maintain Universal Service Obligations (USO) according to the concession on fixed network. Thereafter it was carried on through an agreement between Telenor and the Norwegian Ministry of Transport and Communications. The USO obligation entails among other things the provision of PSTN telephony to all households and companies, public pay phones, services for the disabled and emergency services. In addition, Telenor was in 2007 subject to Special Service Obligations (SSO) – the defence of Norway following an agreement with the Norwegian Post and Telecommunications Authority (“PT”), coastal radio after an agreement with the Norwegian Ministry of Justice and the Police, services concerning Svalbard, wire services for ships, provisions of emergency lines for the police, fire department and ambulances. Telenor receives no compensation from the state for the provision of USO services, whereas compensation is given to Telenor for the provision of SSO. In 2007, 2006 and 2005 Telenor received NOK 78 million, NOK 78 million and NOK 77 million, respectively, under this agreement.

In 2007, Telenor purchased spectrum licences in the 2.6 Ghz radio frequency band for NOK 93 million. The spectrum licences are technology and service neutral, tradable and were awarded with 15 years duration. One of Telenor’s GSM 900 licences in Norway was renewed by the Ministry of Transport and Communications in November 2005 until 31 December 2017. The net present value of the payments for this license was NOK 186 million, of which NOK 100 million was paid in 2005 and the remaining to be paid annually as a frequency fee. In 2005, Telenor purchased a frequency in the radio frequency band 11 Ghz for NOK 10 million.

Telenor pays an annual fee to PT and the Norwegian Ministry of Transport and Communications for delivering electronic communication services, including payments for frequencies and numbers. The fee was NOK 127 million, NOK 127 million and NOK 125 million in 2007, 2006 and 2005, respectively.

Telenor provides mobile and fixed telephony services, leased lines, customer equipment, Internet connections, TV distributions, IT operations/ services and sale of software to the state and companies controlled by the state in the normal course of business and at arm’s-length prices. Telenor also purchases services, such as postal services, in the normal course of business and at arm’s-length prices. Details of such transactions are not included in this note.

Telenor sold transmission capacity and related services in the digital and analog terrestrial transmission network to Norsk Rikskringkasting AS of NOK 308 million, NOK 307 million and NOK 309 million in 2007, 2006 and 2005, respectively.

Transactions with associated companies

NOK IN MILLIONS	2007		2006		2005	
	Sales to	Purchases from	Sales to	Purchases from	Sales to	Purchases from
	276	734	196	328	544	349

In 2007, sales to associated companies include sale of transmission capacity and related services in the digital and analog terrestrial transmission network to Norges Televisjon AS, RiksTV AS and TV2 AS of NOK 202 million. Purchases from associated companies in 2007 include distribution rights from TV2 AS and TV2 Zebra AS of NOK 337 million. In 2007 and 2006, Telenor sold media rights for the Norwegian football league to the associated company TV2 Zebra AS. A substantial part of the purchases from associated companies in 2007, 2006 and 2005 concerns sales and marketing support for distributors of Telenor’s products and services in Norway and Thailand. Purchases from and sales to the associated company Bravida were reduced in 2006 due to Telenor’s disposal of Bravida ASA at the end of 2006. Sales to the associated company Glocalnet AB were reduced from NOK 442 million in 2005 to NOK 31 million in 2006, due to Telenor consolidating Glocalnet AB as a subsidiary from 1 March 2006.

In 2007, Telenor’s shares in the associated company RiksTV AS have been pledged as collateral for debt in the company. In 2006, Telenor submitted fulfilment guarantees of NOK 300 million in favour of the associated company Norges Television AS.

For information of receivables on associated companies – see note 17 and 19. Telenor had no significant payables or debt to associated companies as of 31 December 2007 and 2006.

Grameenphone Ltd. borrowed NOK 50 million from NORAD. As of 31 December 2007, the remaining loan amounted to NOK 25 million. NORAD is part of the Ministry of Foreign Affairs. The fixed rate loan has an interest of 3.4% and was an interest-only loan until 30 June 2004, and is thereafter paid down until 31 December 2010. Grameenphone Ltd. also borrowed USD 9 million from NORFUND. As at 31 December 2007, the remaining loan amounted to NOK 27 million. NORFUND is owned and financed by the Ministry of Foreign Affairs. The floating rate loan has an interest of 8.33% at year end and is paid down until 15 June 2010.

Transactions with subsidiaries have been eliminated on consolidation and do not represent related party transactions, see note 15 in the financial statements of Telenor ASA for a list of significant subsidiaries. The same applies to transactions with joint ventures that are consolidated proportionally, see note 17.

For compensation of key management personnel, see note 29.

28 ADDITIONAL CASH FLOW INFORMATION

Acquisitions and disposals of subsidiaries and associated companies

The table below shows the effects on the consolidated balance sheet from purchases and disposals of subsidiaries and associated companies. Please refer to note 1 for supplemental information on major acquisitions and disposals.

NOK IN MILLIONS	2007	2006	2005
Acquisitions of subsidiaries and associated companies			
Associated companies	4 523	237	235
Other non-current assets	1 645	23 437	20 399
Current assets	565	2 788	3 175
Liabilities	(745)	(4 449)	(11 533)
Minority interests	76	56	(1 292)
Carrying amount of associated companies at the time of acquisition	-	(100)	(941)
Recorded directly to equity	-	60	(1 274)
Purchase price	6 064	22 029	8 769
Cash payments related to acquisition ¹⁾	(5 837)	(22 363)	(8 594)
Cash in subsidiaries acquired	(105)	399	466
Payments for acquisitions of subsidiaries and associated companies, net of cash acquired	(5 942)	(21 964)	(8 128)
Disposals of subsidiaries and associated companies			
Associated companies	284	182	29
Other non-current assets	592	30	599
Current assets	2 220	911	95
Liabilities	(960)	(320)	(97)
Minority interests	726	(65)	76
Recorded directly to equity	3 002	(82)	-
Gain (loss) and translation adjustments of sales	2 756	437	39
Sales price	8 620	1 093	741
Proceeds received as sale consideration	8 428	1 059	821
Cash in subsidiaries disposed of	(172)	(22)	(81)
Proceeds from disposal of subsidiaries and associated companies, net of cash disposed of	8 256	1 037	740

¹⁾ In 2006, cash payments include the repayment of a shareholder's loan of NOK 319 million which was assumed in the acquisition of Vodafone Sweden. The payment is included as part of the purchase price.

NOK IN MILLIONS	2007	2006
Restricted bank accounts		
For employees' tax deduction	-	1
Other	24	17
Total	24	18

With the exception of certain companies, the Group has purchased bank guarantees for payment of the employees' tax deductions.

Cash and cash equivalents

NOK IN MILLIONS	2007	2006
Cash and cash equivalents in the Group's cash pool systems	3 428	1 253
Cash and cash equivalents outside the Group's cash pool systems ¹⁾	3 413	3 375
Total cash and cash equivalents in continuing operations	6 841	4 628

¹⁾ Subsidiaries in which Telenor owns less than 90% of the shares are normally not participating in the Group's cash pool systems, held by Telenor ASA. As of year end 2006, a significant portion of the cash and cash equivalents outside the Group's cash pool systems was related to DiGi. As of year end 2007, the major part of the cash and cash equivalents outside the Group's cash pool systems was related to DiGi, DTAC, EDB and Telenor Serbia.

The Group has established cash pool systems with two banks. Under these agreements, Telenor ASA is the Group account holder and the other companies in the Group are sub-account holders or participants. The banks can set off balances in their favour against deposits, so that the net position represents the net balance between the bank and the Group account holder.

Cash and cash equivalents in discontinued operations totalled NOK 294 million as of 31 December 2006, of which NOK 125 million was held in the Group's cash pool systems. As of 31 December 2007, no cash or cash equivalents were held in discontinued operations.

Significant non-cash transactions

NOK IN MILLIONS	2007	2006
Investments in licenses – part not paid in the year of grant	-	80
Finance leases – part not paid in the year of initial recognition	200	-
Sale of shares – no cash consideration received in year of transaction	139	-





The cost of items of property, plant and equipment acquired in exchange for a non-monetary asset is measured at fair value unless (a) the exchange transaction lacks commercial substance or (b) the fair value of neither the asset received nor the asset given up is reliably measurable. If the acquired item is not measured at fair value, its cost is measured at the carrying amount of the asset given up.

Acquisition of licenses where the payment of the license is over future periods is regarded as intangible assets that should be capitalised and recorded in the balance sheet. The payment plan is a financing arrangement and the fair value of the asset acquired is the discounted value of the cash consideration. The net present value of the instalments to be paid in subsequent years is recorded in the balance sheet as a liability.

The finance lease in 2007 is related to a fibre optical network in Grameenphone. Sale of shares in 2007 is related to sale of shares in the associated company Opplysningen AS. Investments in licenses in 2006 were related to the acquisition of a GSM license in Azad Jammu and Kashmir made by Telenor Pakistan and a Microsoft software license in Norway.

29 REMUNERATION

Board of Directors

Remuneration to the Board of Directors (Board) consists of Board fee which is fixed for the year depending on role in the Board as well as compensation for other Board elected committees. Board fee is decided by the Corporate Assembly.

The aggregate remuneration for the Board and the Corporate Assembly recognised in 2007 was NOK 2.7 million and NOK 0.6 million respectively. In 2006 this was NOK 2.6 million (NOK 2.2 million in 2005) and NOK 0.5 million (NOK 0.5 million in 2005) respectively. In addition, remuneration for the Audit Committee, Compensation Committee and Nomination Committee was in total NOK 0.4 million (NOK 0.3 million in 2006 and 2005). The members of the Board are only entitled to a fixed compensation per meeting they attend and have no agreements which entitles them to extraordinary remuneration in the event of termination or change of office or agreement concerning bonus, profit sharing, options or similar. The number of shares owned by the members of the Board of Directors, Deputy Board Members and the Corporate Assembly as of 31 December 2007 and 2006 is shown below. Shares owned by the Board of Directors and Deputy Board Members include related parties. None of these members have any share options.

Board

FIGURES IN THOUSAND NOK, EXCEPT NUMBER OF SHARES	Number of shares as of 31 December 2007	Board Fee 2007	Fee for Board elected committee's 2007	Number of shares as of 31 December 2006	Board Fee 2006	Fee for Board elected committee's 2006
Thorleif Enger (until 31.05.07)	-	167	20	12 000	400	20
Björg Ven	10 000	276	70	10 000	270	80
John Giverholt	-	206	70	-	200	80
Hanne de Mora (until 31.05.07)	-	83	30	-	200	80
Liselott Kilaas	-	206	40	-	200	20
Paul Bergqvist	-	206	60	-	200	20
Jørgen Lindegaard (until 31.05.07)	-	83	-	-	200	-
Harald Stavn	3 865	206	-	3 959	200	10
Per Gunnar Salomonsen (until 23.08.07)	-	132	-	1 896	200	-
Irma Tystad until (23.08.07)	-	132	-	813	200	8
Harald Norvik (from 31.05.07)	1 220	245	20	-	-	-
Kjersti Kleven (from 31.05.07)	-	123	-	-	-	-
Olav Volldal (from 31.05.07)	-	122	20	-	-	-
May Krosby (from 23.08.07)	-	74	-	-	-	-
Bjørn Andre Anderssen (from 23.08.07)	873	74	-	-	-	-

None of the members of the Board received compensation from any other Group companies, except for the employee representatives. None of the members of the Board of Directors have loans in the company.

Deputy Board Members

	Number of shares as of 31 December 2007	Number of shares as of 31 December 2006
Helge Enger	1 890	1 852
Roger Rønning	390	752
Kaare-Ingar Sletta	540	502
Bjørn Andre Anderssen	-	835
Hjørdis Henriksen	-	275

The Corporate Assembly

	Number of shares as of 31 December 2007	Number of shares as of 31 December 2006
Arne Jenssen	407	407
Stein Erik Olsen	269	231
Inger-Grethe Solstad	682	682
Roger Rønning	390	-
Anne Kristin Enerud	275	-
Britt Østby Fredriksen	1 883	-
Berit Kopren	-	275

Statement on Group CEO and Executive Management Remuneration

1. Remuneration Policy

Telenor's remuneration policy is to reward performance and to influence and reinforce Telenor's desired culture and values. Telenor seeks to offer a total remuneration package that is attractive and competitive, without taking the lead in a total remuneration context.

2. Decision-making

The Board of Directors has appointed a separate Compensation Committee consisting of the Chairman of the Board and two of the shareholder elected Board members. The Group CEO, Executive Vice President HR and Vice President Compensation & Benefits participate in the meetings, unless otherwise decided by the Committee.

The Compensation Committee acts as an advisory body for the Board of Directors in compensation and benefits related matters and is mainly responsible for

- Annual review and recommendations on the total remuneration for the Group CEO
- Sign off of compensation and benefit arrangements for the Group Executive Management on behalf of the Board of Directors
- Staying informed about market developments for executive remuneration and present recommendations on executive remuneration arrangements to the Board of Directors
- Consider Group-wide remuneration policy and programmes, including bonus and share based programmes, and present recommendations to the Board of Directors

3. Main Remuneration Principles coming accounting year

The overall remuneration for the Group CEO and Executive Management reflects the accountabilities and impact of role and role holder, breadth and complexity of the operations, the value- and performance based culture as well as the need to attract and retain key executives.

Considerations on the overall remuneration level and composition of the package reflect the national and international framework and business environment the Company operates within. The total remuneration package should support both long and short term business focus and behaviour as well as alignment of interests between the employees and the company.

The arrangements are transparent and in line with good corporate governance.

The total remuneration package for the Group CEO and Executive Management, consists of the following main elements: Base Salary (main element); Annual Bonus; Long Term Incentive; Share Programme; Pension- and Insurance arrangements; Severance Pay and Other Benefits.

The Base Salary is mainly determined on the basis of the role, relevant market and performance. Performance relates to sustainable performance, both delivery according to our business ambitions and behaviour based on living our Values and Codes as well as demonstrated leadership and building of organisational capabilities. The Base Salary is annually reviewed.

The Annual Bonus is based on achievement of Group, Business Area and individual targets, with ambitious performance levels set up front. The payment for achievement of expected performance level is 37.5% of the annual Base Salary (4.5 months) for the Group CEO and Executive Management. Maximum potential for exceeding performance is 50% of the annual Base Salary (6 months). The bonus payments are subject to vacation pay, but not included in the pensionable salary.

The Long Term Incentive is a fixed monetary compensation of 30% and 25% of the annual Base Salary for the Group CEO and Executive Management, respectively. The participant is required to invest the net after tax amount into Telenor shares, bought on the market and with obligation to hold for a lock-in period of three years.

In 2007, the general Share Programme for employees was changed from a fixed investment amount with bonus shares depending on Telenor's absolute share price development to investment in% of annual Base Salary. The new programme offers employees to purchase Telenor shares for 1, 2, 3, or 4 percent of the gross annual Base Salary with a discount of maximum NOK 1,500. If the Telenor-share performs better than the Dow Jones Stoxx Telecom Index over the next 2 years, the employees will be granted bonus shares matching the number of purchased shares still held by the end of the performance period and assuming the individual is still employed.

Telenor has changed from a defined benefit to a defined contribution pension arrangement during the last years. The defined contribution arrangement is applicable to individuals hired externally as of 2006. According to this arrangement retirement is at age 65. Upon retirement, members of the Group is entitled to the contributed amount, which is based on an annual contribution of 4% of the annual Base Salary from 1–6 G (G = base amount of Norwegian Social Security), 8% from 6–12 G and 30% of Base Salary above 12 G. One member of the Group Executive Management is currently covered by this arrangement.

The Group CEO and members of the Group Executive Management with exception of one person are covered by the defined benefit arrangement. The Group CEO is entitled to retire at age 60. Members of the Group Executive Management hired before 2006 are entitled to retire at age 60, 62 or 65 depending on their individual pension agreement. The pension promise according to the defined benefit arrangement is 66% of the annual Base Salary, with an individual ceiling. In addition, the individual is entitled to the balance of a defined contribution arrangement consisting of a contribution of 30% of the annual Base Salary above the individual ceiling as of January 1 2006.

The Group CEO and Executive Management are covered by the insurance arrangements applicable within Telenor ASA.

The Group CEO and Executive Management are entitled to Severance Pay in case of notice based on Company circumstances. The Group CEO has Severance Pay of 24 months Base Salary, while the rest of the Group Executive Management has 6 months Base Salary calculated as from the expiry of the notice period.

Furthermore, the Group CEO and Executive Management are entitled to other benefits such as company car or car allowance, electronic communication and newspapers.

4. Remuneration Principles and implementation previous accounting year

The remuneration principles applied 2007 for the Group CEO and Executive Management were basically the same as explained above for 2008. Adjustments were decided by the Compensation Committee or Board of Directors according to the decision-making process described in item 2. In addition, the termination of the option plan and introduction of a new Long Term Incentive was put forward in the Statement on Group CEO and Executive Management Remuneration presented by the Board of Directors to the General Annual Meeting 2007.

Adjustments were made to the Annual Bonus Programme as well as the Share Programme for all employees, in addition to the Long Term Incentive.

To ensure a competitive total remuneration package focusing both on short and long term value creation and at the same time taking duly into account of the executive remuneration guidelines issued by the Norwegian Government in relation to their ownership interests the Board of Directors decided to

- keep an annual bonus with maximum bonus potential of 50% of Base Salary for the Group CEO and Executive Management.
- to terminate the Option Programme, but the individual outstanding option agreements are still effective
- to establish a new Long Term Incentive using fixed monetary compensation as means, with obligation to invest an agreed element into Telenor shares and hold for a three-year period.

The Annual Bonus model was adjusted by increasing the bonus potential for delivering a solid good performance level from 50% to 75% of the maximum bonus potential in order to enhance the focus on setting ambitious performance levels.

The annual review of the Base Salary for the Group CEO and Executive Management takes place in the beginning of the year and is effective as of 1 January.

The performance evaluation of the Annual Bonus was executed following the official results of the Group for the year 2006.

The Share Programme was adjusted to ensure attractiveness and availability of the Programme across the Group. Shares are acquired by the company upon authorisation from the Annual General Meeting and used for distribution of bonus shares.

Actual remuneration to the Group CEO and Executive Management

Per 31 December 2007 the Group Executive Management consists of Jon Fredrik Baksaas (CEO), Arve Johansen (Deputy CEO), Trond Ø. Westlie, Jan Edvard Thygesen, Morten Karlsen Sørby, Ragnar H. Korsæth, Bjørn Magnus Kopperud and Hilde Tonne. Hilde Tonne joined Telenor and the Group Executive Management 1 September 2007. Aggregate remuneration including pension cost for the Group Executive Management was NOK 44.3 million in 2007. In 2006 and 2005 the aggregate amounts were NOK 38.3 million and NOK 28.1 million, respectively. The pension costs included in these figures were NOK 7.1 million in 2007, NOK 8.0 million in 2006 and NOK 6.8 million in 2005. The remuneration also includes the new Long Term Incentive implemented in 2007, see description in the Statement above. For details see tables below.

None of the members of the Group Executive Management have loans in the company.

Group Executive Management 2007

AMOUNT IN THOUSAND NOK	Base Salary	Bonus paid out 2007	Other benefits ¹⁾	Total salary and other taxable income	Pension benefit earned/cost to Company ²⁾	Value of LTI	Total
Jon Fredrik Baksaas	4 300	1 615	187	6 102	1 496	1 290	8 888
Trond Ø. Westlie	2 800	1 008	149	3 957	774	700	5 431
Arve Johansen ³⁾	3 000	1 566	199	4 765	1 164	1 189	7 118
Morten Karlsen Sørby	2 770	857	669	4 296	940	693	5 929
Jan Edvard Thygesen	2 400	886	280	3 566	698	600	4 864
Stig Eide Sivertsen ⁴⁾	1 775	751	183	2 709	888	-	3 597
Ragnar H. Korsæth	1 680	727	228	2 635	391	420	3 446
Bjørn Magnus Kopperud	1 920	752	184	2 856	700	480	4 036
Hilde M. Tonne ⁴⁾	500	-	57	557	85	375	1 017



Group Executive Management 2006

AMOUNT IN THOUSAND NOK	Base Salary	Bonus paid out 2006	Other benefits ¹⁾	Total salary and other taxable income	Pension benefit earned/cost to Company ²⁾	Value of Granted options ⁶⁾	Total
Jon Fredrik Baksaas ^{a)}	4 140	1 331	227	5 698 ^{a)}	1 736	970	8 404
Trond Ø. Westlie	2 300	327	138	2 765	599	534	3 898
Arve Johansen	2 900	812	51	3 763	1 884	631	6 278
Morten Karlsen Sørby ^{b)}	2 665	664	244	3 573 ^{b)}	938	534	5 045
Jan Edvard Thygesen	2 200	455	186	2 841	828	533	4 202
Stig Eide Sivertsen ^{c)}	2 050	628	183	2 861 ^{c)}	905	388	4 154
Ragnar H. Korsæth	1 600	286	165	2 051	369	388	2 808
Bjørn Magnus Kopperud ^{d)}	1 850	291	181	2 322 ^{d)}	780	388	3 490

Group Executive Management 2005

AMOUNT IN THOUSAND NOK	Base Salary	Bonus paid out 2005	Other benefits ¹⁾	Total salary and other taxable income	Pension benefit earned/cost to Company ²⁾	Value of Granted options ⁶⁾	Total
Jon Fredrik Baksaas	4 000	1 039	130	5 169	1 309	-	6 478
Arve Johansen	2 800	911	386	4 097	1 724	-	5 821
Morten Karlsen Sørby	2 600	583	173	3 356	460	-	3 816
Jan Edvard Thygesen	2 000	450	255	2 705	1 240	-	3 945
Stig Eide Sivertsen	2 000	602	247	2 849	990	-	3 839
Trond Ø. Westlie ⁴⁾	670	-	40	710	116	-	826
Torstein Moland ⁴⁾	1 558	543	293	2 394	992	-	3 386

All figures are exclusive social security tax

¹⁾ Includes items such as insurance, company car or car allowance, electronic communication, newspapers and other benefits.

²⁾ The calculations of pension benefits earned are based on the same actuarial and other assumptions as used in the pension benefit calculations in Note 7. The amounts are higher than the amounts that the persons earned as paid-up policy if the employment was terminated as of 31 December 2007, 31 December 2006 and 31 December 2005, respectively.

³⁾ Arve Johansen is entitled to a guaranteed net annual Base Salary of NOK 2,483,000 as part of his international assignment. The bonus and the LTI are based on the guaranteed net amount.

⁴⁾ The compensation is based on their respective period in the Group Executive Management. Hilde Tonne was appointed 1 September 2007. Stig Eide Sivertsen stepped down 25 October 2007. Torstein Moland retired from his position as CFO 15 September 2005 and was replaced by Trond Ø. Westlie.

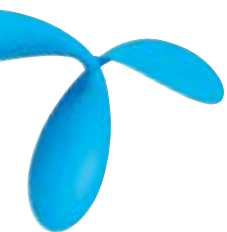
⁵⁾ For number of options granted and outstanding as well as their terms, see below and note.

^{a)} Jon Fredrik Baksaas exercised share options in 2006 that was reported as additional taxable income of NOK 15,945,964.

^{b)} Morten Karlsen Sørby exercised share options in 2006 that was reported as additional taxable income of NOK 6,782,489.

^{c)} Stig Eide Sivertsen exercised share options in 2006 that was reported as additional taxable income of NOK 6,769,575.

^{d)} Bjørn Magnus Kopperud has exercised share options in 2006 that has been reported as additional taxable income of NOK 1,954,775.



Name	Agreed period of notice, months Base Salary	Severance pay months Base Salary	Pension benefits
Jon Fredrik Baksaas	6 months	24 months. In case of new position the severance pay is reduced by 75% of income in new position	66% Defined Benefit of Base Salary as per year end 2002, adjusted for "The consumer price index adjusted for taxes and excluding energy" (CPI-ATE) annually, and 30% Defined Contribution above the 2002 Base Salary. The latter part is implemented as of 1 January 2006. Retirement age 60.
Arve Johansen ¹⁾	6 months	6 months	66% Defined Benefit of Base Salary at retirement age 60.
Trond Ø. Westlie	6 months	6 months	66% Defined Benefit of Base Salary up to 12G. Defined Contribution plan with 30% of Base Salary above 12G. Retirement age 65.
Jan Edvard Thygesen	6 months	6 months	66% Defined Benefit of Base Salary as per year end 2002, adjusted for CPI-ATE annually, and 30% Defined Contribution above the 2002 Base Salary. The latter part is implemented as of 1 January 2006. Retirement age 62.
Morten Karlsen Sørby	6 months	6 months	66% Defined Benefit of Base Salary as per year end 2002, adjusted for CPI-ATE annually, and 30% Defined Contribution above the 2002 Base Salary. The latter part is implemented as of 1 January 2006. Retirement age 62.
Ragnar H. Korsæth	6 months	6 months	66% Defined Benefit of Base Salary as per year end 2004, adjusted for CPI-ATE annually, and 30% Defined Contribution above the 2004 Base Salary. The latter part is implemented as of 1 January 2006. Retirement age 65.
Bjørn Magnus Kopperud	6 months	6 months	66% Defined Benefit of Base Salary as per November 2002, adjusted for CPI-ATI annually, and 30% Defined Contribution above the November 2002 Base Salary. The latter part is implemented as of 1 January 2006. Retirement age 62.
Hilde Tonne	6 months	6 months	Defined Contribution, 4% of 1-6 G, 8% of 6-12 G and 30% of Base Salary above 12 G, Retirement age 65

¹⁾ Arve Johansen has an agreement which entitles him to a possible transfer to other tasks within the organisation with the right to compensation of half his salary. This agreement relates to a specified time period up to the age of retirement. The future pension benefits are based on the salary at the time of transfer to other work.

2007

	Options held as of 1 January 2007				Average exercise price on exercised options	Options held as of 31 December 2007	Average exercise price on outstanding options ¹⁾	Average remaining lifetime	Acquired shares with 3 years lock in period from the fixed LTI	Available shares held as of 31 December 2007
	Granted options	Forfeited options	Exercised options							
Jon Fredrik Baksaas	330 000	-	-	-	-	330 000	41,12	3,2	5 301	57 323
Trond Ø. Westlie	55 000	-	-	-	-	55 000	74,90	5,6	2 877	7 500
Arve Johansen	265 000	-	-	-	-	265 000	44,65	2,6	4 888	50 285
Morten Karlsen Sørby	55 000	-	-	-	-	55 000	74,90	5,6	2 846	11 265
Jan Edvard Thygesen	205 000	-	-	-	-	205 000	45,57	2,7	2 466	54 385
Stig Eide Sivertsen	40 000	-	40 000	-	-	-	-	-	-	-
Ragnar H. Korsæth	83 334	-	-	-	-	83 334	52,38	3,6	1 726	1 500
Bjørn Magnus Kopperud	90 000	-	-	-	-	90 000	47,98	3,7	1 973	4 292
Hilde M. Tonne	-	-	-	-	-	-	-	-	1 541	-

2006

	Options held as of 1 January 2006				Average exercise price on exercised options	Options held as of 31 December 2006	Average exercise price on outstanding options ¹⁾	Average remaining lifetime	Acquired shares with 3 years lock in period from the fixed LTI	Available shares held as of 31 December 2006
	Granted options	Forfeited options	Exercised options							
Jon Fredrik Baksaas	500 000	100 000	-	270 000	33,65	330 000	41,12	4,2	-	57 967
Trond Ø. Westlie	-	55 000	-	-	-	55 000	74,90	6,6	-	7 500
Arve Johansen	200 000	65 000	-	-	-	265 000	44,65	3,6	-	51 692
Morten Karlsen Sørby	145 000	55 000	-	145 000	32,36	55 000	74,90	6,6	-	9 909
Jan Edvard Thygesen	150 000	55 000	-	-	-	205 000	45,57	3,7	-	56 393
Stig Eide Sivertsen	150 000	40 000	-	150 000	32,48	40 000	74,90	6,6	-	28 880
Ragnar H. Korsæth	43 334	40 000	-	-	-	83 334	52,38	4,6	-	-
Bjørn Magnus Kopperud	100 000	40 000	-	50 000	38,51	90 000	47,98	4,7	-	2 892

¹⁾ Latest possible exercise price for 2002 options, assumes the cap (as described in note 30) is not reached for the 2006 option



Loans to employees

Total loans to employees were NOK 6 million as of 31 December 2007. The loans were mainly related to financing of cars purchased by the employees as an alternative to company cars and to loans for house purchase in two of the foreign subsidiaries. As of 31 December 2006 loan to employees were NOK 36 million, of which NOK 27.4 million were related to the general Share Programme.

Fees to the auditors

The table below summarizes audit fees for 2007, 2006 and 2005 and fees for audit related services, tax services and other services incurred by Telenor during 2007, 2006 and 2005. Fees include both Norwegian and foreign subsidiaries.

NOK IN MILLIONS EXCLUDING VAT	Audit fees			Audit related fees			Fees for Tax services			Other fees		
	2007	2006	2005	2007	2006	2005	2007	2006	2005	2007	2006	2005
Telenor ASA												
Auditor	5.6	12.6	5.0	1.5	6.6	5.0	1.5	1.4	0.5	-	-	-
Other Group companies												
Auditor	32.2	61.1	36.2	4.1	12.6	4.3	2.0	4.6	5.1	0.3	-	1.0

Fees for audit services include fees associated with the required statutory audits and the reviews of the Company's quarterly reports. In 2006 the services included fees related to audit of internal control in accordance with the American regulations (SOA 404). Audit-related fees principally include due diligence in connection with acquisitions and dispositions, information system audits and regulatory reporting audits. Fees for tax services include review of tax compliance and tax advice, mainly outside Norway.

30 SHARE-BASED COMPENSATION

Telenor has operated option programmes until 2007 for managers and key personnel. The programme was terminated in 2007, but the individual outstanding option agreements are still effective. From 2007, Telenor operates a Long Term Incentive for managers and key personnel based on fixed monetary compensation which shall be used to purchase Telenor shares. In addition, Telenor has a Share Programme for all employees in selected subsidiaries.

Share Programme

Every year since Telenor was listed on Oslo Stock Exchange in 2000 it has offered all employees in selected subsidiaries to purchase shares with a discount and potential for bonus shares. In 2005, the programme was extended from employees in Norway to employees in the Nordic countries, in 2006 it was further expanded to employees in Hungary and in 2007 to employees in Montenegro.

In 2007 the programme was changed from a fixed investment amount with bonus shares depending on Telenor's absolute share price development to investment in % of Base Salary and bonus shares depending on relative performance. The new programme offers employees to purchase Telenor shares for 1, 2, 3, or 4% of the gross annual Base Salary with a discount of 20%, maximum NOK 1,500. If the Telenor-share performs better than the Dow Jones Stoxx Telecom Index over the next 2 years, the employees will be granted bonus shares matching the number of purchased shares still held by the end of the performance period and assuming the individual is still employed.

Participation in the programme has been around 1/3 of eligible employees, approximately 4,700 participants in 2007. The employees signed up for the 2007 programme in December and the shares are purchased in 2008.

Long Term Incentive

The current Long Term Incentive (LTI) is a fixed monetary compensation of 15 to 30% of the annual Base Salary, depending on role. The net amount shall be used to purchase Telenor shares with a lock-in period of three years, to 1 July 2010. Approximately 100 employees holding national and international managerial positions in 2007 participated in the programme. The managers acquired the shares at the volume-weighted average of the five calendar days from 5 November 2007, NOK 127.03, in total 127,044 shares. The total amount received by the employees in November 2007, under the LTI, which will be the fair value, is recorded as an asset in the balance sheet and will be expensed over the vesting period from 5 November 2007 until 1 July 2010.

In 2007, EDB established a similar LTI for executive management with a fixed annual monetary compensation of NOK 1 million for chief executive officer and NOK 350,000 for the Executive Vice Presidents which shall be used to purchase EDB shares with a lock-in period of three years. The managers acquired the shares at NOK 55.49 on 18 July 2007 and at NOK 35.54 on 31 January 2008.

Share Option Programme in Telenor ASA

In 2006, 2.66 million options were granted to around 130 managers and key personnel. All these options vest after 3 years and have a total lifetime of 7 years. The exercise price corresponds to the average closing price at Oslo Stock Exchange ten trading days prior to the grant date, NOK 74.90. Maximum gain on the options is subject to a cap at 42% share price increase prior to July 2010 and at 60% share price increase in July 2010. These levels correspond to NOK 31.46 and NOK 44.94, respectively. After July 2010 the maximum gain per option is NOK 44.94 plus share price increase from July 2010 until time of exercise.

85 managers and key personnel were granted options in 2002 and 110 managers and key personnel were granted options in 2003. 12 new managers and key personnel were granted options in 2004. In 2005 there were no options granted. One third of the options vest each of the three years subsequent to the date of grant. The latest possible exercise date is seven years subsequent to the grant date. The options may only be exercised four times a year, during a ten-day period after the publication of the company's quarterly results.

For options granted in 2002: The exercise price corresponds to the average closing price at Oslo Stock Exchange five trading days prior to the grant date, increasing with an interest per commenced month corresponding to 1/12 of 12 months NIBOR (Norwegian Inter Bank Offered Rate). For options granted in 2003 and 2004: The options are exercisable if the share price at the time of exercise is higher than the average closing price at the Oslo Stock Exchange five trading days prior to the date of grant, adjusted with 5.38% per year. The exercise price corresponds to the average closing price at Oslo Stock Exchange five trading days prior to the grant date, which was NOK 26.44 for options granted in 2003 and NOK 48.36 for options granted in 2004.

The share option plans are considered equity-settled programmes. Telenor ASA's option programmes include the option for Telenor to settle in cash.

	Share options	Estimated fair value at grant date (per share option in NOK)	Average exercise price at the end of option life (NOK) ¹⁾
Balance as of 31 December 2005	3 027 664	-	34.11
Options granted in 2006	2 660 000	9.70	74.90
Options forfeited in 2006	26 667	-	48.36
Options exercised in 2006	1 701 365	-	31.92
Balance as of 31 December 2006	3 959 632	-	61.26
Options granted in 2007	-	-	-
Options forfeited in 2007	315 000	-	71.53
Options exercised in 2007	343 000	-	45.32
Balance as of 31 December 2007	3 301 632	-	62.29

¹⁾ Exercise price for the 2002 programmes are calculated at the latest possible date of exercise, and based on 12 month NIBOR (as of 20 February 2007), implied forward rates calculated of the spot curve. For the share option programmes of 2003, 2004 and 2006, the exercise prices are fixed through the options' term.

For share options exercised during 2007 the weighted average share price at the date of exercise was NOK 117.77 (NOK 81.74 in 2006).

The table below details Telenor's options outstanding by related option exercise price as of 31 December 2007 and is based on the latest possible exercise price. All options may be exercised prior to the end of the lifetime of the options.

Weighted average exercise price (NOK)	Options Outstanding	Options exercisable as of 31 December 2007	Options exercisable as of 31 December 2006 and also 31 December 2007	Weighted average remaining life as of 31 December 2007
43.20 ¹⁾	268 333	268 333	268 333	1.1
26.44	683 299	683 299	683 299	2.1
48.36	-	-	-	-
74.90 ²⁾	2 350 000	-	-	5.6

¹⁾ Exercise price for the 2002 programmes are calculated at the latest possible date of exercise, and based on 12 month NIBOR (as of 20 February 2007), implied forward rates calculated of the spot curve. For the share option programmes of 2003, 2004 and 2006, the exercise prices are fixed throughout the options' terms.

²⁾ Assumes that the cap as described above is not reached. If the cap is reached, the exercise price will be adjusted up.

The fair value of share-based compensation at the grant date is expensed over the vesting period. Telenor uses a Black & Scholes valuation model to calculate the fair value. According to the transitional rules in IFRS 1 only options granted subsequent to 7 November 2002 that had not vested as of 1 January 2005 are included. This amounted to 3,478,301 options with an average estimated fair value at grant date per share option of NOK 9.47.

Option programme for shares in EDB Business Partner ASA

In June 2006, EDB granted 1,500,000 share options to key personnel. The exercise price for the CEO's 250,000 options was set at NOK 51.14 per share. Other key personnel were granted 1,250,000 options at an exercise price of NOK 52.10. The exercise price is equivalent to the volume-weighted average closing price on the Oslo stock exchange five days before and five days after the options were granted.

In 2007, another 360,000 options were granted, whereof 260,000 options on 30 January at an exercise price of 58.07 and 100,000 options on 1 March at an exercise price of NOK 53.03. Exercise of the options is conditional on the share price at the time of exercise being at least equal to the exercise price plus interest equivalent to 5.38% per annum or 0.483% per month. Maximum gain on the option is subject to a cap at 250% of the exercise price. The vesting period for the options is three years, and once vested the options can be exercised on a quarterly timetable. Exercise of the options will take place either by transfer from the company's holdings of its own shares or by cash payment.

In the 2004 programme 1,369,994 options were granted to other management and key employees, whereof 999,994 were granted in April 2004 at an exercise price of NOK 45.55, 25,000 options were granted in November 2004 at an exercise price of NOK 44.83, and 345,000 options were granted in 2005: 220,000 in January 2005 at an exercise price of NOK 48.27, 100,000 on 1 October 2005 at an exercise price of NOK 49.04 and 25,000 on 10 October 2005 at an exercise price of NOK 49.06. Options were granted at an exercise price corresponding to the average stock price five days before and five days after the options are granted and the options vested each of the two years subsequent to the grant date and were exercisable the following year if the stock price at the time of exercise is higher than the exercise price adjusted with 5.38% annually.



600,000 options at an exercise price of NOK 15.94 per share were granted to the CEO for EDB Business Partner ASA at the time of appointment in 2003. One third of the options were vested each of the three years subsequent to the grant date and were exercisable if the stock price at time of exercise was higher than the exercise price adjusted with 5.38% annually. All 600,000 options were exercised in 2006 and the Company, by the Board of Directors, pursuant to the option agreement elected to fulfil its obligations by payment of the balance between stock price at end of trade on 5 May 2006 and the exercise price.

Options which have vested may only be exercised subsequent to an annual approval from the Annual General Meeting. In addition, the options may only be exercised four times a year, during a 3 to 10 day period after the publication of the company's quarterly results.

	Share options	Estimated fair value at grant date (per share option in NOK)	Average exercise price at the end of option life (NOK)
Balance as of 31 December 2005	1 837 393	-	36.3
Options granted in 2006	1 500 000	12.92	51.9
Options exercised in 2006	1 385 641	-	32.9
Options forfeited in 2006	210 000	-	48.0
Balance as of 31 December 2006	1 741 752	-	51.2
Options granted in 2007	310 000	10.98	57.26
Options exercised in 2007	229 252	-	46.45
Options forfeited in 2007	240 000	-	52.10
Balance as of 31 December 2007	1 582 500	-	52.93

The weighted average share price at the date of exercise for share options exercised during 2007 was NOK 46.45 (NOK 32.90 in 2006).

The table below details EDB Business Partner's options outstanding by related option exercise price and is based on the latest exercise dates. Some options may be exercised prior to the termination of the plan.

Weighted average exercise price (NOK)	Options outstanding	Weighted average remaining life (in years)	Options exercisable as of 31 December 2007	Options exercisable as of 31 December 2006
49.05	12 500	0.78	12 500	12 500
51.14	250 000	2.42	83 325	-
52.10	1 010 000	2.42	336 625	-
53.03	50 000	3.17	-	-
58.07	260 000	3.08	-	-

The fair value of share-based compensation at the grant date is expensed over the vesting period. According to the transitional rules in IFRS 1 only options granted subsequent to November 7, 2002 that had not vested as of 1 January 2005 are included. This amounted to 1,637,393 options with an average estimated fair value at grant date per share option of NOK 10.30.

Option programme for shares in Telenor ASA and EDB Business Partner ASA for the period 2002–2007

	Risk free rate	Dividend yield	Dividend	Volatility factor	Weighted average life
Telenor ASA 2002 programmes	6.40%	2.0%		31.3%	4.5 years
Telenor ASA 2003 programmes	4.80%	2.0%		32.3%	4.5 years
Telenor ASA 2004 programmes	3.13%	2.0%		36.5%	4.5 years
Telenor ASA 2006 programmes	3.99%	-	10% annual growth, 2006 dividend of NOK 2 as base line	31.06%	4.0 years
EDB Business Partner ASA 2003 grant CEO	5.05%	0.0%		66.9%	4.5 years
EDB Business Partner ASA 2004 programme	2.50%	0.0%		54.4%	1.5 years
EDB Business Partner ASA 2005 grant, 2004 programme	3.66%	0.0%		53.3%	1.5 years
EDB Business Partner ASA 2006 programme	3.74%	0.0%		31.2%	2.5 years
EDB Business Partner ASA 2007 grant, 2006 programme,	4.57%	0.0%		28.2%	2.5 years

For fair value calculations the share price at grant date are used. The Black&Scholes option valuation model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions, including the expected stock price volatility. Because the employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options. However, the number of share options granted is limited compared to the size of the Group, and the effects of applying a more flexible model is not expected to have a material impact on the Group's financial statements.

31 NUMBER OF SHARES AND OWNERSHIP

As of 31 December 2007, Telenor ASA had a share capital of NOK 10,081,647,420 divided into 1,680,274,570 ordinary shares with a nominal value of NOK 6 each. All shares have equal voting rights and the right to receive dividends. As of 31 December 2007, the company had 2,931,222 treasury shares. The share capital did not change during 2007.

At the Annual General Meeting on 15 May 2007, approval was given for the Board of Directors to acquire 165,000,000 treasury shares with a nominal value totalling NOK 990,000,000. In addition up to 2,500,000 shares with a total nominal value of NOK 15,000,000 may be purchased for the fulfilment of Telenor's option programmes for key employees of 2002, 2003, 2004 and 2006 and in connection with the general share programmes for employees. The amount paid per share shall be a minimum of NOK 6 and a maximum of NOK 200. The Board of Directors is free to decide how the acquisition and transfer of shares takes place. This authorisation is valid until the next Annual General Meeting to be held in 2008.

In 2007, Telenor acquired 3,365,000 treasury shares in accordance with these authorisations, where 433,778 shares were used for the option programmes and the general share programme. In February 2007, May 2007 and November 2007 171,333, 35,000 and 66,677 respectively of these shares were used to fulfil obligations related to the option programmes. In December 2007, 160,778 shares were used in relation to the share programme.

In 2007, Telenor entered into an agreement with its largest shareholder, the Kingdom of Norway, represented through the Ministry of Trade and Industry. According to the agreement the Board of Directors will propose to the Annual General Meeting that the shares that were bought back are cancelled. The Board will also propose a redemption and cancellation of shares from the Ministry of Trade and Industry. As a consequence the Kingdom of Norway's ownership percentage in Telenor remains unchanged. The Ministry of Trade and Industry has obliged itself to vote for the reduction of the share capital at the Annual General Meeting in 2008.

The following shareholders had 1% or more of the total number of 1,680,274,570 outstanding shares as of 31 December 2007:

Name of shareholders	Number of shares	%
Ministry of Trade and Industry	906 763 642	53.97
State Street Bank (nominee)	81 640 010	4.86
JPMorgan Chase Bank (nominee)	68 574 223	4.08
Folketrygdfondet	52 276 661	3.11
JPMorgan Chase Bank (nominee)	27 584 062	1.64
JPMorgan Chase Bank	27 074 800	1.61
Mellon Bank (nominee)	24 421 471	1.45
JPMorgan Chase Bank (nominee)	19 016 697	1.13
JPMorgan Chase Bank	18 365 000	1.09



32 LICENSES

The table summarises the main operating licenses held by Telenor ASA and its subsidiaries as of 31 December 2007:

Company	Licenses	Network type	License valid from	License expiration
Mobile – Norway	GSM 900	GSM/GPRS/EDGE	1992	2017
	GSM 900		2001	2013
	GSM 1800		1998	2010
	UMTS	W-CDMA	2000	2012
	Long Term Evolution (LTE)	OFDMA	2007	2013
Sonofon ¹⁾	GSM 900	GSM/GPRS	1997	2012
	GSM 1800		1997	2017
	GSM 1800		2001	2011
	UMTS	W-CDMA	2005	2021
Mobile – Sweden	GSM 900	GSM/GPRS	1992	2010
	GSM 1800		1996	2010
	UMTS	W-CDMA	2000	2015
Pannon	GSM 900	GSM/GPRS/EDGE	1993	2016
	GSM 1800		1999	2014
	UMTS	W-CDMA	2004	2019
Telenor Serbia	GSM 900/1800	GSM/GPRS/EDGE	2006	2026
	UMTS		W-CDMA	2006
Promonte	GSM 900/1800	GSM/GPRS	2002	2017
	UMTS		W-CDMA	2007
	Wimax		2007	2012
	DTAC ²⁾	AMPS 800		1990
DiGi ³⁾	GSM 1800	GSM/GPRS/EDGE	1995	2015
	GSM 900/1800		1996	2011
	Telenor Pakistan	GSM 900/1800	GSM/GPRS/EDGE	2004
Telenor Telecom Solutions AS	GSM 900/1800 – AJK ⁴⁾		2006	2021
	Long Distance International		2004	2024
	Radio frequency band, 11 GHz	Fixed networks	2005	2016
	Wimax		2004	2022
	Radio links ⁵⁾		1988	Not time limited

¹⁾ In addition to the mobile operating licenses, Sonofon holds licenses for fixed radio links as well as a national FWA/Wimax network license in the 3.5 GHz band, which expires in 2011.

²⁾ Rather than a license, DTAC has the right to operate a mobile network pursuant to a concession.

³⁾ Rather than a license, DiGi holds the right to operate a mobile network (“Spectrum allocation”).

⁴⁾ Relates to Azad Jammu and Kashmir (AJK).

⁵⁾ Telenor is dependent on a number of radio links in the fixed network business, both in and outside Norway, which to a large extent require licenses.

The satellite business is subject to regulations, both in and outside Norway. The most important is the right to use frequencies in the geostationary path. Telenor Satellite Broadcasting AS has two satellites at 1-degree west. The frequency rights are regulated by ITU (International Telecommunication Union) through the Norwegian Post- and Telecommunications Authority. Furthermore, Telenor holds uplink licenses in Norway, Sweden, Denmark, Finland, Bulgaria and United Kingdom (UK), which provide rights for transmission of signals from earth stations to satellites.

Telenor also holds licenses for terrestrial broadcasting in Norway.

In addition associated companies hold a number of licenses, which are important for their operations.



33 PLEDGES AND GUARANTEES

NOK IN MILLIONS	2007	2006
Interest-bearing liabilities secured by assets pledged	949	1 184
Carrying amount of assets pledged as security for liabilities	6 961	6 412

Pledged assets and the liabilities secured by pledged assets as of 31 December 2007 related primarily to Grameenphone and the satellite leases (Thor II and Thor III).

NOK IN MILLIONS	2007	2006
Guarantees	1 919	1 223

Guarantees provided where the related liability is included in the balance sheet are not shown in the table. Furthermore, purchased bank guarantees are not included.

In 2007, Telenor Pakistan has provided a performance guarantee amounting to NOK 27 million for the fulfilment of service in specific areas. The guarantee is secured by pledged assets up to an amount of NOK 27 million. The carrying amount of the assets as of December 2007 is NOK 5,264 million.

Telenor's shares in the associated company Riks TV AS is pledged as security for the external financing of the company, see note 17.

Guarantees provided in connection with entering into the Cross Border QTE Leases are not included in the preceding table. See notes 15, 21 and 22. These guarantees are provided for the payment of all lease obligations. As of 31 December 2007 and 2006 these guarantees amounted to NOK 4,569 million (USD 844 million) and NOK 6,565 million (USD 1,050 million), respectively.

34 EQUITY – NOTES
Total paid in capital

	Number of shares	Share capital (NOK mill.)	Other paid in capital (NOK mill.)	Own shares (NOK mill.)	Total paid in capital (NOK mill.)
Balance as of 1 January 2006	1 706 570 293	10 239	15 618	(700)	25 157
Transfer from share premium account	-	-	(5 000)	-	(5 000)
Share buy back	-	-	-	(901)	(901)
Cancellation of shares	(26 295 723)	(158)	(1 278)	1 436	-
Share option granted	-	-	(62)	116	54
Employee share programme	-	-	1	34	35
Bonus shares	-	-	-	15	15
Balance as of 31 December 2006	1 680 274 570	10 081	9 279	-	19 360
Transfer from share premium account	-	-	(5 000)	-	(5 000)
Share buy back	-	-	-	(442)	(442)
Share option granted	-	-	-	33	33
Bonus shares	-	-	-	21	21
Balance as of 31 December 2007	1 680 274 570	10 081	4 279	(388)	13 972

Nominal value per share is NOK 6.

Telenor held 2,931,222 treasury shares as of 31 December 2007, 0 shares as of 31 December 2006.

Other reserves

NOK IN MILLIONS	Investment revaluation reserve	Hedging reserve	Business combinations and increased ownership interests in subsidiaries	Equity adjustments in associated companies	Gain and loss on transactions with non-controlling interests	Share options reserve	Transfer from share premium account	Dividends	Tax	Total other reserves
Balance as of 1 January 2006	1 798	37	1 968	63	-	22	-	-	(810)	3 078
Changes during 2006	(1 741)	(38)	(25)	(42)	-	11	5 000	-	(8)	3 157
Balance as of 31 December 2006	57	(1)	1 943	21	-	33	5 000	-	(818)	6 235
Changes during 2007	17	(4)	7	169	2 835	(14)	5 000	(4 201)	(182)	3 637
Balance as of 31 December 2007	74	(5)	1 950	190	2 835	20	10 000	(4 201)	(1 000)	9 862

Transactions with non-controlling interests in subsidiaries are mainly related to gains on realisation of interests as a result of an Initial Public Offering in DTAC and sale of shares in DiGi. The gains are recognised directly in the shareholders' equity.

Cumulative translation differences

NOK IN MILLIONS	Foreign currency translation of net investment	Net invest- ment hedge	Tax	Total translation differences
Balance as of 1 January 2006	(309)	513	(296)	(92)
Changes during 2006	1 556	116	31	1 703
Balance as of 31 December 2006	1 247	629	(265)	1 611
Changes during 2007	(5 462)	436	(425)	(5 451)
Balance as of 31 December 2007	(4 215)	1 065	(690)	(3 840)

Dividend distribution

Dividends	2007	2006
Dividend per share in NOK – paid	2.50	2.00
Dividend per share in NOK – proposed by the Board of Directors	3.40	2.50

Total dividends of NOK 4,201 million and NOK 3,389 million was paid in June 2007 and June 2006, respectively.

In respect of 2007, the Board of Directors proposes that a dividend of NOK 3.40 per share will be paid to shareholders. This dividend is subject to approval by shareholders at the Annual General Meeting on 8 May 2007 and has not been included as a liability in these financial statements. The proposed dividend, if approved, is payable to all shareholders on the Norwegian Central Securities Depository (VPS) on 8 May 2008. The total estimated dividend to be paid is NOK 5.7 billion.

Equity available for distribution as dividends from Telenor ASA was NOK 24,369 million as of 31 December 2007.

Non-Controlling Interests

NOK IN MILLIONS	Non-controlling interests in% NOK in millions 31.12.07	Non-controlling interests part of net income (loss) 2007	Non-controlling interests part of net income (loss) 2006	Non-controlling interests part of net income (loss) 2005	Non-controlling interests in the balance sheet 31.12.07	Non-controlling interests in the balance sheet 31.12.06
Kyivstar	43.5	-	1 518 ¹⁾	827	-	-
DiGi	49.2	727	537	288	1 322	1 274
Grameenphone	38.0	42	372	219	762	891
DTAC/UCOM	34.5/0.5	188	195	42	2 523	1 444
EDB Business Partner ASA	48.7	145	73	89	955	873
Telenor Venture IV AS	49.0	161	(24)	5	269	131
Other	-	(76)	(56)	18	27	122
Total		1 187	2 615¹⁾	1 488	5 858	4 735

¹⁾ Unaudited.

As of 29 December 2006 Kyivstar was deconsolidated, see also note 17 and 25.

During the third quarter in 2007, as a result of Initial Public Offer in Thailand, Telenor decreased its economic interest in DTAC by 12.2%. In connection with the IPO, a reorganisation was executed and UCOM became a subsidiary of DTAC. DTAC's ownership in UCOM is 99.5%. In the fourth quarter of 2007, Telenor sold 10.2% of the shares in the subsidiary DiGi bhd. In 2006, Telenor Broadcast Holding AS received an option to acquire the remaining 10% of the shares in Conax AS, for an amount of NOK 95 million. The option was exercised in the fourth quarter of 2007 (Telenor Broadcast Holding AS currently owns 100% of the shares in Conax AS).

In the fourth quarter of 2006, Telenor sold its subsidiary Telenor Venture II AS (50.08% of shares). During the year of 2006, Telenor increased its economic stake in DTAC and UCOM by 2.7% and 3.2%, respectively. See note 1 for further information.

35 DISCONTINUED OPERATIONS

Discontinued operations remain consolidated in the consolidated financial statements, which mean that any internal transactions between continued and discontinued operations are eliminated as usual in the consolidation. As a consequence, the amounts reclassified to discontinued operations are income and expense only from external transactions. This means that the results presented below will not represent the activities of the operations on a stand-alone basis.

Telenor Satellite Services

Telenor Satellite Services, defined as discontinued operations since 2006, was sold on 5 September 2007 to investment funds managed by Apax Partners for a cash consideration of NOK 2,691 million, of which NOK 135 million were paid dividend before completion of the transaction. A gain of NOK 1,194 million was recognised in 2007. The gain was taxable, but is exempted for taxes according to the Exemption Method.

Telenor Satellite Services was a subsidiary of Telenor ASA until the sale and is a provider of global communications solutions via satellite for users on land, at sea and in flight. Telenor Satellite Services was a part of the segment "Other operations"

UCOM

UCOM has been part of the DTAC – Thailand segment.





The Group increased its shareholding in UCOM in 2005 and at the same time UCOM received an irrevocable purchase offer for the company's core assets from parties external to the Group. These assets and liabilities are primarily organised in separate subsidiaries of the company, and are regarded as disposal groups that meet the criteria to be classified as held for sale and discontinued operations on acquisition according to IFRS 5. The disposals were approved by the General Meeting of UCOM in January and effected in February 2006. The sale price was NOK 246 million, whereof the loss amounted to NOK 22 million in 2006.

The results of Telenor's discontinued operations are presented below:

NOK IN MILLIONS	2007	2006	2005
Revenues	1 671	2 402	2 361
Expenses	(1 413)	(2 180)	(2 099)
Operating profit	258	222	262
Net financial items incl. associated companies	7	14	6
Profit before taxes	265	236	268
Taxes	(59)	(59)	(83)
Profit from operations	206	177	185
Gain/loss from sale of discontinued operation	1 194	(22)	-
Attributable income tax	-	-	-
Profit from discontinued operations	1 400	155	185
Earnings per share in NOK from discontinued operations			
Basic	0.83	0.09	0.11
Diluted	0.83	0.09	0.11

The major classes of assets and liabilities of Telenor's discontinued operations classified as held for sale are as follows:

NOK IN MILLIONS	2007	2006
Assets		
Goodwill	-	245
Intangible assets	-	118
Fixed assets	-	603
Other non-current assets	-	228
Total non-current assets	-	1 194
Current assets excluding cash and cash equivalents	-	630
Asset held for sale at acquisition	-	-
Cash and cash equivalents	-	295
Total current assets	-	925
Total assets classified as held for sale	-	2 119
Liabilities		
Non-current liabilities	-	102
Current liabilities	-	620
Liabilities held for sale at acquisition	-	-
Total liabilities classified as held for sale	-	722
Net assets directly associated with discontinued operations	-	1 397

Net cash flows related to Telenor's discontinued operations are as follow:

NOK IN MILLIONS	2007	2006	2005
Net cash flow from operating activities	192	485	583
Net cash flow from investing activities	(82)	(197)	176
Net cash flow from financing activities	-	(3)	10

36 EVENTS AFTER THE BALANCE SHEET DATE

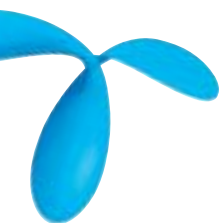
Lillian Acquisition Inc (100% owned by VimpelCom) has per 27 February 2008 completed its acquisition for 100% of the outstanding shares in Golden Telecom Inc for USD 105 per share in cash. At the balance sheet date Telenor owned 18.3% of Golden Telecom and had 33.6% of the economic interest and 29.9% of the voting interest in VimpelCom. The sale of Golden Telecom to VimpelCom will give Telenor a cash consideration of NOK 4,143 million. Telenor has recognised a gain of NOK 1,610 million after elimination of the gain related to Telenor's ownership in VimpelCom.

On 9 January 2008, EDB Business Partner announced the acquisition of 100% of the issued share capital of IS Partner AS. The total consideration for the shares was NOK 1,284 million, which was paid in cash. The transaction was completed on 11 February 2008. The Norwegian Competition Authority approved the transaction on 31 January 2008. See note 1 business combinations and disposals.

INCOME STATEMENT

Telenor ASA 1 January – 31 December

NOK in millions	Note	2007	2006	2005
Revenues	1	592	540	681
Operating expenses				
Cost of materials		(18)	(17)	(16)
Salaries and personnel costs	2, 3	(652)	(637)	(603)
Other operating expenses	4	(918)	(870)	(758)
Depreciation, amortisation and write-downs	8, 9	(93)	(96)	(50)
Total operating expenses		(1 681)	(1 620)	(1 427)
Operating profit (loss)		(1 089)	(1 080)	(746)
Financial income		7 386	7 062	5 711
Financial expenses		(3 510)	(2 345)	(1 509)
Net currency gains (losses)		338	(179)	158
Net gain (losses and write-downs) of financial assets		2 013	218	(672)
Net financial items	6	6 227	4 756	3 688
Profit before taxes		5 138	3 676	2 942
Taxes	7	(78)	(880)	(754)
Profit		5 060	2 796	2 188
Proposed dividends		5 713	4 201	3 387




BALANCE SHEET

Telenor ASA as of 31 December

NOK in millions	Note	2007	2006
ASSETS			
Non-current assets			
Deferred tax assets	7	1 022	90
Goodwill	8	20	20
Intangible assets	8	563	489
Property, plant and equipment	9	14	14
Shares in subsidiaries	15	39 032	35 360
Non-current interest-bearing receivables on group companies	10	73 574	77 826
Other financial assets	10	820	1 246
Total non-current assets		115 045	115 045
Current assets			
Trade receivables on group companies		123	70
Trade receivables external		4	15
Other current financial assets		3 627	1 798
Total current assets	10	3 754	1 883
Total assets		118 799	116 928
EQUITY AND LIABILITIES			
Equity		39 917	39 458
Pension obligations	3	259	255
Non-current interest-bearing liabilities		30 473	29 043
Non-current non-interest-bearing liabilities		498	126
Total non-current liabilities	11	30 971	29 169
Current interest-bearing liabilities		45 529	45 603
Current non-interest-bearing liabilities		2 123	2 443
Total current liabilities	12	47 652	48 046
Total equity and liabilities		118 799	116 928

Fornebu, 31 March 2008


Harald Norvik
Chairman of the Board of Directors


Bjørn Ven
Vice-chairman of the Board of Directors


John Giverholt
Board member


Kjersti Kleven
Board member


Olav Volldal
Board member



Liselott Kilaas
Board member


Paul Bergqvist
Board member


Harald Stavn
Board member


May Krosby
Board member


Bjørn Andre Anderssen
Board member


Jon Fredrik Baksaas
President & CEO

CASH FLOW STATEMENT

Telenor ASA 1 January – 31 December

NOK in millions	2007	2006	2005
Profit before taxes	5 138	3 676	2 942
Income taxes paid	(482)	-	-
Net (gains) losses	(2 683)	(1 457)	425
Depreciation, amortisation and write-downs	93	96	50
Write-down of shares and reversal of previous write-downs	-	22	61
Currency (gains) losses not relating to operating activities	(335)	176	(159)
Changes in interest accruals against Group companies	(2 550)	(2 716)	(2 921)
Changes in other accruals	(834)	(85)	(66)
Net cash flow from operating activities	(1 653)	(288)	332
Cash receipts from sale of property, plant and equipment and intangible assets	16	28	55
Purchase of property, plant and equipment and intangible assets	(194)	(77)	(184)
Cash receipts from sale of subsidiaries ³⁾	2 536	-	404
Purchase of subsidiaries ³⁾	(21)	(12 279)	-
Cash receipts from sale of other investments	743	2 023	30
Purchase of other investments	(6)	(27)	(191)
Net cash flow from investment activities	3 074	(10 332)	114
Proceeds from borrowings ^{2) 4)}	28 782	43 612	10 862
Repayments of borrowings ^{2) 4)}	(29 947)	(33 034)	(3 964)
Net change in Group internal drawing rights ¹⁾	4 273	4 283	(2 542)
Proceeds from issuance of shares	10	71	49
Shares buy back	(421)	(901)	(2 267)
Payments of dividend	(4 201)	(3 389)	(2 595)
Net cash flow from financing activities	(1 504)	10 642	(457)
Effect on cash and cash equivalents of changes in foreign exchange rates	83	(22)	11
Net change in cash and cash equivalents	-	-	-
Cash and cash equivalents at 1 January	-	-	-
Cash and cash equivalents at 31 December⁴⁾	-	-	-

¹⁾ Net change in Group internal drawing rights are loans to, and placements from Group companies. These loans and placements have high turnover and are presented net.

²⁾ The changes from 2005 to 2006 are related to acquisitions and refinancing activities in Telenor's internal bank (Group Treasury).

³⁾ See note 1 to the consolidated financial statements.

⁴⁾ In Telenor ASA the cash and the cash equivalent are negative, and are classified as financing activities as borrowings.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Telenor ASA for the year ended 31 December 2005, 2006 and 2007

NOK in millions (except for number of shares)	Number of shares	Share capital	Own shares	Other paid in capital	Other equity	Retained earnings	Total equity
Equity as of 01.01.2005	1 749 697 047	10 498	(87)	17 539	4 017	11 450	43 417
Profit for the year 2005	-	-	-	-	-	2 188	2 188
Dividends	-	-	-	-	-	(2 595)	(2 595)
Share based payment	-	-	-	-	1	-	1
Transfer from share premium account	-	-	-	(1 937)	1 937	-	-
Share buy back	-	-	(259)	-	(2 008)	-	(2 267)
Sale of shares, share issue and share options to employees	737 671	4	6	19	45	-	74
Cancellation of shares	(43 864 425)	(263)	263	-	-	-	-
Equity as of 31.12.2005	1 706 570 293	10 239	(77)	15 621	3 992	11 043	40 818
Profit for the year 2006	-	-	-	-	-	2 796	2 796
Dividends	-	-	-	-	-	(3 389)	(3 389)
Valuation gains (losses) on cash flow hedge	-	-	-	-	23	-	23
Share based payment	-	-	-	-	7	-	7
Transfer from share premium account	-	-	-	(5 000)	5 000	-	-
Share buy back	-	-	(94)	-	(807)	-	(901)
Sale of shares, share issue and share options to employees	-	-	13	-	91	-	104
Cancellation of shares	(26 295 723)	(158)	158	(1 278)	1 278	-	-
Equity as of 31.12.2006	1 680 274 570	10 081	-	9 343	9 584	10 450	39 458
Profit for the year 2007	-	-	-	-	-	5 060	5 060
Dividends	-	-	-	-	(4 201)	-	(4 201)
Transfer from share premium account	-	-	-	(5 000)	5 000	-	-
Valuation gains (losses) on cash flow hedge	-	-	-	-	4	-	4
Share based payment	-	-	-	-	6	-	6
Share buy back	-	-	(20)	-	(422)	-	(442)
Sale of shares, share issue and share options to employees	-	-	2	-	30	-	32
Equity as of 31.12.2007	1 680 274 570	10 081	(18)	4 343	10 001	15 510	39 917

Fund related to unrealised gains amounted to NOK 65 million included in Other equity as of 31 December 2007.

Nominal value per share is NOK 6. As of 31 December 2007, Telenor ASA had 2,931,222 own shares. See note 31 to the consolidated financial statements.

Dividends	2007	2006	2005
Dividends per share in NOK - paid	2.50	2.00	1.50
Dividends per share in NOK - proposed by the Board of Directors	3.40	2.50	2.00

Total dividends of NOK 4,201 million were paid in June 2007. In June 2006, NOK 3,389 million was paid in dividends.

Equity available for distribution as dividends from Telenor ASA was NOK 24,369 million as of 31 December 2007.

In respect of 2007, the Board of directors proposes that a dividend of NOK 3.40 per share will be paid to shareholders. The total estimated dividend to be paid is NOK 5.7 billion.



NOTES TO THE FINANCIAL STATEMENTS

Telenor ASA

01 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES AND GENERAL

Telenor ASA is a holding company and contains the Group Management, corporate functions, Research and Development and Telenor's internal bank (Group Treasury).

Revenues are mainly sale of Group services (Business Service Cost) to other Telenor entities, sale of research and development services and sale of other consultancy services. Purchases from other companies within the Group consist mainly of consultancy fees in strategic Group projects, property lease, IT operations and maintenance.

Telenor ASA conducts the main part of the external debt financing in Telenor, and provides loan to, and receives placements of liquid assets from Group companies. See note 21 to the consolidated financial statements.

Shares in subsidiaries and receivables from and loans provided to subsidiaries are evaluated at the lower of cost and fair value. Any adjustments in values are classified as financial items in the profit and loss statement. Derivative financial instruments held against subsidiaries are carried at fair value.

Telenor ASA's accounting principles are consistent to the accounting principles for the Telenor Group, as described above. Telenor ASA has not adopted IFRS 5 regarding Discontinued Operation. Telenor Satellite Services is therefore not reclassified to assets held for sale. Where the notes for the parent company are substantially different from the notes for the Group, these are shown below. Otherwise, refer to the notes to the consolidated financial statements.

The financial statements have been prepared in accordance with IFRS rules, the Accounting Act § 3-9 and regulations regarding simplified application of IFRS issued by the Ministry of Finance 21 January 2008. Telenor ASA uses indirect method for cash flow statement.

02 SALARIES AND PERSONNEL COSTS

The Group's Chief Executive Officer and the Board of Directors have the same position in Telenor ASA. Please refer to note 29 to the consolidated financial statements for further information about compensation to the Board of Directors, management and auditor. For information about share based payment, see note 30 in the consolidated financial statements.

NOK IN MILLIONS	2007	2006	2005
Salaries and holiday pay	483	454	400
Social security tax	72	70	65
Pension cost including social security tax	20	48	73
Employee stock option costs	5	3	1
Other personnel costs	72	62	64
Total salaries and personnel costs	652	637	603
Number of employees, average	618	597	623




03 PENSION OBLIGATIONS

Telenor ASA is obligated to follow the Act on Mandatory company pensions, cf. the Accounting Act § 7-30 a.

NOK IN MILLIONS	2007	2006
Change in projected benefit obligation		
Projected benefit obligation at the beginning of the year	814	896
Service cost	44	49
Interest cost	27	32
Actuarial (gains) and losses	17	(43)
Curtailments and settlements ²⁾	(199)	(15)
Acquisitions and sale ⁴⁾	-	(72)
Benefits paid/paid-up policies	(17)	(33)
Benefit obligations at the end of the year	686	814
Change in plan assets		
Fair value of plan assets at the beginning of the year	655	653
Actual return on plan assets	14	43
Acquisitions and sale ⁴⁾	-	(55)
Curtailments and settlements ²⁾	(206)	-
Pension contribution ⁵⁾	18	46
Benefits paid/paid-up policies	(37)	(32)
Fair value of plan assets at the end of the year	444	655
Funded status	242	159
Unrecognised net actuarial gains (losses) ¹⁾	(16)	75
Accrued social security tax ¹⁾	33	21
Total provision for pensions including social security tax	259	255
Total provision for pensions as of 01.01.	255	286
Acquisitions and sale	-	(20)
Net periodic benefit costs	9	42
Pension contribution ⁵⁾	(22)	(47)
Benefits paid/paid-up policies ²⁾	20	-
Social security tax on pension contribution and benefits paid	(3)	(6)
Total provision for pensions as of 31.12. including social security tax	259	255

413 employees were covered by the defined benefit plan in Telenor Pension Fund and in addition Telenor Pension Fund paid out pensions to 409 persons. For information of assumptions used and description of pension plans, see note 7 to the consolidated financial statements.

NOK IN MILLIONS	2007	2006	2005
Components of net periodic benefit cost			
Service cost	44	50	76
Interest cost	27	32	38
Expected return on plan assets	(26)	(32)	(33)
Administration cost	1	1	-
Losses/gains on curtailments and settlements ^{2),3)}	7	(15)	(7)
Amortisation of actuarial gains and losses ²⁾	(50)	-	(13)
Social security tax	6	6	10
Net periodic benefit costs	9	42	71
Contribution plan costs	11	6	2
Total pension costs charged to profit for the year	20	48	73

¹⁾ Social security tax has been calculated on net funded status multiplied with the average rate for social security tax for Telenor ASA. Unrecognised prior service costs are inclusive of social security tax.

²⁾ The funded part of the supplementary plan in Telenor Pension fund was terminated in the second quarter 2007 with effect from 1 January 2007. Part of the pension funds in the plan was transferred to paid up policies. The remaining funds were repaid to the companies. The plan is carried forward as an unfunded plan. The future pension benefit for the members is not changed. This resulted in a one-time cost reduction of net NOK 40 million in 2007, reflected both in loss on settlement and amortisation of actuarial gain.

³⁾ In 2005 Telenor Group decided to terminate the defined benefit plan for new members of Telenor Pension Fund in Norway effective from 1 January 2006, and to offer existing members switching to a defined contribution plan from 3 July 2006. The voluntary change of pension plan resulted in a one-time cost reduction for Telenor ASA of NOK 15 million in the third quarter of 2006. The cost reduction is mainly related to the difference between pension obligations recognised for these employees for accounting purposes and the paid up policy received by the employees accepting the plan.

⁴⁾ In 2006 the transfers are mainly related to employees transferred to Telenor Consult AS.

⁵⁾ Telenor ASA expects to contribute approximately NOK 30 million to the Telenor Pension Fund in 2008.

04 OTHER OPERATING EXPENSES

NOK IN MILLIONS	2007	2006	2005
Cost of premises, vehicles, office equipment etc.	85	88	86
Operation and maintenance	67	52	62
Travel and travel allowances	72	66	54
Postage, freight, distribution and telecommunications	26	23	20
Marketing, representation and sales commission	67	81	89
Consultancy fees and costs for external personnel ¹⁾	440	440	336
Workforce reductions	3	9	4
Bad debt ²⁾	1	(1)	-
Other	157	112	107
Total other operating expenses	918	870	758

¹⁾ Consultancy fees in 2007 are at the same level as in 2006. The increase in consultancy fees in 2006 is related to evaluation of new market opportunities together with exercise of ownership interests. Both audit and other fees to auditor are included in the amount, see note 29 in the consolidated financial statements.

²⁾ Telenor ASA has insignificant losses on accounts receivables. Realised losses are primarily on loans provided by Group Treasury which undertakes a large portion of the financing of subsidiaries. Losses on loans have been classified as Net Financial Items where they have been included in Net gain/losses and impairment losses of financial assets.

05 RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses in Telenor ASA were NOK 265 million in 2007, NOK 186 million in 2006 and NOK 168 million in 2005. Research and development activities relate to new technologies and new usages of the existing network.

06 NET FINANCIAL ITEMS

NOK IN MILLIONS	2007	2006	2005
Dividends from subsidiaries	560	567	4
Interest income from Group companies	4 121	3 690	3 513
Interest income external on cash and current deposits	-	-	8
Total change in fair value of financial instruments held for trading ¹⁾	670	1 298	186
Group contribution from Group companies ²⁾	2 000	1 500	2 000
Other financial income	35	7	-
Total financial income	7 386	7 062	5 711
Interest expenses to Group companies	(1 567)	(923)	(595)
Interest expenses external on financial liabilities measured at amortised cost	(1 902)	(1 331)	(907)
Total change in fair value of financial instruments held for trading	-	(80)	-
Other financial expenses	(41)	(11)	(7)
Total financial expenses	(3 510)	(2 345)	(1 509)
Net foreign currency losses	338	(179)	158
Losses on loans to Group companies ⁴⁾	-	(3)	(425)
Write-down of loans to Group companies and associated companies ⁵⁾	-	-	(22)
Gains on sale of shares in subsidiaries and associated companies ³⁾	2 013	243	-
Impairment losses of shares in Group companies ⁵⁾	-	(22)	(225)
Net gains (losses and impairment losses) on financial assets	2 013	218	(672)
Net Financial items	6 227	4 756	3 688

¹⁾ The change in fair value of financial instruments was primarily related to the total return swap agreement in the underlying VimpelCom share as well as derivatives used for economic hedge of interest-bearing liabilities that do not fulfil the requirements for hedge accounting according to IAS 39.

On 30 March 2007, the Total Return Swap was transferred to Telenor East Invest AS by agreement. Telenor East Invest AS is owned 100% by Telenor ASA.

²⁾ Group Contribution received from Group companies during the relevant years is recorded as financial income. Recognised Group Contributions are amounts received in 2007. Group contribution to be received and recorded as financial income in 2008 based on the Group companies' 2007 financial statements is estimated to approximately NOK 3,850 million.

³⁾ On 25 October 2006, Telenor ASA entered into an agreement to dispose Telenor Satellite Services AS. The disposal was completed on 5 September 2007. The consideration received was in USD and EUR. Since the consideration was agreed in currencies not defined as the functional currency for seller and the acquirer, the agreement is recognised as embedded derivative according to IFRS. The consideration is recognised to the exchange rate at the date of agreement. Telenor ASA has recognised a gain of NOK 2,013 million and an exchange loss of NOK 20 million related to this transaction.

On 1 August 2006, Telenor ASA entered into an agreement to purchase all shares in the Serbian mobile operator Mobi63 with purchase price in EUR. The seller is a company with Serbian Dinars as functional currency and hence there was an embedded derivative included in this transaction according to IFRS. This means that the purchase price was booked in NOK using the forward rate (EUR/NOK) at the date of the signed agreement (1 August 2006) together with other acquisition expenses, while the difference between the forward rate as of 1 August and the exchange rate at the date of share take-over as of 31 August 2006 was recognised as foreign exchange losses. In the middle of August 2006, Telenor ASA purchased an external forward contract with an exchange rate of 8 (EUR/NOK) to reduce the currency exposure. This economic hedge limited the foreign currency losses on the embedded derivative.

Immediately after the take-over, the shares in Mobi63 were sold to Sonofon A/S, a wholly-owned subsidiary in Telenor Group. This transaction resulted in a gain of NOK 243 million for Telenor ASA which included a gain related to the appreciation of EUR from 1 August to 31 August 2006. At the same time, Mobi63 changed the name to Telenor d.o.o.

⁴⁾ In 2005, Telenor ASA converted its receivable on the subsidiary Dansk Mobil Holding II AS to share capital. The receivable of NOK 1,092 million was granted as loan from Group Treasury and had a fair value of NOK 203 million at the time of the conversion. Telenor ASA expensed the difference between the nominal value and fair value at the time of the conversion by NOK 889 million, of which NOK 501 million was write-downs from previous years, resulting in a net loss in 2005 of NOK 388 million.

In 2005, Telenor ASA's subsidiary, Telenor Eiendom Holding AS sold two property companies to Telenor Pension Fund. At the same time Group Treasury on behalf of Telenor ASA sold loans which have been granted to these companies to Telenor Pension Fund. The transaction resulted in a loss of NOK 58 million due to lower value realised on the property companies sold.

⁵⁾ Telenor ASA has recognised losses related to subsidiaries due to impairment.

07 TAXES

NOK IN MILLIONS	2007	2006	2005
Profit before taxes	5 138	3 676	2 942
Current taxes	1 016	478	-
Excess/less calculated current tax previous year	(4)	-	-
Change in deferred taxes	(934)	402	754
Total income tax expense	78	880	754
Tax basis			
Profit before taxes	5 138	3 676	2 942
Non-taxable income ^{1) 2)}	(4 873)	(612)	(569)
Non-deductible expenses	34	107	310
Pension plan assets transferred as of 1.1 without tax effect	1	13	-
Changes in temporary differences ²⁾	3 328	(454)	(769)
Utilized tax losses carried forward	-	(1 026)	(1 640)
Implementation effect of IAS 32/39 as of 01.01.2005	-	-	(274)
Tax basis of the year	3 628	1 704	-
Current taxes according to statutory tax rate (28%)	1 016	478	-
Effective tax rate			
Expected income taxes according to statutory tax rate (28%)	1 439	1 029	823
Non-taxable income from Total return swap agreement ²⁾	(680)	-	-
Other Non-taxable income	(684)	(171)	(19)
Non-deductible expenses	9	30	88
Realised loss on accounts receivable ³⁾	-	-	(140)
Over/under estimation of taxes calculated previous years	(6)	(8)	2
Tax expense	78	880	754
Effective tax rate in %	1.5%	23.9%	25.6%

¹⁾ The taxable gain related to the disposal of Telenor Satellite Services AS was NOK 1,772 million. The gain is exempted for taxes according to the Exemption Method. Exchange rates on the time of settlement (5 September 2007) are used in the calculation.

²⁾ The total return swap agreement related to ADRs in VimpelCom was transferred from Telenor ASA to Telenor East invest AS in 2007 using the Norwegian Regulation of tax-free transfers. The unrealised gain was NOK 1,566 million at 31 December 2006, which increased to NOK 2,428 million at the date of transfer. Telenor East Invest AS acquired most of the underlying shares in VimpelCom after the transfer of the total return swap. The realisation of the total return swap was not taxable for Telenor East Invest AS and the temporary differences related to the transferred agreement will become permanent. Since the transfer of the agreement took place in 2007, and the change from temporary to permanent difference was known as of 31 December 2007 the tax effect of the change is included in the financial statement of Telenor ASA.

³⁾ In 2005, Telenor ASA claimed tax deduction for the loss on a loan to the subsidiary Dansk Mobil Holding II AS, see note 6. Tax deductible loss was NOK 889 million. NOK 501 million of this was written down in 2004 without treating this as deferred tax benefits on the impairment losses. Realisation of this part of the loss implied a reduction in the tax expense for 2005 of NOK 140 million.





NOK IN MILLIONS	2007	2006	Change
Temporary differences as of 31 December			
Non-current assets	69	81	12
Non-current receivables and debt in foreign currency	417	-	(417)
Financial assets	(32)	1 851	1 883
Other accruals for liabilities	(74)	(92)	(18)
Pension liabilities	(180)	(162)	18
Group contribution	(3 850)	(2 000)	1 850
Tax losses carried forward	-	-	-
Total	(3 650)	(322)	3 328
Net deferred tax assets (28%)	1 022	90	932
Deferred tax benefit related to valuation gain/loss on cash flow hedge			2
Change in deferred taxes			934

08 GOODWILL AND INTANGIBLE ASSETS

2007

NOK IN MILLIONS	Accumulated cost 01.01.07	Net additions 2007	Net disposals 2007	Amortisations and write downs 2007	Acc. amortisations and write downs 2007	Carrying amount 31.12.07
Goodwill (no amortisation)	20	-	-	-	-	20
Licenses and legal rights (12–15 years)	411	93	-	(34)	(147)	357
Software purchased (5 years)	234	73	(44)	(53)	(151)	112
Work in progress	102	20	(3)	-	(25)	94
Total goodwill and intangible assets	767	186	(47)	(87)	(323)	583

2006

NOK IN MILLIONS	Accumulated cost 01.01.06	Net additions 2006	Net disposals 2006	Amortisations and write downs 2006	Acc. amortisations and write downs 2006	Carrying amount 31.12.06
Goodwill (no amortisation)	20	-	-	-	-	20
Licenses and legal rights (12 years)	411	-	-	(34)	(113)	298
Software purchased (5 years)	154	107	(27)	(36)	(120)	114
Work in progress	78	24	-	(20)	(25)	77
Total goodwill and intangible assets	663	131	(27)	(90)	(258)	509

In November 2007, Telenor ASA was awarded with a nationwide frequency through the 2.6 GHz auction held by The Norwegian Post – and Telecommunication Authority (“PT”). Cost price for the licence was a one-off payment of NOK 93 million. The licence period is from 1 January 2008 to 31 December 2022.

09 PROPERTY, PLANT AND EQUIPMENT

2007

NOK IN MILLIONS	Accumulated cost 01.01.07	Net additions 2007	Net disposals 2007	Depreciation and write downs 2007	Acc. depreciation and write downs 2007	Carrying amount 31.12.07
IT-equipment (3–5 years)	38	5	(13)	(4)	(20)	10
Other equipment	19	1	(1)	(2)	(15)	4
Total	57	6	(14)	(6)	(35)	14

2006

NOK IN MILLIONS	Accumulated cost 01.01.06	Net additions 2006	Net disposals 2006	Depreciation and write downs 2006	Acc. depreciation and write downs 2006	Carrying amount 31.12.06
IT-equipment (3–5 years)	34	5	(1)	(3)	(30)	8
Other equipment	20	-	(1)	(3)	(13)	6
Total	54	5	(2)	(6)	(43)	14

10 FINANCIAL ASSETS

Interest-bearing receivables on Group companies are loans from Telenor ASA's internal bank (Group Treasury) to subsidiaries.

NOK IN MILLIONS	2007	2006
Shares in subsidiaries ¹⁾	39 032	35 360
Non-current Interest-bearing receivables on Group companies	73 574	77 826
Receivables on associated companies	1	1
Other non-current shares and other investments ²⁾	120	120
Other non-current financial assets ³⁾	699	1 125
Total other non-current financial assets	820	1 246
Accounts receivable (internal/external) ⁵⁾	127	85
Current interest-bearing receivables	51	2
Receivables on Group companies	270	166
Short-term deposit < 3 months ⁴⁾	2 986	936
Other liquid financial assets ³⁾	320	694
Total other current financial assets	3 627	1 798

¹⁾ See note 15.

²⁾ The amount of NOK 120 million is capital contribution in Telenor Pension Funds and Telenor Pension funds for supplementary benefits. The amount capitalised in the balance sheet is the cost price. Telenor ASA's ownership in both Pension Funds is 40% of core capital. Telenor Eiendom Holding AS owns the remaining 60%.

³⁾ According to IFRS 7, financial instruments are recognised as part of financial assets. As of 31 December 2007, the non-current portion is NOK 688 million (all external, of which NOK 98 million is gain on interest rate swaps, NOK 569 million is gain on cross currency interest rate swaps and NOK 21 million is gain on interest rate options), and the current portion NOK 282 million (of which financial derivatives held against subsidiaries: NOK 20 million, financial derivatives held against external parties NOK 262 million, of which the total amount is gain on foreign currency forward contracts). Comparable figures as of 31 December 2006 were NOK 1,125 million (all external, of which NOK 79 million is gain on interest rate swaps and NOK 1,046 million is gain on cross currency interest rate swaps) and NOK 622 million (of which financial derivatives held against subsidiaries: NOK 7 million, financial derivatives against external NOK 615 million, of which NOK 184 million is gain on foreign currency forward contracts, NOK 8 million is gain on interest rate options, NOK 156 million is gain on interest rate swaps and NOK 267 million is gain on cross currency interest rate swaps).

⁴⁾ In the financial statements for 2006 the short-term deposit less than three months was offset against negative cash in the Group's cash pool system and reclassified to short-term interest-bearing liabilities. In 2007, such investments have been classified as financial assets. The corresponding 2006 figures have been reclassified accordingly.

⁵⁾ Age distribution

NOK IN MILLIONS	Not past due on reporting date	Less than 30 days	Between 30 and 60 days	Between 61 and 90 days	Between 91 and 180 days	More than 180 days
Account Receivables 2007	37	55	-	23	-	12
Account Receivables 2006	28	29	1	7	5	15

The carrying amount of trade receivables are assessed to be the recoverable amount and no allowance for bad debt is recognised.

11 NON-CURRENT LIABILITIES

NOK IN MILLIONS	2007		2006	
	Total	Due date > 5 years	Total	Due date > 5 years
Interest-bearing				
Liabilities to Group companies ¹⁾	87	-	195	-
Liabilities to external parties ³⁾	30 386	12 887	28 848	9 460
Total non-current interest-bearing liabilities	30 473	12 887	29 043	9 460
Non-interest-bearing				
Liabilities to Group companies	105	-	123	-
Liabilities to external parties ²⁾	393	-	3	-
Total non-interest-bearing liabilities	498	-	126	-
Total non-current liabilities	30 971	12 887	29 169	9 460

¹⁾ Carrying amount of Group internal financial derivatives due to subsidiaries, was per 31 December 2007 NOK 87 million. Comparable figures as of 31 December 2006 were NOK 195 million.

²⁾ External derivatives as of 31 December 2007 were NOK 393 million, of which NOK 39 million is loss on interest rate swaps and NOK 354 million is loss on cross currency interest rate swaps. Comparable figures as of 31 December 2006 were NOK 0 million.

³⁾ As of 31 December 2007 fair value of non-current interest-bearing liabilities is NOK 30,595 million. Fair value hedged debt is NOK 15,347 million. Increase in fair value on hedged items amounts to NOK 78 million, while decrease in fair value of hedging instruments is NOK 42 million. This implies

a hedging ineffectiveness of NOK 36 million. Fair value of non-current interest-bearing debt as of 31 December 2006 was NOK 29,167 million. Fair value hedged debt amounted to NOK 8,194 million. Decrease in fair value of hedged items was NOK 934 million, while increase in fair value of hedging instruments was NOK 930 million. This resulted in a hedging ineffectivity of NOK -4 million.

See note 21 to the consolidated financial statements for more detailed information regarding external interest-bearing liabilities.

12 CURRENT LIABILITIES

NOK IN MILLIONS	2007	2006
Interest-bearing		
Liabilities to Group companies	36 496	34 560
Drawing on Group bank account ¹⁾	4 146	3 831
Liabilities to external parties ²⁾	4 887	7 212
Total current interest-bearing liabilities	45 529	45 603
Non-interest-bearing		
Accounts payable to Group companies	34	30
Accounts payable to external parties	16	22
Other liabilities to Group companies	22	62
Government taxes, tax deductions, vacation allowance etc.	111	95
Taxes payable	1 016	478
Accrued expenses	724	590
Accruals for workforce reductions and allowance for losses on contracts	4	4
Prepaid revenues	6	8
Financial derivatives ³⁾	147	1 044
Other current liabilities	43	110
Total current non-interest-bearing liabilities	2 123	2 443
Total current liabilities	47 652	48 046

¹⁾ See note 10, footnote 4.

²⁾ As of 31 December 2007 fair value of current interest-bearing liabilities is NOK 4,899 million, of which NOK 0 million is fair value hedged debt. Comparable figures as of 31 December 2006 were NOK 7,206 million, of which NOK 1,978 million was fair value hedged debt.

³⁾ As of 31 December 2007 NOK 101 million is loss on cross currency interest rate swaps and NOK 46 million is loss on foreign currency forward contracts. As of 31 December 2006 financial derivatives held against subsidiaries is NOK 81 million, derivatives held against external parties is NOK 963 million, of which NOK 37 million is loss on foreign currency forward contracts, NOK 1 million is loss on interest rate options, NOK 237 million is loss on interest rate swaps, NOK 568 million is loss on cross currency interest rate swaps and NOK 120 million is loss on equity derivatives.

13 GUARANTEES

NOK IN MILLIONS	2007	2006
Guarantee liabilities	1 909	2 246

The table above does not include purchased bank guarantees where the corresponding liabilities are recorded in the company's balance sheet. As of 31 December 2007 and 2006, guarantees of NOK 4,569 million and NOK 6,565 million respectively, related to "Cross Border QTE Lease" agreements were not included in the table above, see note 33 to the consolidated financial statements.

14 CONTRACTUAL OBLIGATIONS

As of 31 December 2007, Telenor ASA had committed purchase obligations. These obligations were primarily agreements that Telenor ASA had entered into on behalf of the Telenor Group.

The table below includes purchase agreements where Telenor ASA has a minimum purchase liability only.

NOK in millions	2008	2009	2010	2011	2012	After 2012
Committed purchase obligations	74	65	57	31	4	1





15 SHARES IN SUBSIDIARIES

The table below sets forth Telenor ASA's ownership interest in its subsidiaries. These subsidiaries will mainly be holding companies and their directly owned subsidiaries. Several of the subsidiaries named in the second part own shares in other subsidiaries as described in their respective annual reports.

Shares in subsidiaries

	Office	Share owned in % 2006	Share owned in % 2007	Carrying amount per 31.12.07 (NOK in millions)
Telenor Networks Holding AS	Norway	100.0	100.0	13 124
Telenor International Centre AS	Norway	100.0	100.0	-
Telenor Intercom Holding	Norway	100.0	100.0	1 279
Telenor Key Partner AS	Norway	100.0	100.0	49
Telenor Installasjon Holding AS ¹⁾	Norway	100.0	-	-
Itworks Holding AS ¹⁾	Norway	100.0	-	-
Telenor Communication II AS ¹⁾	Norway	100.0	100.0	288
Telenor Satellite Services AS ²⁾	Norway	100.0	-	-
Telenor Mobile Holding AS ³⁾	Norway	100.0	100.0	13 698
Dansk Mobil Holding II AS	Norway	100.0	100.0	203
Telenor Business Partner Invest AS	Norway	100.0	100.0	1 150
Telenor Broadcast Holding AS	Norway	100.0	100.0	4 607
Telenor Eiendom Holding AS	Norway	100.0	100.0	4 159
Telenor KB AS	Norway	100.0	100.0	-
Telenor Forsikring AS	Norway	100.0	100.0	300
Maritime Communications Partner AS ⁴⁾	Norway	98.9	98.9	172
Telenor Services 1 AS	Norway	-	100.0	3
Total				39 032

Ownership interest corresponds to voting interest if not otherwise stated.

¹⁾ Telenor Installasjon Holding AS and Itworks Holding AS merged with Telenor Communication II AS in 2007.

²⁾ Telenor Satellite Services AS was disposed 5 September 2007.

³⁾ The carrying amount of shares in Telenor Mobile Holding AS is increased by NOK 4,205 million in 2007 as a result of converting loan to share capital.

⁴⁾ The remaining shares are owned by Telenor Communication II AS.

Shares in subsidiaries owned through subsidiaries

	Office	Share owned in % 2006	Share owned in % 2007
Telenor Networks Holding AS			
Telefonselskapet AS	Norway	100.0	100.0
Telenor Global Services AS	Norway	100.0	100.0
Telenor Svalbard AS	Norway	100.0	100.0
Telenor Privat AS	Norway	100.0	100.0
Telenor Telecom Solutions AS	Norway	100.0	100.0
Telenor Bedrift AS	Norway	100.0	100.0
Nye Telenor East Invest AS	Norway	100.0	100.0
TBS Infrastructure AB	Sweden	100.0	100.0
Telenor Direkte AS	Norway	100.0	-
Telenor International Centre AS			
Telenor Russia AS	Norway	100.0	100.0
Telenor Magyarorszag KFT	Hungary	99.3	99.3
Telenor Intercom Holding AS			
Nye Telenor Mobile Communications 1 AS	Norway	100.0	100.0
Telenor Key Partner AS			
Telenor Key Partner Denmark A/S	Denmark	100.0	100.0
Telenor Communication II AS			
Argos Takes Care of It SA	Marocco	99.9	99.9
Telenor Venture IV AS	Norway	51.0	51.0
Telenor Kapitalforvaltning ASA	Norway	100.0	100.0
AeroMobile AS	Norway	100.0	-
Telenor Cinclus AS	Norway	66.0	66.0
Smartcash AS	Norway	100.0	100.0
Telenor Start 1 AS	Norway	-	100.0
Telenor Austria GmbH	Austria	100.0	100.0
Telenor Polska sp.z.o.o	Poland	100.0	100.0

	Office	Share owned in % 2006	Share owned in % 2007
Telenor Satellite Services AS (sold in 2007)			
Telenor Satellite Networks AS	Norway	100.0	-
Telenor Satellite Services Asia Holding AS	Norway	100.0	-
Telenor Satellite Mobile Venture AS	Norway	100.0	-
Marlink AS	Norway	100.0	-
Marlink SA	Belgium	100.0	-
Norse Electronics AS	Norway	90.1	-
Telenor Mobile Holding AS			
Nye Telenor Mobile Communications III AS	Norway	100.0	100.0
Telenor Mobile Communications AS	Norway	100.0	100.0
Telenor East Invest AS	Norway	100.0	100.0
Telenor Mobile Sweden AS	Norway	100.0	100.0
Telenor Greece AS	Norway	100.0	100.0
Nye Telenor Mobile Communications II AS	Norway	100.0	100.0
Telenor Mobil AS	Norway	100.0	100.0
Wireless Mobile International AS	Norway	100.0	100.0
Telenor Telehuset AS	Norway	100.0	100.0
Telenor Denmark Holding AS	Denmark	100.0	100.0
OYO AS	Norway	100.0	100.0
Promonte GSM	Montenegro	100.0	100.0
Europolitan Telenor AB	Sweden	100.0	100.0
Telenor Business Partner Invest AS			
EDB Business Partner ASA	Norway	51.5	51.3
Telenor Broadcast Holding AS			
Telenor Satellite Broadcasting AS	Norway	100.0	100.0
Telenor UK Ltd.	Great Britain	100.0	100.0
Telenor Bulgaria o.o.d	Bulgaria	100.0	100.0
Telenor Plus AB	Sweden	100.0	100.0
Canal Digital AS	Norway	100.0	100.0
Canal Digital Kabel TV AS	Norway	100.0	100.0
Norkring AS	Norway	100.0	100.0
Telenor Vision International AB	Sweden	100.0	100.0
Pecheur AS	Norway	100.0	100.0
Conax AS	Norway	90.0	100.0
Premium Sports AS	Norway	100.0	100.0
Denmark Digital TV A/S	Denmark	-	100.0
Telenor Eiendom Holding AS			
Telenor Eiendom Fornebu Kvartal 1 AS	Norway	100.0	100.0
Telenor Eiendom Fornebu Kvartal 2 AS	Norway	100.0	100.0
Telenor Eiendom Fornebu Kvartal 3 AS	Norway	100.0	100.0
Telenor Eiendom Fornebu Kvartal 4 AS	Norway	100.0	100.0
Telenor Eiendom Hareløkken AS	Norway	100.0	100.0
Telenor Eiendom Vest AS	Norway	100.0	-
Telenor Eiendom Fornebu Tomt K2 AS	Norway	100.0	-

Other significant subsidiaries of Telenor are Telenor Sverige AB, Sonofon A/S, Pannon GSM RT, Telenor d.o.o. Serbia, Telenor Pakistan (private) Ltd, Total Access Communications Plc. (DTAC), Grameen Phone Ltd and DiGi.Com Bhd.



AUDITOR'S REPORT FOR 2007



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Medlemmer av Den norske Revisorforening

To the Annual Shareholders' Meeting of
Telenor ASA

Auditor's report for 2007

We have audited the annual financial statements of Telenor ASA as of 31 December 2007, showing a profit of NOK 5 060 million for the Parent Company and a profit of NOK 19 203 million for the Group. We have also audited the information in the Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit. The financial statements comprise the financial statements for the Parent Company and the Group. The financial statements of the Parent Company comprise the balance sheet, the statements of income and cash flows, the statement of equity and the accompanying notes. The financial statements of the Group comprise the balance sheet, the statements of income and cash flows, the statement of equity and the accompanying notes. Simplified IFRSs pursuant to the Norwegian Accounting Act § 3-9 have been applied in the preparation of the financial statements of the Parent Company. IFRSs as adopted by the EU have been applied in the preparation of the financial statements of the Group. These financial statements and the Directors' report are the responsibility of the Company's Board of Directors and Chief Executive Officer. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We conducted our audit in accordance with laws, regulations and auditing standards and practices generally accepted in Norway, including the auditing standards adopted by the Norwegian Institute of Public Accountants. These auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and auditing standards, an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- the financial statements of the Parent Company are prepared in accordance with laws and regulations and present fairly, in all material respects the financial position of the Company as of 31 December 2007, and the results of its operations and cash flows and the changes in equity for the year then ended, in accordance with simplified IFRSs pursuant to the Norwegian Accounting Act § 3-9
- the financial statements of the Group are prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Group as of 31 December 2007, and the results of its operations and its cash flows and the changes in equity for the year then ended, in accordance with IFRSs as adopted by the EU
- the Company's management has fulfilled its duty to properly record and document the Company's accounting information as required by law and bookkeeping practice generally accepted in Norway
- the information in the Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit is consistent with the financial statements and complies with law and regulations.

Oslo, 31 March 2008
ERNST & YOUNG AS

Erik Mamelund
State Authorised Public Accountant (Norway)
(sign.)

Note: The translation to English has been prepared for information purposes only.

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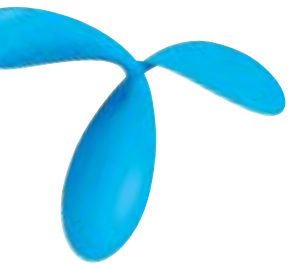
STATEMENT FROM THE CORPORATE ASSEMBLY OF TELENOR

On 9 April 2008 the Corporate Assembly of Telenor ASA passed the following resolution.

The Corporate Assembly recommends that the Annual General Meeting approves the Board's proposal for Financial Statement for the Telenor Group and Telenor ASA for 2007 as put forward to the Assembly by transfer of NOK 5,060 million to retained earnings and payment of NOK 3.40 per share as dividend.

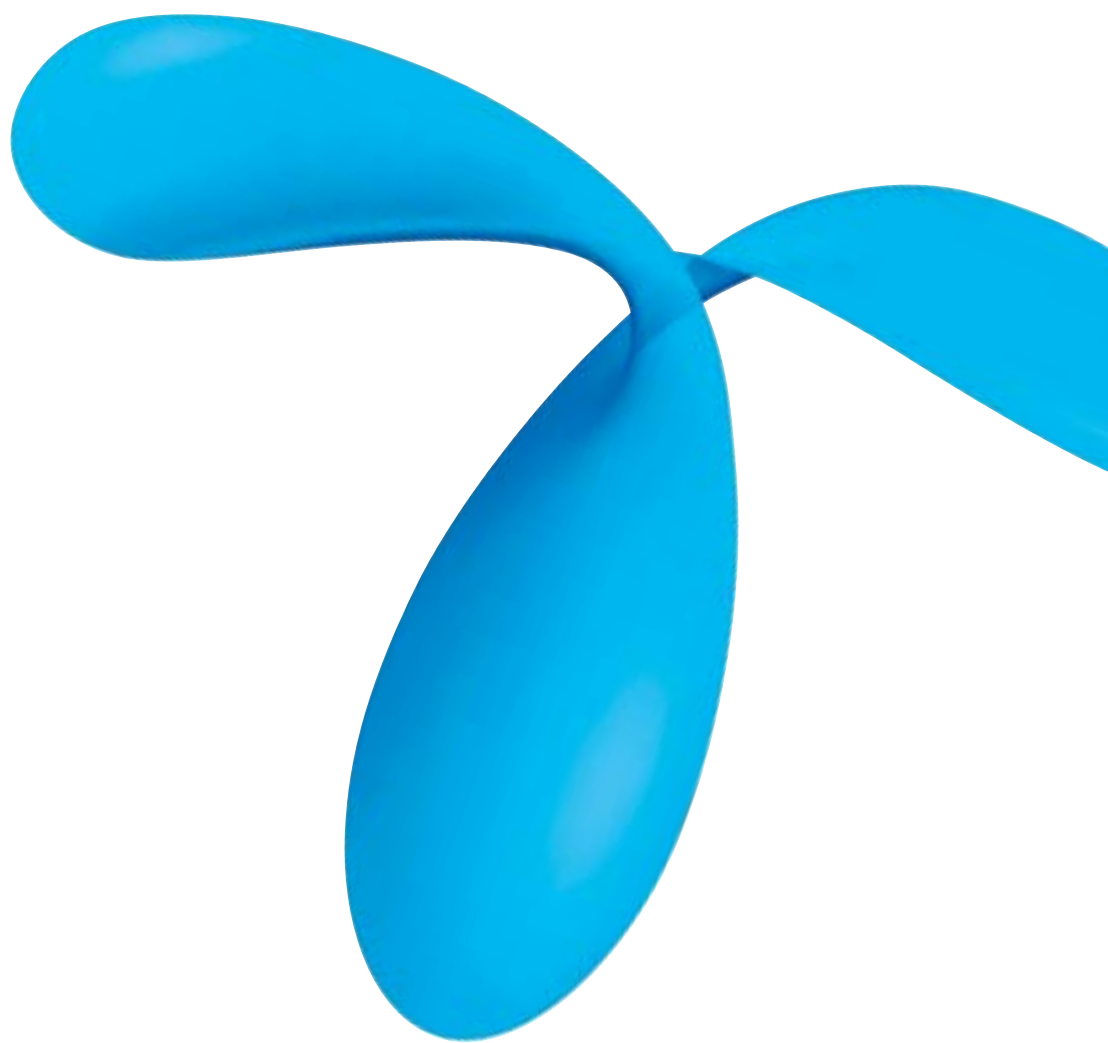
FINANCIAL CALENDAR 2008

Wednesday 30 April	Results for the 1st quarter 2008
Thursday 8 May	Annual General Meeting 2008
Thursday 19 June	Capital Markets Day 2008
Wednesday 23 July	Results for the 2nd quarter 2008
Wednesday 29 October	Results for the 3rd quarter 2008



Disclaimer

This report contains statements regarding the future in connection with Telenor's growth initiatives, profit figures, outlook, strategies and objectives. All statements regarding the future are subject to inherent risks and uncertainties, and many factors can lead to actual profits and developments deviating substantially from what has been expressed or implied in such statements.





Annual report 2007

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