Annual report 2009

Contents

Dear shareholder

Telenor Group has strengthened its position as a leading global telecoms operator through 2009. We delivered solid results and strong operating cash flow in spite of challenging macro economic conditions. With 10 million net subscriber additions during the year the Telenor Group reached 174 million mobile subscribers world-wide. The announcement of our agreement with Altimo in October to establish VimpelCom Ltd, the listing of Grameenphone in November and the launch of operations in India in December are key milestones for the Telenor Group this year.

The main focus within the Telenor Group this year has been to secure market positions while scaling our activities to a challenging business environment. The Telenor Group continued its industrial strategy of capturing growth opportunities combined with measures for cost efficiency and control of capital expenditure.

We had a strong operating cash flow in 2009 with the Nordic region as the main contributor. In spite of weak macro economic conditions, our operations in Central and Eastern Europe have delivered solid results throughout the year. The Asian operations have shown substantial improvements where subscriber growth picked up in all our operations.

Telenor's performance in Norway was strong in 2009, particularly within the mobile area where the demand for mobile broadband was one of the main revenue drivers. The new vendor agreements for mobile infrastructure in the Nordic region will secure enhanced customer experience and profitability on mobile broadband in the years to come.

The process of combining Kyivstar and OJSC VimpelCom into a leading emerging markets mobile operator, VimpelCom Ltd, is on track as we enter 2010. We expect to finalise the transaction around mid 2010.

The successful launch of operations in India in December was a significant milestone for the Group, marking the completion of the first phase of the Uninor launch activities. Brand awareness and 1 million subscribers within the first weeks of operations provide a good basis for the next launch phase in the fastest growing telecoms market in the world. One of our main priorities in 2010 will be to focus Uninor's position and development.

Telenor Group continues to be ranked one of the top companies on the Dow Jones Sustainability Indexes in the telecoms sector. We have focused on responsible and sustainable business by systematically addressing the health, safety, security and environmental conditions in our companies and towards our suppliers. The climate challenge has been high on the agenda also in 2009 with the goal of reducing the CO_2 emission intensity of Telenor Group's global operations by 40% in the period from 2008 to 2017. In addition, we aim to develop and deliver solutions enabling our customers to reduce their CO_2 emissions and energy costs.

Moving into 2010, the Telenor Group will strive to secure our market positions while capturing organic growth opportunities. We will continue to implement necessary efficiency measures and provide innovative and attractive solutions to our customers. With more than 40 000 employees worldwide sharing the same visions and values, I am confident that we will continue to strengthen our position through 2010.

Report from the Board of Directors 2009

Harald Norvik
Chairman

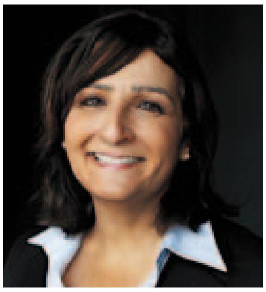
John Giverholt
Vice-Chairman

Dr. Burckhard Bergmann
Boardmember

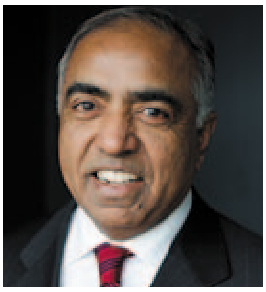
Kjersti Kleven
Boardmember

Olav Volldal
Boardmember

Liselott Kilaas
Boardmember



Barbara Milian Thoralfsson
Boardmember



Sanjiv Ahuja
Boardmember

Bjørn André Anderssen
Boardmember, employee representative

Brit Østby Fredriksen
Boardmember, employee representative

Harald Stavn
Boardmember, employee representative

The Telenor Group delivered strong performance in 2009. Despite global recession Telenor upheld its margins and significantly increased cash flow. The Group passed 174 million mobile subscriptions by the end of the year.

Main events during 2009

The Telenor Group delivered on the financial priorities for 2009. Activities were scaled to the difficult business environment, cash flow was significantly increased, and our market positions were upheld.

The NOK 10 billion cash flow target for the Nordic operations was achieved, led by revenue growth and cost control in the Norwegian operations. In Asia, our Bangladeshi operation Grameenphone proved its leading position while Telenor in Pakistan soon will reach cash flow breakeven. Despite deep contraction in economic activity in Central and Eastern Europe (CEE) and a challenging revenue development, our CEE operations were able to generate strong margins and cash flow. All in all, the Telenor Group demonstrated its resilience to economic downturn by substantially increasing cash flow from operations and, combined with dividends received from Kyivstar and VimpelCom during the year, this resulted in Telenor closing 2009 with a strong financial position.

During 2009 the Telenor Group maintained its market positions and added 10 million mobile subscriptions, reaching a total of 174 million. Our operations in Pakistan, Bangladesh and Russia were the main contributors to the subscriber growth. Uninor in India launched its services in December and contributed with more than one million subscriptions.

In our Nordic markets the subscription growth was driven by the strong development in mobile broadband, reaching more than half a million mobile broadband subscriptions. The development was fuelled by attractive price plans and more user friendly handsets. In Norway, Sweden and Denmark, Telenor entered into substantial 3G and 4G equipment agreements that will enable Telenor to provide future high quality data services at a low and predictable cost.

In October 2009 the Telenor Group and Altimo, the telecom branch of Alfa Group, signed an agreement to create a new leading emerging markets mobile operator by combining their holdings in Kyivstar and OJSC VimpelCom into a new jointly owned mobile operator, VimpelCom Ltd. VimpelCom Ltd., will have operations in Russia, Ukraine and other CIS countries, and may seek to expand in other emerging markets. The management of VimpelCom Ltd. will be headquartered in the Netherlands, registered on Bermuda and listed on the New York Stock Exchange. The corporate governance structure agreed between the Telenor Group and Altimo will reduce the potential for new disputes.

As part of the proposed solution between the Telenor Group and Altimo, the parties will suspend all ongoing legal proceedings and withdraw or settle them prior to the expected completion of the transaction mid 2010. Disappearance of the USD 1.7 billion claim from Farimex, a minor shareholder in VimpelCom, is also a condition precedent for completion.

The agreement to acquire a controlling stake in the Indian mobile operator Unitech Wireless was completed in March 2009. The Board of Telenor ASA is aware of the market reactions to the investment in India. However, a number of Telenor Group's operations are reaching a more mature phase and India represents a unique business opportunity with still more than 600 million Indians not connected to mobile networks by the end of 2009.

The business model in India offers flexibility as it is based on outsourcing principles and infrastructure provided by separate infrastructure service companies. During the year Unitech Wireless entered into a number of agreements and contracts, including roaming agreements securing national coverage. The service launch in December 2009 marked a milestone for the Telenor Group, as this was by far the most rapid rollout ever undertaken by the Group. Services were successfully launched under the Uninor brand and based on the Telenor brand design and content. The footprint of the brand was close to 600 million people at launch and in only a few weeks Uninor added around one million subscribers.

Financials

Revenues in 2009 were NOK 97.7 billion compared to NOK 96.2 billion in 2008. The revenue growth of 2% was mainly a result of positive currency effects from the general weakening of the Norwegian Krone, subscription growth in our Asian operations and the acquisitions of IS Partner in EDB Business Partner and Datametrix in Fixed Norway.

EBITDA[1] before other income and expenses increased by NOK 1.3 billion to NOK 31.7 billion, while the corresponding EBITDA margin of 32.5% increased by around 1 percentage point compared to 2008. Margin improvements in most operations, in particular in Bangladesh, Norway and Pakistan, were partially offset by costs in the new operation in India and lower EBITDA from the CEE operations. In addition, EBITDA before other income and expenses was positively impacted by a one-time effect of NOK 570 million in EDB Business Partner, related to change of pension plan.

Operating profit was NOK 13.3 billion compared to NOK 15.7 billion in 2008. Operating profit was negatively affected by other expenses of NOK 0.8 billion, mainly in the Nordic operations, Broadcast and EDB Business Partner, including loss contracts, loss on disposal of fixed and intangible assets and costs related to workforce reductions. In addition, operating profit was negatively affected by higher depreciations and amortisations of NOK 1.2 billion, mainly related to high investments in the Asian operations towards the end of 2008 and goodwill impairment loss of NOK 1.9 billion in Serbia.

Profit before taxes was NOK 14.8 billion compared to NOK 19.4 billion in 2008. Profit from associated companies decreased by NOK 3.1 billion to NOK 3.7, mainly due to lower net income from Kyivstar as a result of organic revenue decline and a significant depreciation of the Ukrainian Hryvnia against the Norwegian Krone, as well as the sales gain on the disposal of Golden Telecom in 2008. Net financial items decreased by NOK 1.0 billion, which was mainly due to the change in fair value of financial instruments related to derivatives used for economic hedges that did not fulfil the requirements for hedge accounting. In addition, operating profit decreased as mentioned above. Telenor's net income in 2009 was NOK 10.1 billion, NOK 5.22 per share. The corresponding figures for 2008 were NOK 14.8 billion and NOK 7.83 per share, respectively.

Total investments in 2009 amounted to NOK 16.6 billion, of which NOK 16.1 billion were capital expenditure (capex) and NOK 0.5 billion were investments in businesses. Total capex decreased by NOK 4.5 billion, however, when excluding new spectrum and licences in 2008 of in total NOK 2.0 billion, capex decreased by NOK 2.5 billion. This was mainly due to lower investments in all operations, in particular in the Asian region, as a result of the economic slowdown and increased capital discipline

[1] See definition and reconciliation of EBITDA in note 5 to the financial statement

in 2009. The total capex reduction in existing operations was somewhat offset by the investments related to the start of operations in India of NOK 3.6 billion.

The net cash inflow from operating activities was NOK 30.6 billion in 2009 compared to NOK 25.6 billion in 2008, an increase of NOK 5.0 billion. Dividends received from associated companies increased by NOK 3.5 billion. Income taxes paid in 2009 decreased by NOK 1.4 billion, due to the jointly taxed Norwegian entities not being in a taxpaying position from the end of 2008. The net cash outflow from investing activities for the year 2009 was NOK 13.7 billion, a decrease of NOK 1.1 billion. This was mainly due to the sale of shares in Golden Telecom of NOK 4.1 billion, partly offset by the acquisition of IS Partner of NOK 1.0 billion in 2008, as well as NOK 4.4 billion lower paid capex in 2009. Paid capex was NOK 3.1 billion lower than reported capex for the year 2009, mainly due to no cash outflows related to India being in a roll-out phase at the end of the year (payable in 2010) and Broadcast's capitalisation of the satellite Thor 6. The net cash outflow from financing activities for the year 2009 was NOK 13.2 billion, an increase of NOK 3.7 billion. Dividends and share buy-back decreased by NOK 7.8 billion, while net repayments of debt increased the cash outflow by NOK 11.7 billion in 2009. Cash and cash equivalents increased by NOK 2.6 billion during the year 2009 to NOK 11.5 billion as of 31 December 2009.

At the end of 2009, total assets in the consolidated statement of financial position amounted to NOK 166.0 billion with an equity ratio (including minority interests) of 51.2% compared to NOK 187.2 billion and 47.3%, respectively, at the end of 2008. Total current liabilities at the end of 2009 were NOK 39.5 billion compared to NOK 48.2 billion at the end of 2008. Net interest-bearing liabilities decreased from NOK 45.5 billion at the end of 2008 to NOK 26.3 billion at the end of 2009. The decrease of NOK 19.2 billion was mainly related to improved cash flow from Asia and the Nordic operations, the appreciation of the Norwegian Krone from the end of 2008 to the end of 2009 as well as dividends received from Kyivstar and VimpelCom. In the Board's view, Telenor holds a satisfactory financial position.

Telenor's annual report for 2008 included an outlook for 2009 for pro forma figures, including Kyivstar as if consolidated. This outlook was adjusted several times during 2009, partially due to the fact that the new operation in India was included. The outlook for 2009 was most recently updated in Telenor's quarterly report for the third quarter of 2009. For 2009, Telenor (incl. Kyivstar and Uninor) had an organic revenue decline of -1%, which is in line with the outlook from the third quarter of 2009. EBITDA margin before other items was 34.5%, which is slightly above the expected range of 33-34%. Capex (excluding licences and spectrum) as a proportion of revenues was 16.1% in 2009, compared to an expectation of around 17%.

In accordance with section 3-3a of the Accounting Act (Norway), the Board confirms that the prerequisites for the going concern assumption exists and accordingly the financial statements have been prepared based on the going concern principle.

Operations of the Telenor Group

The Telenor Group's main operations are focused in three geographic regions: The Nordic region, Central and Eastern Europe, and Asia. Of the 13 operations in these regions, the businesses in Norway, Sweden, Denmark and Russia offer both mobile and fixed telecommunication services, while the other businesses offer mobile telecommunication services. In addition to the mobile and fixed operations, the Group's core business comprises Telenor Broadcast, which has a leading position in the Nordic market for TV services.

Nordic region

The Nordic markets were only modestly affected by the global recession in 2009. Domestic purchasing power remained high, while revenues from international traffic showed some weakness. Telenor's number of mobile subscriptions in the region increased by 405,000, reaching 7.0 million. The growth was primarily driven by strong demand for mobile broadband.

The Nordic operations delivered an operating cash flow of NOK 10.0 billion in 2009, representing an improvement of NOK 1.2 billion versus 2008 and a fulfilment of the target introduced at Capital Markets Day in 2007. The cash flow improvement was achieved through a combination of improved EBITDA and lower capital expenditures.

In the Norwegian mobile operation revenues increased by 6% compared to 2008. Increased use of mobile voice and data services together with increased handset sales and wholesale revenues contributed to the revenue growth. Combined with stable operational expenses the revenue growth resulted in EBITDA before other income and expenses significantly above 2008. In the Norwegian fixed-line operation revenues declined by 2% in 2009, compared to a 3% reduction in 2008. Revenues from telephony continued to decline in line with trends seen in previous years. In addition, revenues from international interconnect and transit declined as a result of unfavourable currency fluctuations and price reductions. Despite the revenue decline, EBITDA before other income and expenses remained stable, primarily due to lower operation and maintenance costs.

In Sweden, Telenor's revenues declined by 5% compared to 2008. Mobile revenues increased by 3% despite reduction in interconnect charges and roaming revenues. Fixed revenues declined by 10% as a result of continued reduction in the number of telephony and broadband subscriptions. The EBITDA margin before other income and expenses improved slightly compared to 2008. In April 2009, Telenor entered into an agreement with Tele2 to establish a joint venture, Net4Mobility, for rollout and operation of a 4G network in Sweden.

Telenor in Denmark had a revenue growth of 2% from 2008 to 2009. Mobile revenues increased by 8% mainly due to a higher subscription base, while fixed revenues continued to decline due to reduction in subscriptions and increased price pressure. EBITDA before other income and expenses increased by 6% to NOK 1.9 billion. In June 2009, the Telenor brand was introduced in the Danish market, replacing the Sonofon and Cybercity brands and representing a milestone in the integration of Telenor's fixed and mobile operations in Denmark.

Towards the end of 2009 Telenor entered into new vendor agreements for mobile infrastructure in Norway, Sweden and Denmark. The new agreements will enhance customer experience and secure profitability of mobile broadband.

Central and Eastern Europe

In Central and Eastern Europe (CEE), the Telenor Group's operations in Hungary, Serbia and Montenegro are consolidated, while Kyivstar in Ukraine and Vimpel-Com in Russia are reported as associated companies.

The CEE region was severely hit by the global recession in 2009, with GDP rates declining by 4-14% in the markets where Telenor is present. The weakened purchasing power had a significant impact on telecom spending in the region. In addition, depreciation of the local currencies against the Norwegian Krone negatively impacted reported results from this region. Our operational priorities in CEE in 2009 have been to maintain revenue market shares and strong operating cash flow margins. The ambition to maintain operating cash flow margins above 30% in the CEE region was reached in all operations.

Revenues in Kyivstar in Ukraine decreased by 35%, which was mainly explained by the depreciation of the Ukrainian Hryvna. Revenues in local currency decreased by 10% as a result of a 6% reduction in the number subscriptions and lower ARPU reflecting the macroeconomic impact on consumer spending. Kyivstar's EBITDA margin before other income and expenses remained strong in the high fifties in spite of lower revenues, although decreased somewhat compared to 2008.

The revenues in Pannon in Hungary decreased by 10%, partly due to continued reduction in interconnect and roaming fees but also as a result of reduced subscription and traffic revenues from own customers. Increased VAT from July 2009 has put additional pressure on purchasing power in Hungary. Pannon's EBITDA margin before other income and expenses improved slightly, mainly due to higher gross margin following the reduction in interconnect rates. In Serbia, the introduction of a 10% sales tax on telecommunications in June 2009 had a negative effect on telecom spending. Revenues in local currency remained stable compared to 2008, while the EBITDA margin before other income and expenses declined from 45% in 2008 to 41% in 2009. Increased bad debt and cost elements denominated in Euro contributed to the negative margin development.

In Promonte in Montenegro, revenues declined by 4% from 2008 to 2009, mainly related to increased competition and widespread on-net offers. The EBITDA margin before other income and expenses remained stable compared to 2008.

Throughout our CEE operations, capex as a proportion of revenues declined from a range of 9-16% in 2008 to 6-11% in 2009, mainly due to reduced need for increased network capacity.

In Kyivstar, dividends for 2004–2008 were distributed during 2009. Telenor's share of the dividends amounted to NOK 4.5 billion, of which NOK 220 million were received in 2008.

Asia

In Asia, the Telenor Group has operations in Thailand, Malaysia, Bangladesh, Pakistan and India. Also the Asian markets were impacted by the global recession, albeit to a less extent than in Central and Eastern Europe. During 2009, the operations in Asia added 8 million subscriptions, reaching 74 million. The subscription growth was mainly driven by Telenor in Pakistan and Grameenphone in Bangladesh.

For DTAC in Thailand, revenues remained fairly stable compared to 2008. The EBITDA margin before other income and expenses decreased from 33% in 2008 to 31% in 2009, however the underlying margin adjusted for a positive one-off in 2008 remained stable. Towards the end of the year some positive signs of recovery were observed in the Thai market, resulting in a slight uplift in DTAC's revenues and subscriber uptake.

DiGi in Malaysia reported a revenue growth of 8%, primarily driven by depreciation of the Malaysian currency against the Norwegian Krone. Competition remained high, especially in the financially constrained segment were DiGi traditionally has enjoyed a strong position. The EBITDA margin before other income and expenses declined from 45% to 43%.

In Bangladesh, Grameenphone increased its revenues by 18% compared to 2008. The EBITDA margin before other income and expenses improved from 46% in 2008 to 57% in 2009, primarily explained by increased price floor and higher starter-kit prices. In the second half of 2009, competition intensified and Grameenphone responded with increased subsidies, resulting in strong subscription growth but a corresponding negative impact on the EBITDA margin. Grameenphone was listed at the Dhaka and

Chittagong stock exchanges on 16 November 2009. As a result of the stock listing, Telenor's ownership stake in Grameenphone was reduced from 62.0% to 55.8%.

In spite of intense competition, reduced interconnect rates and a challenging security situation, revenues of Telenor in Pakistan increased by 8% while the EBITDA margin before other income and expenses increased from 18% in 2008 to 24% in 2009. The EBITDA margin improvement was a result of continued subscription growth, lower subscriber acquisition costs and termination of leased lines in favour of employing its own backbone network. Financial services Easy Paisa were launched in the fourth quarter.

In India, Uninor launched its services in 8 of 22 telecom regions in December 2009, and reported around one million subscriptions by year-end. The first year of operations resulted in an EBITDA loss of NOK 907 million and capital expenditures of NOK 3.7 billion. The investments in the other Asian operations were significantly lower in 2009 compared to 2008, as a result of the lower subscription and traffic growth. Following the acquisition of a 3G licence in 2008, DiGi in Malaysia has focused its investments in 2009 on rollout of its 3G network.

Broadcast

Telenor Broadcast maintained its leading position in the Nordic market for TV services. Revenues in 2009 grew by 4%, partly due to higher sale of additional services to our Nordic pay-TV subscribers. In the fourth quarter of 2009, a new satellite, Thor 6, was successfully launched. EBITDA before other income and expenses in 2009 was NOK 1.9 billion compared to NOK 1.6 billion in 2008. The increase was mainly related to increased revenues in Canal Digital.

Other units

Revenues in Other units increased by 0.5% to NOK 10.1 billion compared to 2008. The revenue decline in EDB Business Partner was more than compensated for by growth in New Business, Telenor Connexion and Corporate Functions. During 2009 the Group initiated a process to dispose of Cinclus Technology. The company was reclassified to discontinued operations from second quarter 2009, and historical figures have been restated accordingly. EBITDA before other income and expenses was NOK 612 million in 2009 compared to NOK 147 million in 2008. The improvement was mainly driven by the positive one-time effect related to change of pension plan in EDB Business Partner.

For supplementary segment information, reference is made to note 5 to the Financial Statements.

Business development and research

The Telenor Group has substantial projects within business development and research. In order to further strengthen the focus of its innovation activities, Telenor in 2009 created a new unit, Group Business Development & Research (GBD&R) based on three formerly separate units. The total costs of business development, research and innovation in the Telenor Group were estimated to be NOK 730 million in 2009.

The mission of the new unit is to drive the Telenor Group's strategic agenda, to identify future opportunities and innovate for growth in new areas. By coordinating and linking development activities closer to business operations, Telenor has created a stronger force for business development where GBD&R also drives operational performance and best practice sharing across the Group.

Key areas include leveraging of Group scale and competence within selected fields like sourcing, branding, technology, development, and IS/IT. It also includes business development and operational support across the Telenor Group. The research agenda includes twelve prioritized areas which are closely linked to some of the Group's most important future challenges, comprising issues within business models, customer needs, markets, and technologies.

The Telenor Group collaborates with industry and research institutions worldwide, securing access to relevant leading edge knowledge. Telenor participates in a number of international projects, including EU and EURESCOM, and contributes to standardisation bodies.

Health, safety, security and environment (HSSE)

In 2009 the Telenor Group has worked proactively and systematically with continuous improvement within the area of health, safety, security and environment. There has been an increased awareness of HSSE in general. Across the Telenor Group more than 19,000 people took part in HSSE awareness programmes during 2009.

The sickness absence frequency for the Group in 2009 was 2.3%, comprised of 3.8% in the Nordic region, 3.6% in the CEE region, and 1.0% in Asia. Telenor had 2 work related fatalities among employees during 2009, 1 in Serbia and 1 in Bangladesh, both due to traffic accidents. Further, 6 work related fatalities were reported by in-house contactors and first line suppliers.

To maintain an ongoing focus on HSSE, Telenor has in 2009 started to implement a HSSE Management System in accordance with OHSAS 18001 (occupational health & safety) and ISO 14001 (the environment) across the Group.

Based on the incidents with unacceptable working conditions, pollution and underage labour at the facilities of suppliers to Grameenphone in Bangladesh in 2008, Telenor established a group-wide project in 2008. After completion of the project in 2009, responsibilities were transferred to a permanent business assurance function, with the objective to monitor the business units and their supply chains on an ongoing basis.

In 2009, Telenor's Board of Directors approved the Suppliers Conduct Principles (SCP) and Telenor has during the year started and carried out the formal implementation towards suppliers based on risk assessment of the vendors. Further, new and revised Group policies and procedures were issued during 2009 to govern how business units implement and monitor responsible business conduct in the supply chain.

The Telenor Group has worked systematically on reducing HSSE risk in the supply chain in 2009. Based on 1,419 inspections of suppliers or sub-suppliers a close follow-up has been performed. Further, at the end of 2008, Telenor carried out a global supplier self assessment, which has been followed up by systematic work in 2009.

In the environmental area, the Telenor Climate Change Initiative has continued to carry out activities across the Group in 2009. Climate change and energy efficiency are key strategic issues for the Telenor Group for several reasons: operational efficiency, business development, and meeting stakeholders expectations.

Total Group CO2 emissions for 2009 are calculated to be 823 thousand tonnes (including our operations in India), which is a 10% increase of the total Group emissions compared to 2008. Due to improved reporting standards the 2008 emissions figure has been revised and corrected to 749 thousand tonnes. The measurements include the emissions caused by the production of electricity bought from electric power plants in the countries in which the Telenor Group operates, in addition to our own electricity production. Network operations accounted for 86% of the total Group CO_2 emissions for 2009, while buildings accounted for 7% and transport and business travel 7%. All business units have during 2009 increased their efforts to improve the energy efficiency and reduce the CO_2 emissions of our operations. Several business units have already started to market a portfolio of sustainable services that enable energy efficiency and CO_2 savings for their customers, e.g.: Machine-to-Machine technology, telephone/video conferencing and Unified Communication.

Implementation of sustainable procurement guidelines in all business units, increasing control in the recycling value chain, and establishing strong co-operation with trusted recycling partners are also prioritised areas for the Telenor Group. Efforts within these areas are complemented by internal events and campaigns to build awareness among our employees. The Telenor Group has also continued its efforts on improving the non-financial accounting and reporting process. During 2009, improvements were made in particular to the accounting of environmental data.

People and organisation

At the end of 2009, the Telenor Group had 40,300 employees, of which 29,900 outside Norway. This is an increase of 1,500 employees since 2008. In addition there are approximately 5,600 employees in Kyivstar. The Telenor Group recognises the importance of attracting and retaining skilled and motivated employees and managers with a strong commitment to the business in line with the Group's ethical guidelines and values. In 2009, the Group continued the global Telenor Development Process which consists of a number of sub-processes. The joint effect of the process is an organisation that develops and produces results in accordance with the group's strategy and values. We see a consistent development of leadership capabilities and knowledge and have during 2009 increased the emphasis on talent management and "The Telenor Way" which define a common way of working and includes the five elements: Vision, Company Values, Codes of Conduct, Policies and Procedures and Leadership Expectations.

The Telenor Group is committed to ensure diversity and non-discrimination in the Group. All employees of the Telenor Group have signed Codes of Conduct and are committed to oppose to discriminatory practices and shall do its utmost to promote equality in all employment practices. No direct or indirect negative discrimination shall take place and the Telenor Group does not tolerate degrading treatments towards any employee.

The Telenor Group operates the "Telenor Open Mind" programme offering physically disabled people a job training programme in the Group. So far, around 75% of the participants in the programme got permanent employment after completing the programme. The Telenor Group sets requirements for diversity in recruitment and development programmes. We recognise that a good balance between work and private life is becoming increasingly important for today's employees.

36% of the total workforce consists of women in the Telenor Group. The corresponding figure for managers is 25%. In 2009, the Board of Telenor ASA consisted of 4 women and 7 men, of which 1 woman and 2 men were employee representatives.

Corporate responsibility

The Telenor Group continuously works to integrate corporate responsibility into all aspects of our business, both strategically and operationally. Studies have shown that mobile communications can contribute to sustainable growth and benefit the living conditions of individuals and communities. The Telenor Group seeks to maximise this potential through offering innovative products and services that enhance the value of telecommunications for as many people as possible.

In 2009, the Telenor Group continued to work together with partners across our markets to develop projects that contribute to society through telecommunication services. Projects are developed using the Group's strong local knowledge to be relevant to the specific market but are centred on the Group's focus areas: safe products and services, contribution to society and development, and environment. The Telenor Group has also continued to focus on managing social, environmental and governance aspects of our business.

In 2009, the Telenor Group was again recognized as the top tier on the Dow Jones Sustainability Indexes (DJSI). The ranking is based on a thorough review of the Group's performance on the social, environmental and economic aspects of sustainability.

Risk factors and risk management

The Telenor Group's activities are exposed to a number of financial, regulatory, operational, industry, country/political and reputational risks. Some risk factors are specific to the Group's business operations whereas others exist which the Group has limited opportunity to influence and control.

For Telenor Group's strategy to be successful and inspire the necessary confidence among shareholders and other stakeholders, risk management must form part of the Group's culture and practices. The Board assesses risk thoroughly in connection with new investments, and on an ongoing basis in relation to existing investments. The Group management has implemented a systematic Group-wide enterprise risk management process.

Financial risk

The Telenor Group has a major part of its revenue and cost in foreign currencies. The currency impact in the income statement is to a large extent offset due to the fact that revenue and operational cost are mainly derived in the local currency that each unit operates. 62% of the Group's revenues are derived from operations with a functional currency other than the Norwegian Krone.

Exchange rate fluctuations may affect the value of Telenor's debt, the cost of debt and capital expenditures. Exchange rate risk related to some of the Group's net investments in foreign operations is partly hedged by issuing financial instruments in the currencies concerned when this is appropriate, and when hedging instruments are available in the relevant markets. Telenor mitigates this currency risk by allocating debt where the Group has net investments in foreign currencies and where the Group has a net currency exposure arising from cash flow from operations. The most significant debt currencies for Telenor Group are EUR, NOK, SEK and THB.

Committed cash flows in foreign currencies equivalent to NOK 50 million or more are hedged using currency forward contracts. Committed cash flows in foreign currencies of amounts less than NOK 50 million and uncommitted foreign currency exposure 12 months forward may also be hedged. Only the net currency exposure is hedged using the currency market.

The Telenor Group is exposed to interest rate risk through funding and cash management activities. The main consideration regarding management of interest rate risk is to reduce the financial risk and minimise interest cost over time. In order to manage interest rate fluctuations, financial instruments are used, such as fixed rate debt and interest rate swaps. The Group's treasury policy states that the interest rate duration on the debt portfolio shall be in the interval from 0.5 years to 2.5 years.

The Telenor Group is also exposed to credit risk mainly related to accounts receivables and investments in financial institutions. The Group's credit risk towards financial institutions is mainly in the form of short term bank deposits and is monitored and managed on an ongoing basis. In 2009 the Telenor Group had no direct losses due to defaults in financial institutions.

The Telenor Group attaches importance to financial flexibility, and has taken measures to ensure satisfactory flexibility through access to a diversified set of funding sources. The Group has established sufficient committed credit facilities, and debt maturities are spread relatively evenly in time to mitigate refinancing and liquidity risk.

Supplementary information about risk factors, risk management and credit facilities and ratings are provided in note 30 to the Financial Statements.

Regulatory risk

The Telenor Group's operations are subject to extensive regulatory requirements in the countries in which it operates. Regulatory uncertainty or unfavourable regulatory developments could adversely affect the Group's results and business prospects. The Telenor Group depends on licences and access to spectrum, and numbering resources in order to provide communications services. If the Group is not successful in acquiring spectrum licences or is required to pay higher rates than expected this might impact the Group's business strategy, and/or the Group could be required to make additional investments to maximise the utilisation of existing spectrum.
In several of the countries where the Telenor Group operates, the government has imposed sector specific taxes and levies. The introduction of or increase in sector specific taxes and levies may adversely impact the Group's business.

Operational risk

Telecommunications is a highly competitive industry. Competition is based mainly on price, network coverage, quality, and customer service. Revenue growth is partly dependent on development and marketing of new applications and services. If a new service is not technically or commercially successful, Telenor Group's ability to attract or retain customers may be impaired. Successful development of alternative services or technologies by competitors may require significant changes to the Group's business model.

The quality and reliability of Telenor Group's telecommunications services depends on the stability of its network and the networks of other service providers with which it interconnects. These networks are vulnerable to damage or service interruptions. Repeated, prolonged or catastrophic network or systems failures could damage the Group's ability to attract and retain subscribers.

The Telenor Group depends on key suppliers and third-party providers for adequate and timely supply and maintenance of equipment and services that it needs to expand and upgrade its network, and operate its business. Failures in the sourcing of equipment and services may adversely affect the Group's business.

Telenor Group's local partners or other co-shareholders may fail to adequately support the companies in which Telenor has invested, or disagree with the Group's strategy and business plans. This may prevent these companies from competing effectively.

The Telenor Group operates in geographic regions that have suffered historically from unrest and violence, including terrorist attacks and war. Any escalation of such events may prevent us from operating our business effectively.

Reputational risk

As the size and complexity of Telenor's global operations increase so have the challenges related to reputation risks. This could stem from external circumstances and our internal ability to manage such challenges. In 2009 the Group initiated work to address this through a systematic and proactive process. Focus areas for reputational risk assessment include supply chain management, demanding business environments, political actions and partnership decisions.

Shares and shareholder issues

The Telenor share is listed on the Oslo Stock Exchange (OSE) and was one of the most traded shares on OSE in 2009. The share price increased by 75% during the year. By comparison, the Dow Jones STOXX Telecommunications Index (SXKP) and the OSE Benchmark Index (OSEBX) increased by 12% and 65%, respectively, in the same period. The Telenor share closed at NOK 81.05 at 31 December 2009, corresponding to an equity value of NOK 134 billion.

At year-end 2009, Telenor's share capital was NOK 9,947,333,076, divided into 1,657,888,846 shares. The share capital and number of shares remained unchanged during the year. The company had 53,920 shareholders at year-end. The 20 largest shareholders held 76.0% of the outstanding shares. As at 31 December 2009, Telenor owned 1,859,890 treasury shares.

Through active communication with capital markets and shareholders in 2009, Telenor ensured that all significant information material required for an external evaluation of the Telenor Group was published in accordance with applicable rules and guidelines.

Corporate governance

The Board of Telenor ASA emphasises the importance of maintaining a high standard of corporate governance across the Telenor Group, in line with Norwegian and international rules and recommendations.

Telenor operates in accordance with the Norwegian Code of Practice for 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 Kingdom of Norway's 54% ownership in Telenor.

The Board of Directors has established three committees of the Board: The Governance and Remuneration Committee, the HSSE (health, safety, security and environment) Committee and the Audit Committee, which all are preparatory working committees of the Board.

The Governance and Remuneration Committee is composed of four members of the Board. Harald Norvik is the chairman of the committee. The tasks of the Governance and Remuneration Committee are to ensure that Telenor has relevant policies and procedures related to good corporate governance. With regard to remuneration issues, the committee considers Telenor's remuneration policy and programs, including bonus programmes, share-based schemes and present recommendations to the Board of Directors for decision. The committee evaluates annually the CEO's and the Group Executive Management's remuneration and present recommendations to the Board of Directors for decision. The committee held 7 meetings in 2009.

The HSSE Committee is composed of three members of the Board. Olav Volldal is the chairman of the committee. The tasks of the HSSE Committee are issues regarding occupational health and safety management, general human rights and labour practices issues, external environment (excluding climate issues), personnel security and personnel safety, risk management of any kind of potential hazards for people working directly or indirectly for the Telenor Group and supplier (in a wide sense) management in all contexts of HSSE as referred above. The HSSE Committee held 8 meetings in 2009.

The Audit Committee is composed of three members of the Board. John Giverholt is the chairman of the Committee. The tasks of the Audit Committee are to monitor the financial reporting process, monitor the effectiveness of Telenor's systems for internal control and risk management, monitor Telenor's Internal Audit, to have regular contact with Telenor's external auditor regarding the auditing of the annual accounts and evaluate and oversee the auditor's independence. The Audit Committee also reviews ethics and compliance issues. The committee held 7 meetings in 2009.

The committees report to the Board of Telenor ASA in connection with the scope of work described in the sections above. Each member of the Board has access to all working documents including the minutes from the committee meetings.

Details regarding Telenor's compliance with the Norwegian Code of Practice are described in the document Corporate Governance in Telenor at http://www.telenor.com/en/about-us/corporate-governance/.

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 15 Board meetings in 2009.

In May 2009 the Corporate Assembly elected Barbara Milian Thoralfsson and Sanjiv Ahuja as new Board members for a period of two years. Harald Norvik, Liselott Kilaas, Kjersti Kleven, Olav Volldal, Burckhard Bergmann and John Giverholt were re-elected as Board members for a period of two years. In October 2009 Frøydis Orderud replaced May Krosby as employee representative.

Events after the reporting period

On 13 January 2010, the extraordinary general meeting of shareholders of Kyivstar approved additional dividends of UAH 0.8 billion (approximately NOK 0.5 billion) for the fiscal year 2008, of which the Group has received most of its appropriate share by 23 March 2010. The dividend distributed is a proportion of total net profit of UAH 5.1 billion for the fiscal year 2008.

On 7 January 2010 and 10 February 2010, the Group increased its ownership interest in Unitech Wireless in India to 67.25% through capital contributions of NOK 1.8 billion and NOK 2.6 billion, respectively. See note 4 for further disclosure.

On 9 February 2010, VimpelCom Ltd. made an offer to all shareholders of OJSC VimpelCom, whereby OJSC VimpelCom shares and American Depositary Shares will be exchanged for Depositary Receipts ("DRs") representing shares in VimpelCom Ltd. The offer and contemplated transaction is described further in notes 3, 21 and 35.

OJSC VimpelCom issued its fourth quarter 2009 report on 18 March 2010. Based on this report, the Group has reduced its estimated share of profit from VimpelCom with NOK 368 million, and the Group's net income is reduced with NOK 326 million compared with the estimate in the fourth quarter 2009 report issued on 10 February 2010. See note 21 for the adjusted VimpelCom estimates for 2009.

Outlook for 2010

Based on the current group structure including Uninor (Kyivstar not included), and using currency rates as of 31 December 2009 Telenor expects:

- Low single digit growth in organic revenues [1)]
- An EBITDA margin before other income and expenses of 27–28%
- Capital expenditure as a proportion of revenues, excluding licences and spectrum, of 14–16%

[1)] Organic revenue is defined as revenue adjusted for the effects of acquisitions and disposals of operations and currency effects.

Telenor expects that Uninor will contribute with an EBITDA loss in the range of NOK 4.5-5.0 billion and capital expenditure in the range of NOK 2.5-3.5 billion.

A growing share of the Telenor Group's revenues and profits is derived from operations outside Norway. Currency fluctuations may to an increasing extent influence the reported figures in Norwegian Krone. Political risk, including regulatory conditions, may also influence the profits.

Annual result and allocations

Telenor ASA's result for the year 2009 was NOK 3,316 million, after receipt of a group contribution of NOK 3,705 million. The Board proposes the following allocation:

Transferred to retained earnings: NOK 3,316 million.

After this allocation, Telenor ASA's distributable equity totalled NOK 24,559 million as at 31 December 2009.

At the Annual General Meeting in May 2010, the Board will propose a dividend of NOK 2.50 per share for 2009 to be paid in May/June 2010, in total NOK 4.1 billion.

Fornebu, 23 March 2010

Harald Norvik
Chairman

John Giverholt
Vice-Chairman

Sanjiv Ahuja
Board member

Kjersti Kleven
Board member

Olav Volldal
Board member

Liselott Kilaas
Board member

Dr. Burckhard Bergmann
Board member

Barbara Milian Thoralfsson
Board member

Harald Stavn
Board member

Brit Østby Fredriksen
Board member

Bjørn André Anderssen
Board member

Jon Fredrik Baksaas
President & CEO

Consolidated Income Statement

Telenor Group 1 January – 31 December

NOK in millions, except earnings per share amounts	Note	**2009**	2008
Revenues	6	**97 650**	96 167
Operating expenses			
Costs of materials and traffic charges	7	**(25 223)**	(25 312)
Salaries and personnel costs	8	**(13 460)**	(13 335)
Other operating expenses	9, 11	**(27 277)**	(27 087)
Other income and expenses	10	**(771)**	(624)
Depreciation and amortisation	12	**(15 317)**	(14 088)
Impairment losses	12	**(2 280)**	(13)
Operating profit		**13 321**	15 708
Profit from associated companies	21	**3 667**	6 836
Financial income and expenses			
Financial income	13	**604**	704
Financial expenses	13	**(2 696)**	(3 003)
Net currency gains (losses)	13	**(443)**	(426)
Net change in fair value of financial instruments at fair value through profit or loss	13	**433**	(452)
Net gains (losses and impairment) of financial assets and liabilities	13	**(83)**	5
Net financial income (expenses)	13	**(2 184)**	(3 172)
Profit before taxes		**14 804**	19 372
Income taxes	14	**(4 290)**	(4 329)
Profit from continuing operations		**10 514**	15 043
Loss after taxes from discontinued operations	15	**(410)**	(233)
Net income		**10 104**	14 810
Net income attributable to:			
Non-controlling interests (minority interests)		**1 451**	1 745
Equity holders of Telenor ASA		**8 653**	13 065
Earnings per share in NOK			
From continuing operations:			
Basic	16	**5.47**	7.97
Diluted	16	**5.47**	7.96
From total operations:			
Basic	16	**5.22**	7.83
Diluted	16	**5.22**	7.82

Consolidated Statement of Comprehensive Income

Telenor Group 1 January – 31 December

NOK in millions	Note	2009	2008 (restated)
Net income		**10 104**	**14 810**
Other comprehensive income (loss)			
Translation differences on net investments in foreign operations	25	(16 050)	9 054
Income taxes	14	(613)	552
Net gain (loss) on hedge of net investments	30	2 676	(2 665)
Income taxes	14	(749)	746
Valuation losses on available-for-sale investments	23	(3)	(49)
Valuation losses on cash flow hedges	30	(334)	(375)
Income taxes	14	93	106
Share of other comprehensive income (loss) from associated companies	25	(74)	259
Other comprehensive income (loss), net of taxes		**(15 054)**	**7 628**
Total comprehensive income (loss)		**(4 950)**	**22 438**
Total comprehensive income (loss) attributable to:			
Non-controlling interests (minority interests)		280	2 720
Equity holders of Telenor ASA		(5 230)	19 718

Consolidated Statement of Financial Position

Telenor Group as of 31 December

NOK in millions	Note	2009	2008
ASSETS			
Deferred tax assets	14	1 811	2 815
Goodwill	17, 18	28 873	34 227
Intangible assets	19	28 120	31 153
Property, plant and equipment	20	55 598	59 772
Associated companies	21	17 241	20 811
Other non-current assets	23	3 215	6 020
Total non-current assets		**134 858**	**154 798**
Prepaid taxes		141	104
Inventories		884	1 357
Trade and other receivables	22	17 470	20 909
Other financial current assets	23	941	1 079
Assets classified as held for sale	15	258	-
Cash and cash equivalents	24	11 479	8 925
Total current assets		**31 173**	**32 374**
Total assets		**166 031**	**187 172**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of Telenor ASA	25	75 976	80 947
Non-controlling interests (minority interests)	25	9 089	7 621
Total equity	25	**85 065**	**88 568**
Liabilities			
Non-current interest-bearing financial liabilities	29	32 959	40 452
Non-current non-interest-bearing financial liabilities	28	718	944
Deferred tax liabilities	14	3 834	4 696
Provisions and obligations	26, 27	3 952	4 315
Total non-current liabilities		**41 463**	**50 407**
Current interest-bearing financial liabilities	29	6 383	15 581
Trade and other payables	28	27 361	28 676
Current tax payables	14	3 583	1 707
Current non-interest-bearing liabilities	28	1 044	1 377
Provisions and obligations	26	848	856
Liabilities classified as held for sale	15	284	-
Total current liabilities		**39 503**	**48 197**
Total equity and liabilities		**166 031**	**187 172**

Fornebu, 23 March 2010

Harald Norvik
Chairman

John Giverholt
Vice-Chairman

Sanjiv Ahuja
Board member

Kjersti Kleven
Board member

Olav Volldal
Board member

Liselott Kilaas
Board member

Dr. Burckhard Bergmann
Board member

Barbara Milian Thoralfsson
Board member

Harald Stavn
Board member

Brit Østby Fredriksen
Board member

Bjørn André Anderssen
Board member

Jon Fredrik Baksaas
President & CEO

Consolidated Statement of Cash Flows

Telenor Group 1 January – 31 December

NOK in millions	Note	2009	2008
Profit before taxes from total operations		14 184	19 003
Income taxes paid		(2 491)	(3 870)
Net (gain) loss from disposals, impairments and change in fair value of financial assets and liabilities		(57)	394
Depreciation, amortisation and impairment losses		17 653	14 210
Profit from associated companies		(3 667)	(6 836)
Dividends received from associated companies		4 757	1 258
Changes in inventories		305	652
Changes in trade receivables and prepayments from customers		351	1 926
Changes in trade payables		(978)	(703)
Difference between expensed and paid pensions		(453)	133
Currency losses not relating to operating activities		82	441
Changes in other operating working capital assets and liabilities		936	(979)
Net cash flow from operating activities		**30 622**	**25 629**
Proceeds from sale of property, plant and equipment and intangible assets		69	137
Purchases of PPE and intangible assets		(13 014)	(17 465)
Proceeds from disposal of subsidiaries and associated companies, net of cash disposed	24	6	4 154
Purchases of subsidiaries and associated companies, net of cash acquired	24	(655)	(1 321)
Proceeds from sale of other investments		163	405
Purchases of other investments		(235)	(713)
Net cash flow from investment activities		**(13 666)**	**(14 803)**
Proceeds from borrowings		13 703	14 549
Repayments of borrowings		(25 921)	(15 083)
Proceeds from issuance of shares, including from non-controlling interests in subsidiaries		518	338
Purchase of treasury shares		(5)	(2 108)
Repayment of equity and dividends paid to non-controlling interests in subsidiaries		(1 530)	(1 514)
Dividends paid to equity holders of Telenor ASA	24	-	(5 678)
Net cash flow from financing activities		**(13 235)**	**(9 496)**
Effects of exchange rate changes on cash and cash equivalents		(1 094)	754
Net change in cash and cash equivalents		**2 627**	**2 084**
Cash and cash equivalents as of 1 January		8 925	6 841
Cash and cash equivalents as of 31 December		**11 552**	**8 925**
Of which cash and cash equivalents in discontinued operations as of 31 December	15	73	-
Cash and cash equivalents in continuing operations as of 31 December	24	**11 479**	**8 925**

Consolidated Statement of Changes in Equity

Telenor Group – for the years ended 31 December 2008 and 2009

	Attributable to equity holders of Telenor ASA						
NOK in millions	Paid-in capital [1]	Other reserves [1]	Retained earnings	Cumulative translation differences [1]	Total	Non-controlling interests [1]	Total equity
Equity as of 1 January 2008	**14 406**	**9 428**	**48 803**	**(3 840)**	**68 797**	**5 858**	**74 655**
Total comprehensive income	–	(13)	13 065	6 666	19 718	2 720	22 438
Business combinations and increased ownership interests in subsidiaries	–	(9)	–	–	(9)	–	(9)
Transactions with non-controlling interests	–	493	–	–	493	631	1 124
Income taxes on items taken directly to equity	–	(5)	–	–	(5)	–	(5)
Equity adjustments in associated companies	–	(282)	–	–	(282)	–	(282)
Transfer from share premium account	(3 000)	3 000	–	–	–	–	–
Cancellation of shares	(1 274)	1 274	–	–	–	–	–
Dividends	–	–	(5 678)	–	(5 678)	(1 590)	(7 268)
Share buy back	(116)	(1 992)	–	–	(2 108)	–	(2 108)
Sale of shares, share issue, and share options to employees	–	21	–	–	21	2	23
Equity as of 31 December 2008 (restated)	**10 016**	**11 915**	**56 190**	**2 826**	**80 947**	**7 621**	**88 568**
Total comprehensive income	–	(334)	8 653	(13 549)	(5 230)	280	(4 950)
Transactions with non-controlling interests	–	282	–	–	282	2 722	3 004
Equity adjustments in associated companies	–	28	–	–	28	–	28
Dividends	–	–	–	–	–	(1 530)	(1 530)
Share buy back	(13)	(70)	–	–	(83)	(5)	(88)
Sale of shares, share issue, and share options to employees	2	30	–	–	32	1	33
Equity as of 31 December 2009	**10 005**	**11 851**	**64 843**	**(10 723)**	**75 976**	**9 089**	**85 065**

[1] See note 25

Notes to the Consolidated Financial Statements

Telenor Group

00 // Contents notes

01 // General information, compliance and changes in international financial reporting standards

General information

Telenor ASA (the Company) is a limited liability 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 5.

These consolidated financial statements have been approved for issuance by the Board of Directors on 23 March 2010 and is subject to approval by the Annual General Meeting at 19 May 2010.

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

The accounting policies adopted are consistent with those of the previous financial year. In addition, the Group has adopted the following new and amended Standards and Interpretations issued by the IASB and approved by the EU that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2009:

- IFRS 2 Share-based Payment: Vesting Conditions and Cancellations
- IFRS 7 Financial Instruments: Disclosures
- IAS 1 Presentation of Financial Statements
- IAS 32 Financial Instruments: Presentation and IAS 1 Puttable Financial Instruments and Obligations Arising on Liquidation
- IFRIC 9 Remeasurement of Embedded Derivatives and IAS 39 Financial Instruments: Recognition and Measurement
- IFRIC 13 Customer Loyalty Programmes
- Improvements to IFRSs issued May 2008

The Group has not early adopted any Standards or Interpretations in 2009.

When the adoption of the standard or interpretation has impacted the Group's consolidated financial statements, the impact is described below:

IFRS 7 Financial Instruments: Disclosures

The amended standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class, for all financial instruments recognised at fair value. In addition, a reconciliation between the beginning and ending balance for level 3 fair value measurements is now required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity management. The fair value measurement disclosures are presented in note 31. The liquidity risk disclosures are not significantly impacted by the amendments and are presented in note 30.

IAS 1 Presentation of Financial Statements
The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity. In addition, the standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement or in two linked statements. The Group has elected to present two statements (income statement and statement of comprehensive income) and comparative periods have been restated.

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

IFRS 1 First-time Adoption of International Financial Reporting Standards – amended (effective for annual periods beginning on or after 1 July 2010, but not yet approved by the EU). The amendment grants first-time adopters a limited exception from presenting comparative IFRS 7 disclosures. The amendment will have no impact on the Group's consolidated financial statements.

IFRS 2 Group Cash-settled Share-based Payment Transactions – amended (effective for annual periods beginning on or after 1 January 2010, but not yet approved by the EU). The amendment provides guidance on the accounting for group cash-settled share-based payment transactions, in addition to modifying the definition of share-based payment. IFRIC 8 and IFRIC 11 are superseded. The amendment will have no impact on the Group's consolidated financial statements.

IFRS 3R Business Combination – revised (effective for annual periods beginning on or after 1 July 2009). The revised standard introduces changes in the valuation of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. The revised standard shall be applied prospectively and affects all business combinations with acquisition dates on or after 1 January 2010, including business combinations in process but not concluded before this date.

IFRS 9 Financial Instruments (effective from 1 January 2013, but not yet approved by the EU). The standard replaces the classification and measurement requirements for financial assets in IAS 39. Financial assets with basic loan features that are held for the purpose of collecting contractual cash flows shall be measured at amortised cost, unless one opts to measure these assets at fair value. All other financial assets shall be measured at fair value. The potential impact of the standard on the Group's consolidated financial statements has not been concluded.

IAS 24R Related Party Disclosures – revised (effective from 1 January 2011, but not yet approved by the EU). The revised standard clarifies the definition of a related party, and introduces a partial exemption from the disclosure requirements for government-related entities. The revised standard will have limited or no impact on the Group's consolidated financial statements.

IAS 27R Consolidated and Separate Financial Statements – revised (effective from the year beginning on or after 1 July 2009). The revised standard requires that changes in ownership interest of a subsidiary are accounted for as an equity transaction. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The revised standard shall be applied prospectively and future transactions with non-controlling interests will be affected.

IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (effective for annual periods beginning on or after 1 February 2010). The amendment requires rights issues in a currency other than the functional currency to be classified as equity, when certain conditions are met. The amendment will have no impact on the Group's consolidated financial statements.

IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items (effective for annual periods beginning on or after 1 July 2009). The amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. This also covers the designation of inflation as a hedged risk or portion in particular situations. The amendment will have no impact on the Group's consolidated financial statements.

IFRIC 14 Prepayments of a Minimum Funding Requirement – amended (effective for annual periods beginning on or after 1 January 2011, but not yet approved by the EU). The amendment to the interpretation will allow entities to recognise a prepayment of pension contributions as an asset rather than an expense. The potential impact of the interpretation on the Group's consolidated financial statements has not been concluded.

IFRIC 15 Agreements for the Construction of Real Estate (effective from 1 January 2010). The interpretation addresses how entities should determine whether an agreement for the construction of real estate is within the scope of IAS 11 and IAS 18 and when revenue from the construction of real estate should be recognised. The interpretation will have no impact on the Group's consolidated financial statements.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation (effective for annual periods beginning on or after 1 July 2009). The interpretation clarifies the accounting treatment in respect of net investment hedging. This will have no impact on the Group's consolidated financial statements.

IFRIC 17 Distributions of Non-Cash Assets to Owners (effective for annual periods beginning on or after 1 July 2009). The interpretation provides guidance on accounting for distributions of non-cash assets to its owners and distributions that give owners a choice of receiving either non-cash assets or a cash alternative. The interpretation will have no impact on the Group's consolidated financial statements.

IFRIC 18 Transfers of assets from Customers (effective for annual periods beginning on or after 1 November 2009). The interpretation provides guidance on accounting for transfers of assets which an entity receives from a customer for the acquisition or construction of property, plant and equipment. These items of property, plant and equipment must then be used to connect the customer to a network, or provide the customer ongoing access to a supply of goods and services, or both. The interpretation will have limited or no impact on the Group's consolidated financial statements.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective for annual periods beginning on or after 1 July 2010, but not yet approved by the EU). The interpretation clarifies the accounting treatment of financial liabilities that, as a result of a re-negotiation of the terms of the financial liability, are fully, or partially, extinguished with equity instruments. The potential impact of the interpretation on the Group's consolidated financial statements has not been concluded.

Improvements to IFRSs (effective for annual periods beginning on or after 1 January 2010, but not yet approved by the EU). The changes are primarily in order to remove inconsistencies and to clarify the wording of standards and interpretations. There are separate transition provisions for each standard. These changes have limited effect for the Group with the exception of:

- IFRS 8 Operating Segment. The change clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision-maker. The Group will consider this for future reportable segment disclosures.

The management anticipates that these Standards and Interpretations will be adopted at the dates stated above provided that the Standards and Interpretations are approved by the EU.

02 // Summary of significant accounting policies

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets available for sale (primarily shares owned less than 20%) and derivative financial instruments, which are carried at fair value. Loans, receivables and other financial obligations are carried at amortised cost.

The consolidated financial statements are presented in Norwegian Kroner (NOK), rounded to the nearest million, unless otherwise stated. As a result of rounding differences, amounts and percentages may not add up to the total.

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 the Group has more than 50% of the voting power through ownership or agreements, except where non-controlling (minority) interests are such that a non-controlling shareholder is able to prevent the Group 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 control 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 when control is obtained and until the control ceases, respectively. Intercompany transactions, balances, revenues and expenses and unrealised group internal profit or losses are eliminated on consolidation.

Non-controlling interests in subsidiaries are presented within equity separately from the equity attributable to the owners of the parent. Non-controlling interests consist of the proportionate fair value of net identifiable assets of those interests at the date of the business combination and the non-controlling interests' share of changes in equity since the date of the business combination.

Foreign currency translation

The consolidated financial statements are presented in NOK, which is Telenor ASA's functional currency. Transactions in foreign currencies are initially recorded in the functional currency at the exchange rate 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 reporting date. All exchange differences are recognised in the income statement with the exception of exchange 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 exchange differences are recognised as a separate component of other comprehensive income until the disposal of the net investment, at which time they are recognised in the income statement. Tax charges and credits attributable to exchange differences on those borrowings are also recorded in other comprehensive income. Non-monetary items that are measured at historical cost in foreign currency are translated using the exchange rates at the dates of the initial transactions.

The Group has foreign entities with functional currency other than NOK. At the reporting date, the assets and liabilities of foreign entities with functional currencies other than NOK are translated into NOK at the rate of exchange at the reporting date and their income statements are translated at the average exchange rates for the year. The translation differences arising from the translation are recognised in other comprehensive income until the disposal of the net investment, at which time they are recognised in the income statement.

Current/non-current classification

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 reporting date. Other assets/liabilities are classified as non-current. Financial instruments are classified based on maturity, and consistent with the underlying hedged item. Deferred revenues and costs related to connection fees are classified as current as they relate to the Group's normal operating cycle.

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 and 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 in the period from the agreement is entered into to control is obtained, and cash flow hedge accounting is applicable, the gain or loss on the hedge instrument is recognised as other comprehensive income and remains in equity until the acquired business is sold, liquidated or impaired.

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 and recognised at fair value less cost to sell. Goodwill arising on acquisition is recognised as an asset measured at the excess of the total of the consideration transferred and the amount of any non-controlling interests in the aquiree over the net amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the total consideration of the business combination, the excess is recognised immediately in the income statement.

Transactions with non-controlling interests

Transactions with the non-controlling interests are accounted for using the hybrid entity concept/parent entity method. Acquisitions of non-controlling interests may result in goodwill, being the difference between the consideration paid and the acquired share of the carrying value of net assets in the subsidiary and contingent liabilities at fair value as of the date of the additional acquisition. The change in fair value between the date of consolidation and subsequent share purchase for the portion of identifiable assets, liabilities and contingent liabilities acquired in the period 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 disposal of shares in a subsidiary to non-controlling interests are accounted for as transactions between shareholders. Gains or losses on disposals to non-controlling interests after a proportionate reduction of goodwill are recorded against shareholder's equity.

Investments in associated companies

An associated company is an entity over which the Group has significant influence and that is not a subsidiary or a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but without the ability to have control over those policies. Significant influence normally exists when the Group has 20% to 50% voting power through ownership or agreements. Significant influence may also exist when the Group has more than 50% ownership interest, but where other shareholders have participating rights which prevent the Group 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 statement of financial position at cost and adjusted for post-acquisition changes in the Group's share of the net assets of the associated companies (i.e. comprehensive income and equity adjustments), less any impairment in the value of individual investments. Adjustments are made where necessary to bring the accounting policies in line with those of the Group. Losses of associated companies in excess of the Group's interest in such companies, including any long-term loans and receivables 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. At each reporting date, the Group evaluates if there are identified indications that the investment may be impaired. If there are such indications, the recoverable amount of the investment is estimated in order to determine the extent of the impairment loss (if any).

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 of excess values, 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 and financial income and expenses. The share of other comprehensive income is recognised in the Group's comprehensive income. Other equity adjustments in associated companies are recognised in the statement of changes in equity. For some associated companies, financial statements as of the reporting 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 reporting 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. Adjustments are made where necessary to bring the accounting policies in line with those of the Group.

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

Goodwill arising in a business combination is not amortised. Goodwill does not generate cash flows independently of other assets or groups of assets and is allocated to the cash-generating units (defined below) 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 if there is any indication that the cash-generating 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 loss recognised for goodwill is not 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 gain or loss on disposal.

Cash-generating units

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). If different technologies (cash-generating units) are monitored together on segment level by the management, the goodwill is tested for impairment losses at this level. The group of cash-generating units is in any case not larger than an operating segment determined in accordance with IFRS 8 Operating Segment.

Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale when 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 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 the assets are 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 statement of financial position as current assets and current liabilities.

Revenue recognition and measurement

Revenues are recognised when goods are delivered or services rendered, to the extent that it is probable that the economic benefits from the transactions will flow to the Group and the revenues 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: subscription and traffic fees, connection fees, interconnection fees, roaming charges, fees for leased lines and leased networks, fees for data network services, fees for TV distribution and satellite services, sale of software and IT operations etc.
- Customer equipment: telephony handsets, PCs, terminals, set-top boxes etc.

Subscription and traffic fees

Revenues from subscription fees are recognised over the subscription period while revenues from voice and non-voice services are recognised upon actual use. Consideration from the sale of prepaid cards to customers where services have not been rendered at the reporting date is deferred until actual usage.

Connection fees

Connection fees that are charged and not allocated to the other elements of an arrangement are deferred and recognised over the periods in which that the fees are expected to be earned. The earning period is the expected period of the customer relationship and is based on past history of churn and expected development in the individual Group companies.

When connection fees are charged in multiple element arrangements where discounts are provided on other identifiable components in the transactions, the connection fees are allocated to sale of the discounted equipment or services, limited to the amount of the discounts, and recognised as revenues at the same time the equipment or services are recognised as revenues.

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 customers have the right to use the software with software maintenance from the Group. In conjunction with these contracts, the Group may develop additional applications that are not critical to the use of the software. These development fees are also deferred and recognised as revenue over the remaining software maintenance period.

Customer equipment

Revenues from sales of customer equipment are normally recognised when the equipment is transferred to the buyer including related significant risk and rewards of ownership and the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

Multiple element arrangements

When the Group delivers multiple services and/or equipment as part of one contract or arrangement, 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. The consideration is allocated based on their relative fair values, and recognition of the revenue allocated to the delivered item is limited to the amount that is not contingent on the delivery of additional items or other specified performance criteria.

Discounts and customer loyalty programmes

Discounts are often provided in the form of cash discounts, 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 given as part of sales transactions are recorded as revenue reductions. Free products or services provided that are not related to sales transactions are recorded as expenses.

For customer loyalty programmes or other discount schemes where the Group has a past history of honouring the obligations and reliable estimates can be made, the accrued discounts are limited to the estimated discounts that are expected to be utilised by the customers. When reliable estimates for expected discounts to be utilised cannot be made, it is expected that the customers will utilise 100% of the discounts. Any changes in estimates are recorded in the periods when the estimates change or when the final outcome is known.

Presentation

The determination of whether the Group is acting as principal or agent in a transaction 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 risks and rewards. Where the Group acts as a principal, the revenues are recognised on a gross basis. This requires revenue to comprise the gross value of the transaction billed to the customers, after trade discounts, with any related expenses charged as operating costs. Where the Group acts as an agent, the expenses are offset against the revenues and the resulting net revenues represent the margins or commissions earned for providing services in the capacity of an agent.

Revenues from roaming are recognised gross in line with general accepted accounting principles within the telecommunications industry.

Revenues from transit traffic are recognised based on an evaluation of the substance in the agreement, and will be recognised gross or net depending on whether the Group acts as a principal or agent in the transactions.
License fees payable to telecommunications authorities that are calculated on the basis of revenue share arrangements are not offset against the revenues. Instead, they are recognised as license costs because the Group is considered to be the primary obligor.

Interest and dividend income

Interest income is accrued on a time proportion basis that reflects an effective yield on the asset. Dividend income from investments is recognised when the Group's rights to receive payment have been established (declared by the General Assembly or otherwise).

Pensions

The Group's obligations related to defined benefit plans are valued at the present value of accrued future pension benefits for the employees at the end of the reporting period. Pension plan assets are valued at their fair value. 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 the pension benefit obligations and the pension plan assets at the beginning of the year are not recorded. When the accumulated effect is above 10%, the excess amount is recognised in the income statement over the expected average remaining service period of the participating employees. The net pension cost for the period is presented as salaries and personnel costs.

Changes in the pension obligations due to changes in pension plans are recognised over the expected remaining service period when the changes are not immediately vested. Gains or losses on the curtailment or settlement of a defined benefit plan are recognised through the income statement 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.

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.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee. All other leases are classified as operating leases. The assessment for the classification of leases is based on the substance of the transactions.

The Group may enter into arrangements that do not take the legal form of a lease but convey a right to use assets in return for payments. Determining whether the arrangements are, or contain, leases is based on the substance of the arrangements and requires an assessment of whether: (a) fulfilment of the arrangements is dependent on the use of a specific asset or assets; and (b) the arrangements convey a right to use the assets.

The Group as lessor

Receivables on assets leased to others under finance leases are presented at an amount equal to the net investment in the leases. The finance income is allocated using a constant periodic rate of return on the net investment over the lease term. Direct costs incurred that are directly attributable to negotiating and arranging the leases are included in the receivables.

Lease income from operating leases is recognised on a straight-line basis over the lease terms. Incentives provided to the lessees are aggregated and recognised as a reduction of income on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are included in the carrying amounts of the leased assets and recognised on the same basis as lease income over the lease terms. 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 leases or, if lower, at the present value of the minimum lease payments. The liabilities to the lessor are recognised as finance lease obligations in the statement of financial position. Lease payments are apportioned between finance expenses and reduction of the lease liability to achieve a constant periodic rate of interest on the remaining balance of the liability.

Lease payments under operating leases are recorded in the income statement on a straight-line basis over the lease terms. Incentives received on negotiating or renewing the operating leases are also amortised on a straight-line basis over the lease terms. Prepaid lease payments made on entering into operating leases or acquiring leaseholds are recognised in the statement of financial position and amortised over the lease term or the estimated customer relationship in accordance with the pattern of benefits provided, and reported 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. The Group has classified financial assets and liabilities into the following classes: trade receivables and other current and non-current financial assets, equity securities, cash and cash equivalents, trade payables and other non-interest bearing financial liabilities, interest-bearing liabilities and derivatives, see also note 30 and 31.

The categorisation of the financial instrument is done based on the nature and purpose of the financial instrument and is determined at the initial recognition. The Group does not apply the fair value option.

The Group has financial assets classified in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale. Financial assets at fair value through profit or loss consist of assets held for trading and include derivatives. Loans and receivables consist of unquoted non-derivative assets with fixed or determinable payments. Financial assets available-for-sale consist of non-derivative assets designated as available for sale or assets that are not classified in one of the other categories.

The Group has financial liabilities classified in the following categories: as financial liabilities at fair value through profit or loss and financial liabilities at amortised cost. Financial liabilities at fair value through profit or loss consist of liabilities held for trading and include derivatives. Financial liabilities at amortised cost consist of liabilities that are not a part of the category at fair value through profit or loss.

The financial instruments are recognised in the Group's statement of financial position as soon as the Group becomes a party to the contractual provisions of the instrument, using trade date accounting. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when the Group has the intention and legally enforceable right to settle the contracts net, otherwise the financial assets and liabilities are presented gross.

Trade receivables and other current and non-current financial assets

Trade and other current and non-current financial assets include trade receivables, other financial non-current interest-bearing and non-interest-bearing assets (except capital contribution to Telenor Pension Fund, which is a part of the class equity securities) and bonds and commercial papers with original maturity beyond three months, see note 22 and 23. These assets are a part of the category loans and receivables and 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 the income statement 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 wholly or partially collectible.

Equity securities

Equity securities include available for sale investments and capital contribution to Telenor Pension Fund that are a part of the category financial assets available-for-sale, and assets held for trading that are a part of the category financial assets at fair value through profit or loss, see note 23.

Equity securities in the category financial assets available-for-sale are initially measured at fair value plus directly attributable transaction costs, and are subsequently measured at fair value. Unrealised gains and losses arising from changes in fair value are recognised in other comprehensive income until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is recorded in the income statement for the period. For equity securities available for sale where the current fair value is lower than the acquisition cost less any impairment losses previously recognised, impairment losses are recorded in the income statement if the reduction in value is substantial or prolonged. Impairment losses recognised for equity investments classified as available-for-sale are not subsequently reversed through the income statement.

Equity securities in the category financial assets at fair value through profit or loss are initially and subsequently measured at fair value. Gains and losses arising from changes in fair value are recognised in the income statement on the line "net change in fair value of financial instruments at fair value through profit or loss".

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.

Trade payables and other non-interest bearing financial liabilities

Trade payables and other non-interest bearing financial liabilities include trade payables, liabilities to associated companies and other current and non-current non-interest bearing financial liabilities, see note 28. These liabilities are a part of the category financial liabilities at amortised cost and are initially recognised in the statement of financial position at fair value, and subsequently measured at amortised cost using the effective interest rate method.

Interest-bearing liabilities

Interest-bearing liabilities include bonds and commercial papers, bank loans and overdrafts, and are classified in the category financial liabilities at amortised cost. These liabilities 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 the income statement.

Derivatives

The Group uses derivative financial instruments such as forward currency contracts, interest rate swaps, cross currency interest rate swaps and to a 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 are not cash flow hedges or hedges of a net investment are recognised in the income statement as financial income or expense. Accounting for cash flow hedges and hedges of net investments are described below. For detailed information related to derivative financial instruments and hedging see note 30 and 31.

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 the income statement. Currency derivatives embedded in committed purchase or sales contracts are not bifurcated and recognised at fair value if the contract requires payments denominated in either the functional currency of one of the parties to the contract or in a commonly used currency for purchase or sales in the relevant economic environment.

Derivatives are recognised without any offsetting respectively as assets when the value is positive and as liabilities when the value is negative, as long as the Group has no intention or ability to settle the contracts net.

Hedging

The Group applies hedge accounting for hedges that meet the criteria in IAS 39. The hedging is entered into for statement of financial position items and future cash flows to reduce income statement volatility. The Group has cash flow hedges, fair value hedges and hedges of net investments in foreign operations.

At the inception of each hedge relationship, the Group 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 for hedge accounting are accounted for in the Group's consolidated financial statements as follows:

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 the income statement. The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income, while the ineffective portion is recognised in the income statement.

Amounts recognised in other comprehensive income are transferred to the income statement when the hedged transaction affects the income statement, such as when hedged financial income or financial expense is recognised or when a forecast sale or purchase occurs. If a hedge of a forecast transaction subsequently results in the recognition of a non financial asset or liability, the gain or loss on the hedge instrument that was recognised in other comprehensive income is reclassified to the income statement in the same period or periods during which the asset acquired or liability assumed affects the income statement.

If the forecast transaction is no longer expected to occur, amounts previously recognised in other comprehensive income are transferred to the income statement. 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 other comprehensive income remain in other comprehensive income until the forecast transaction occurs. If the forecast transaction is not expected to occur, the amount is immediately recognised in the income statement.

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 the income statement. 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 hedging instrument and the hedged item are recognised in the income statement.

For fair value hedges relating to items earlier carried at amortised cost, the adjustment from carrying amount to fair value is amortised through the income statement 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 in the income statement to face value over the remaining time to maturity.

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 in other comprehensive income while any foreign exchange gains or losses relating to the ineffective portion are recognised in the income statement. On disposal of the foreign entity, the cumulative value of foreign exchange gains or losses is transferred to the income statement.

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 consolidated 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.

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. For undistributed earnings in associated companies, a provision for deferred tax is made because the Group cannot control the timing of the reversal of the temporary differences. 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 end of the reporting period.

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

The Group includes deductions for uncertain tax positions when it is probable that the tax position will be sustained in a tax review. The Group 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 the Group and can no longer be appealed.

Deferred tax assets are recorded in the statement of financial position to the extent it is more likely than not that the tax assets will be utilised. The enacted tax rates at the end of the reporting period 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.

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 is expected to earn net income, 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 are expensed.

Advertising costs, marketing and sales commissions
Advertising costs, marketing and sales commissions are expensed as incurred.

Property, plant and equipment
Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated to reduce the cost of assets, other than land that is not depreciated, to their estimated residual value, if any, over their estimated useful lives. The cost of assets includes direct and incremental costs and, for qualifying assets, borrowing costs are capitalised as a part of the asset. 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 reported under "other income and expenses" in the income statement as part of operating profit.

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 carrying amount is recorded in operating profit as losses on disposal.

Swap of assets are recognised at fair value if the transaction has commercial substance and the value of the assets can be measured reliably. If these criteria are not met the carrying amount of the old assets are carried forward for the new assets.

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 assets 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 sales proceeds and the carrying amount of the asset, and are reported under "other income and expenses" in the income statement as part of operating profit.

Research and development costs
Development expenditures that meet the criteria for recognition, i.e. that it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost can be measured reliably, are capitalised. The assets are amortised over their expected useful life once the asset is available for use. Costs incurred during the research stage of a project, as well as maintenance and training costs are expensed as incurred.

Development costs that do not meet the criteria of capitalisation are expensed as incurred.

Impairment of property, plant and equipment and intangible assets other than goodwill
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 with indefinite useful life and intangible assets not yet brought into use are assessed for impairment 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 discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit to which the asset belongs.

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 are recognised in the income statement. Where impairment losses are subsequently reversed, the carrying amount of the asset (cash-generating unit) is increased to the updated 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. The reversal of impairment losses are recognised in the income statement.

Provisions
Provisions such as 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 reporting date, and are discounted to present value.

Assets retirement obligations
An asset retirement obligation exists where the Group has a legal or constructive obligation to remove an asset and restore the site. Where the Group is required to settle an asset retirement obligation, the Group has estimated and capitalised the net present value of the obligations and increased the carrying value of the related asset. The cash flows are discounted at a pre tax risk free rate as risks are reflected in the cash flows. 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 ASA 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 has an employee share ownership programme whereby employees have the ability to purchase ordinary shares in Telenor ASA 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.

Statement of cash flows

The Group presents the statement of cash flows using the indirect method. Cash inflows and outflows are shown separately for investing and financing activities, while operating activities include both cash and non-cash line items. 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 financing activities. Value Added Tax and other similar taxes are regarded as collection of tax on behalf of authorities, and are reported net.

The statement of cash flows includes discontinued operations prior to their disposal.

Treasury shares

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

03 // Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the Group's accounting policies

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosures of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The following represents a summary of the critical accounting judgements the management has made in the process of applying the Group's accounting policies:

VimpelCom and Kyivstar

The Group owns 29.9% of the voting shares of OJSC VimpelCom ("VimpelCom") and the company is accounted for as an associated company. As further described in note 35, Farimex Products, Inc commenced litigation in April 2008 which led to the Group's shares in VimpelCom being arrested by Russian enforcement officers in March 2009. The litigation is currently postponed in the courts until 24 March 2010. The Group's assessment is that it retains the ability to exercise significant influence in General Meetings even though the shares are arrested, and continues to account for VimpelCom as an associated company.

The Group 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 35, there was no proper corporate governance in Kyivstar due to Storm's (the other shareholder in Kyivstar) continued failure to attend shareholder meetings, which was necessary to be able to appoint an operational Board of Directors in Kyivstar. However, Storm has attended General Meetings since 16 December 2008 and elected the Board of Directors, appointed the Auditing Commission, changed articles of association and declared dividend for the fiscal years 2004 to 2008. Since the Ukrainian law still requires 60% attendance at general meetings for a valid quorum, Storm retains the opportunity to boycott the decision-making process of Kyivstar. Based on an assessment of the facts and circumstances, the Group has determined that significant influence exists, and accordingly, Kyivstar is accounted for as an associated company.

In October 2009, the Group and Altimo entered into an agreement to contribute their respective shareholdings in Kyivstar and VimpelCom in exchange for shares in a new company, VimpelCom Ltd. The completion of the transaction, including the transfer of the shares in Kyivstar to VimpelCom Ltd., is among other things, contingent upon the resolution of the court case with Farimex and the release of the Group's shares in VimpelCom. Accordingly, the Group has assessed that a sale of the shares cannot be considered highly probable as of 31 December 2009, and the shares in Kyivstar are not classified as held for sale.

Consolidation of DiGi

In 2008, the Group's ownership interest in DiGi was reduced from 50.8% to 49.0%. The Group continues to consolidate DiGi as a subsidiary and the transaction was accounted for as a transaction with non-controlling interests.

DiGi is listed on Bursa Malaysia Securities Berhad and the shares in DiGi are widely dispersed. As the Group owns 49% of the shares, 98% of the shares have to be present at the General Meeting for the Group not having the majority of the votes at the General Meeting. As a consequence of this, the Group has the power to direct DiGi's activities. The Group's assessment is that the ability to exercise control is upheld through a majority of the votes at the

General Meeting and at the Board of Directors meetings. Continuing consolidation based on de facto control will be assessed on an ongoing basis.

Operations classified as held for sale, see also note 15
During 2009, the Group initiated a process to dispose of Cinclus Technology. In June 2009, it was deemed highly probable that the operation would be disposed of within a year. At this point in time potential buyers had been identified and there were genuine interest of taking over the operation. Furthermore, due to the funding situation Cinclus Technology was dependent on other investors taking over the operation to secure going concern in 2010.

When evaluating whether Cinclus Technology is considered as a major line of business it is emphasised that several accounts for several periods in Cinclus Technology comprises a material portion of the corresponding accounts in the Group's consolidated financial statements.

Key sources of estimation uncertainty – critical accounting estimates

A critical accounting estimate is one which is both important to the portrayal of the Group's financial position and results and requires management's most difficult, subjective or complex judgments, often as a result of the need to make important estimates based on assumptions about the outcome of matters that are inherently uncertain. Management evaluates such estimates on an ongoing basis, based upon historical results and experience, consultations with experts, trends and other methods which management consider reasonable under the circumstances, as well as forecasts as to how these might change in the future.

Business combinations, see also note 4
Management is required to allocate the cost of acquisition 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 and allocating 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 acquired intangible assets recorded by the Group in connection with business combinations include customer bases, customer contracts, brands, licenses, service concession rights, roaming agreements and software. 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. Critical estimates in the evaluations of useful lives for 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. 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.

Revenue recognition
The Group's revenues primarily consist of revenues from sale of services and periodic subscriptions. The Group offers subscribers, via multiple element arrangements or otherwise, a number of different services with different price plans, and provides discounts of various types and forms, often in connection with different campaigns, over the contractual or average customer relationship period. The Group also sells wholesale products to other operators and vendors in different countries and across borders. Management has to make estimates related to revenue recognition, relying to some extent, on information from other operators on values of services delivered. Management also makes estimates of the final outcome in instances where the other parties dispute the amounts charged. Furthermore, management has to estimate the average customer relationship for revenue that is initially recognised as deferred revenue in the statement of financial position and recognised in the income statement over a future period, e.g. connection fee.

Pension costs, pension obligations and pension plan assets, see also note 27
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 is the individual change with the most significant impact, see also note 27 where a sensitivity analysis for changes in certain actuarial assumptions and how they influence the pension obligations and the pension costs is included. The basis for the assumptions is also described in this note.

Depreciation and amortisation, see also note 12, 19 and 20
Depreciation and amortisation expenses are based on management estimates of residual value, amortisation method and 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. 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 relevant 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. A significant change in estimated useful lives is a change in accounting estimate, and depreciation and amortisation charges are adjusted for prospectively.

Impairment, see also note 17, 18, 19, and 20
The Group has made significant investments in property, plant and equipment, intangible assets, goodwill, associated companies and other investments. Goodwill, intangible assets with indefinite useful life and intangible assets not yet brought into use are tested for impairment annually, whereas other assets are tested for impairment when circumstances indicate there may be a potential impairment. Factors that indicates impairment which could trigger an impairment testing 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, determining the discounting factors, estimates of future performance, revenue generating capacity of the assets and assumptions of the future market conditions. A significant part of the Group's operations is in countries with emerging markets. The political and economical situation in these countries may change rapidly and the global financial turmoil and recession has a significant impact on these countries. During the financial crisis there were strong indications of increased country risk in the most exposed markets, which have been reflected in the discounting factors. As the financial markets have regained their stability, the estimated country risk premiums have been reduced, however recessionary effects and increased macroeconomic risks still remain. Changes in circumstances and in management's evaluations and assumptions may give rise to impairment losses in the relevant periods.

There are significant variations between different markets with respect to mobile penetration, ARPU and similar parameters, resulting in differences in EBITDA margins. The future developments of EBITDA margins are important in the Group's impairment assessment, and the long-term estimates of EBITDA margins are highly uncertain. In particular, this is the case for emerging markets that are still not in a mature phase.

Deferred tax assets, see also note 14

Deferred tax assets are recognised to the extent that it is probable that the assets will 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 as well as tax planning strategies. The judgements relates primarily to losses carried forward in some of the Group's 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. New transactions and the introduction of new tax rules may also affect the judgements due to uncertainty concerning the interpretation of the rules and any transitional rules.

Associated companies, see note 21

If financial statements for associated companies are not available as of the Group's reporting date, the Group'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. Subsequent Board approved financial statements from the associated company may differ from the estimated figures, and the estimates are adjusted when the information becomes available.

Legal proceedings, claims and regulatory discussions, see also note 35

The Group is subject to various legal proceedings, disputes and claims including regulatory discussions related to the Group's business, licenses, tax positions etc., 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 the Group 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.

Through the operations in many emerging markets, the Group is involved in legal proceedings, including regulatory discussions. The legal systems in these countries are, to varying degrees, less predictable than the Norwegian legal system. Accordingly, management's estimates relating to legal proceedings and regulatory issues in these countries involve a relatively higher level of uncertainty.

04 // Business combinations and disposals

The following acquisitions and disposals have taken place in 2009 and 2008. All business combinations are accounted for by applying the acquisition method of accounting.

Acquisitions in 2009

NOK IN MILLIONS Company	Country	Change in ownership interest %	Business	Consideration
Unitech Wireless	India	33.5	Mobile telecommunications	1 675
Norkring Belgie [1]	Belgium	75.0	Digital terrestrial transmission for television and radio	230
BiBoB A/S	Denmark	100.0	Mobile telecommunications	124

[1] The consideration of Norkring Belgie includes liabilities assumed of NOK 11 million.

Business combinations 2009

There was one material business combination in 2009.

Unitech Wireless

On 17 March 2009, the Group announced the acquisition of a 33.5% ownership interest in Unitech Wireless in India. The acquisition was completed on 20 March 2009 by a capital contribution in Unitech Wireless of NOK 1.7 billion paid in cash. At the same time, it was announced that the Group would acquire 67.25% of Unitech Wireless in stages pending regulatory approval. Regulatory approval was announced on 19 October 2009. The Group gained control through a shareholder agreement from the date when the first 33.5% in Unitech Wireless were acquired. The value was set based on fair value after negotiations between the parties.

Unitech Wireless offers mobile services to residential and business customers in India under the brand Uninor.

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

NOK IN MILLIONS	Unitech Wireless carrying amount at acquisition date	Fair value adjustments	Final fair values	Preliminary fair values annual report 2008
Licences	2 362	1 014	3 376	3 581
Property, plant and equipment	3	-	3	4
Other financial non-current assets	1	-	1	-
Trade and other receivables	47	-	47	26
Cash and cash equivalents	1 749	-	1 749	1 758
Non-current interest-bearing financial liabilities	-	-	-	(2 320)
Deferred tax liabilities	109	(345)	(236)	(478)
Provisions and obligations	(84)	-	(84)	-
Trade and other payables	(188)	-	(188)	(60)
Current non-interest-bearing liabilities	-	-	-	(447)
Current interest-bearing liabilites	(2 717)	-	(2 717)	-
Total identifiable net assets	**1 281**	**669**	**1 950**	**2 064**
Non-controlling interests	852	445	1 296	1 372
Net identifiable assets acquired	**429**	**224**	**654**	**692**
Goodwill arising on acquisition			1 021	974
Total consideration for the shares, satisfied by cash [1]			1 675	1 666
Liabilities assumed			-	-
Total consideration, satisfied by cash			**1 675**	**1 666**

[1] Of the final total consideration, NOK 35 million was business combination costs, while it was estimated to NOK 26 million in the preliminary purchase price allocation.

The useful life of licences at the date of acquisition was estimated at 19 years. The licences are granted for an initial period of 20 years (19 years remaining at the date of acquisition) with a prolongation option for the authorities of 10 years. Accordingly, the useful life of licences at the date of acquisition was set to 19 years. The goodwill arising on the acquisition of Unitech Wireless is mainly attributable to the expected fair value of the business beyond the licence period in addition to deferred tax liabilities related to the excess values.

Unitech Wireless contributed NOK 3 million in revenues and had net income of negative NOK 1.0 billion in the period between the date of consolidation and 31 December 2009, which is included in the Group's net income. This does not include the Group's interest expenses related to the financing of the acquisition.

On 19 May 2009, the Group acquired a 15.5% ownership interest in addition to the first acquisition of 33.5%. The transaction was completed by a capital contribution of NOK 1.8 billion and is accounted for as acquisition of non-controlling interests. No significant changes in fair values were identified. The goodwill arising from the transaction is NOK 0.5 billion.

On 7 January 2010, the Group acquired an 11.1% ownership interest in addition to the previously acquired ownership of 49.0%. On 10 February 2010, the Group acquired an additional 7.15% ownership interest, increasing the ownership to 67.25%. The transactions were completed by capital contributions of NOK 1.8 billion and NOK 2.6 billion, respectively. The transactions are accounted for as acquisition of non-controlling interests. The transactions will be accounted for according to the revised IAS 27 that is adopted from 1 January 2010 onwards, and consequently no additional goodwill will be recognised from these transactions.

Individually immaterial business combinations during 2009

During 2009, the Group has acquired BiBoB A/S, Norkring Belgie and other acquisitions with a consideration of less than NOK 50 million per acquisition. The carrying values at the acquisition dates are reported according to IFRS. The identifiable assets and liabilities acquired in the transactions, and the goodwill arising, are as follows:

NOK IN MILLIONS	Carrying amount at acquisition date	Fair value adjustments	Fair values
Intangible assets	17	304	321
Deferred tax assets	15	(11)	4
Property, plant and equipment	162	-	162
Other financial non-current assets	9	-	9
Trade and other receivables	109	-	109
Cash and cash equivalents	45	-	45
Deferred tax liabilities	-	(76)	(76)
Trade and other payables	(127)	-	(127)
Current non-interest-bearing financial liabilities	(35)	-	(35)
Current interest-bearing financial liabilities	(17)	-	(17)
Total identifiable net assets	**178**	**217**	**395**
Non-controlling interests	46	57	103
Net identifiable assets acquired	132	160	292
Goodwill arising on acquisition			93
Total consideration			**385**
Total consideration for the shares, satisfied by cash			188
Total consideration for the shares, satisfied by contingent consideration			38
Carrying amount as associated company at the date of consolidation (Norkring Belgie)			159
Total consideration for the shares			**385**
Liabilities assumed, satisfied by cash			11
Total consideration			**396**

The useful lives of intangible assets at the date of consolidation were estimated on average at: customer base of 3.5 years, customer contract of 15 years and trademarks of 15 years. The goodwill arising on the acquisition of these smaller companies is attributable to employees and the anticipated profitability of its operations and includes deferred tax liabilities related to the excess values.

These companies contributed NOK 74 million in revenues and negative NOK 3 million to the Group's net income for the period between the date of consolidation and 31 December 2009. This does not include the Group's interest expenses related to the financing of the acquisitions.

Information about the combined entity's operating revenues and net income

The following financial information is presented as if the acquisition dates for all business combinations that were completed in the period, was in the beginning of the annual reporting period:

NOK IN MILLIONS, EXCEPT PER SHARE AMOUNT	2009
Revenues	97 745
Profit before taxes and non-controlling interests	10 020
Net income attributable to equity holders of Telenor ASA	8 574
Net income per share in NOK	5.18

The results are adjusted for the Group's interest expenses and the result in the period prior to the acquisition. The interest expenses are calculated based on the total consideration and the average interest rate in 2009 for loans in local currency. The information has 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.

Disposals in 2009

The Group has disposed of some minor businesses during 2009, which resulted in a net loss on disposal of NOK 75 million included under "Other income and expenses" (see note 10).

Aeromobile was put under administration in the United Kingdom at the end of December 2009 and the parent company guarantee that Telenor ASA had given was called upon. Total net loss recognised was NOK 87 million. In January 2010, the Group acquired net assets from the Administrator for a consideration of NOK 14 million.

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

Acquisitions in 2008

NOK IN MILLIONS Company	Country	Change in ownership interest %	Business	Consideration
IS Partner AS	Norway	100.0	IT outsourcing services	1 350
Datametrix [1]	Norway	100.0	IP-based communication	212
Tameer Microfinance Bank	Pakistan	51.0	Micro financing	95

[1] The consideration of Datametrix includes liabilities assumed of NOK 35 million.

Business combinations 2008

There was one material business combination in 2008.

IS Partner AS, Norway

On 9 January 2008, EDB Business Partner announced the acquisition of 100.0% of the issued share capital of IS Partner AS. The total consideration for the shares was NOK 1.4 billion, which was paid in cash, and the transaction was completed on 11 February 2008. The value was set based on fair value after negotiations between the parties. The Norwegian Competition Authority approved the transaction on 31 January 2008.

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

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

NOK IN MILLIONS	IS Partner AS carrying amount at the acquisition date	Fair value adjustments	Fair values
Customer contracts/customer base	-	149	149
Software	2	14	16
Property, plant and equipment	108	-	108
Other financial non-current assets	5	-	5
Trade and other receivables	370	153	523
Cash and cash equivalents	229	-	229
Deferred tax liabilities	33	(83)	(50)
Provisions and obligations	(249)	(20)	(269)
Trade and other payables	(323)	-	(323)
Total identifiable net assets	**175**	**213**	**388**
Goodwill arising on acquisition			962
Total consideration for the shares, satisfied by cash			**1 350**
Liabilities assumed			-
Total consideration, satisfied by cash			**1 350**

The useful lives of intangible assets at the date of acquisition were estimated on average at: Customer contracts/customer base of 1–5 years and software of 3 years. The goodwill arising on the acquisition of IS Partner AS is a residual value and is attributable to assembled workforce, anticipated profitability of the operations and deferred tax liabilities related to the excess values. The fair value adjustments included a group relief.

IS Partner contributed NOK 1.5 billion in revenues and NOK 137 million to the Group's net income for the period between the date of consolidation and 31 December 2008. This does not include the Group's interest expenses related to the financing of the acquisition.

Individually immaterial business combinations during 2008

During 2008, the Group acquired Datametrix AS, Tameer Microfinance Bank Ltd and other acquisitions with a consideration of less than NOK 50 million per acquisition. The carrying values at the acquisition dates are reported according to IFRS. The identifiable assets and liabilities acquired in the transactions, and the goodwill arising, are as follows:

NOK IN MILLIONS	Carrying amount at the acquisition dates	Fair value adjustments	Fair values
Intangible assets	84	37	121
Deferred tax assets	9	(3)	6
Property, plant and equipment	22	-	22
Other financial non-current assets	13	-	13
Inventories	70	-	70
Trade and other receivables	194	1	195
Cash and cash equivalents	156	-	156
Non-current interest-bearing financial liabilities	(155)	-	(155)
Non-current non-interest-bearing financial liabilities	(7)	-	(7)
Deferred tax liabilities	(3)	(15)	(18)
Trade and other payables	(140)	-	(140)
Current tax liabilities	(1)	-	(1)
Current non-interest-bearing financial liabilities	(126)	-	(126)
Current interest-bearing financial liabilities	(35)	-	(35)
Total identifiable net assets	**81**	**20**	**101**
Non-controlling interests	7	(1)	6
Net identifiable assets acquired	74	21	95
Goodwill arising on acquisition			303
Total consideration			**398**
Total consideration for the shares, satisfied by cash			394
Total consideration for the shares, satisfied by other equity instruments			4
Total consideration for the shares			**398**
Liabilities assumed, satisfied by cash			35
Total consideration			**433**

The useful lives of intangible assets at the date of consolidation were estimated on average at: customer base of 4 years, software of 8 years, technology of 10 years and trademarks of 3 years. The goodwill arising on the acquisition of these smaller companies is attributable to employees and the anticipated profitability of its operations and includes deferred tax liabilities related to the excess values.

These companies contributed NOK 204 million in revenues and negative NOK 123 million to the Group's net income for the period between the date of consolidation and 31 December 2008. This does not include the Group's interest expenses related to the financing of the acquisitions.

Information about the combined entity's operating revenues and net income

The following financial information is presented as if the acquisition dates for all business combinations that are completed in the period, were in the beginning of the annual reporting period:

NOK IN MILLIONS, EXCEPT PER SHARE AMOUNT	2008
Revenues	97 616
Profit before taxes	19 216
Net income attributable to equity holders of Telenor ASA	13 277
Net income per share in NOK	7.96

The results are adjusted for the Group's interest expenses and the result in the period prior to the acquisition. The interest expenses are calculated based on the total consideration and the average interest rate in 2008 for loans in local currency. The information has 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.

Disposals in 2008

The Group has disposed of some minor subsidiaries during 2008, which resulted in a net loss on disposal of NOK 9.4 million included under "Other income and expenses" (see note 10).

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

05 // Key figures segments

The segment information for the period 2008 to 2009 are reported in accordance with the reporting to Group Executive Management (chief operating decision-makers). The segment reporting is consistent with financial information used by the chief operating decision-makers for assessing performance and allocating resources. Segment result is defined as EBITDA before other income and expenses.

Segment assets principally comprise all assets except for shares in subsidiaries. Other mobile operations includes the carrying amount of the investment in VimpelCom incorporated using the equity method of accounting. Segment liabilities principally comprise all liabilities.

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, the Ukraine, Hungary, Thailand, Malaysia, Bangladesh and Pakistan are shown as separate segments. In Denmark and Sweden, fixed line businesses are reported together with mobile operations. The business in Pakistan is regarded as an operating segment in 2009 and prior year comparatives have been changed accordingly. Mobile operations in Montenegro, Serbia and India are reported as "Other mobile operations". The associated company Kyivstar (the Ukraine) is monitored on the same level as the Group's consolidated segments. As a consequence, Kyivstar is regarded as an operating segment. In addition, the Group has ownership interest in a major mobile operation, the associated company VimpelCom in Russia. VimpelCom is reported as part of segment assets of "Other mobile operations", but not a part of the segment result.

In 2009, the Group acquired of Unitech Wireless in India, see disclosure in note 4. Unitech Wireless offers mobile services to residential and business customers in India under the brand Uninor, and is reported under "Other mobile operations".

Fixed Norway delivers services including analog PSTN, digital ISDN, broadband telephony, xDSL, internet and leased lines, as well as communication solutions.

Broadcast comprises the Group's TV-based activities within the Nordic region including pay-TV services via satellite dish, cable TV-networks, satellite master antenna TV-networks systems, broadband access services to cable TV-subscribers and broadcasting rights. Broadcast owns and operates the national terrestrial broadcast network in Norway and parts of Belgium, and provides satellite broadcasting services to the Nordic region and Central and Eastern Europe, utilising three geo-stationary satellites. Broadcast also provides security solutions to pay-TV operators in more than 75 countries.

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 IT group listed on Oslo Stock Exchange, which delivers solutions and operating services. Venture's activities are mainly related to development of content services. 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 based on market prices.

Gains and losses arising from internal transfer of businesses, group contribution and dividends within the Group are not included in the income statements for the segments. The eliminations in the statement of financial position primarily involve internal receivables and payables between the segments.

Segment Information 2009

NOK IN MILLIONS	Revenues	External revenues	EBITDA before other income and expenses [1]	EBITDA [1]	Depreciation, amorti-sation and impairment losses	Operating profit (loss)	Total assets (segment assets)	Total liabilities (segment liabilities)	Invest-ments
Mobile – Norway	13 642	12 925	5 227	5 200	(999)	4 201	8 841	7 078	807
Fixed – Norway	14 409	12 278	5 250	5 167	(1 942)	3 225	18 512	16 712	1 799
Telenor Sweden	9 031	8 863	1 959	1 823	(2 008)	(185)	30 276	5 901	826
Telenor Denmark	7 813	7 607	1 899	1 673	(1 389)	284	12 343	12 280	1 039
Kyivstar – the Ukraine [2]	9 047	9 022	5 076	5 022	(1 414)	3 608	7 896	1 256	1 016
Pannon – Hungary	5 524	5 509	2 289	2 242	(676)	1 566	10 449	825	420
DTAC – Thailand	12 044	12 020	3 689	3 685	(1 577)	2 108	18 300	6 996	1 089
DiGi – Malaysia	8 743	8 733	3 791	3 791	(1 325)	2 466	8 712	5 607	1 279
Grameenphone – Bangladesh	5 947	5 946	3 390	3 389	(1 510)	1 879	9 087	5 008	944
Pakistan	4 350	4 319	1 055	1 051	(1 318)	(267)	9 384	7 152	1 325
Other mobile operations	3 683	3 552	607	602	(2 803)	(2 201)	32 545	5 467	4 081
Broadcast	8 565	8 470	1 944	1 887	(882)	1 005	17 431	14 889	2 171
Other operations	10 072	7 430	612	381	(1 205)	(825)	58 276	63 796	840
Eliminations	(6 195)	-	(18)	31	37	68	(71 951)	(70 745)	(9)
Operating segments	**106 672**	**106 672**	**36 766**	**35 940**	**(19 011)**	**16 929**	**170 101**	**82 222**	**17 627**
Kyivstar reclassified as associated company [2]	9 022	9 022	5 076	5 022	(1 414)	3 608	4 070	1 256	1 016
Total Group	**97 650**	**97 650**	**31 690**	**30 918**	**(17 597)**	**13 321**	**166 031**	**80 966**	**16 611**

[1] See table below for definition and reconciliation of EBITDA. EBITDA before other income and expenses is the segment result.

[2] Kyivstar was deconsolidated and accounted for as an associated company from 29 December 2006 (see disclosure in note 3). Business segment information in 2009 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-makers.

Segment Information 2008

NOK IN MILLIONS	Revenues	External revenues	EBITDA before other income and expenses [1]	EBITDA [1]	Depreciation, amorti-sation and impairment losses	Operating profit (loss)	Total assets (segment assets)	Total liabilities (segment liabilities)	Invest-ments
Mobile – Norway	12 877	12 068	4 610	4 582	(808)	3 774	8 479	4 103	1 023
Fixed – Norway	14 707	12 555	5 279	5 020	(2 011)	3 009	18 163	15 185	2 283
Telenor Sweden	9 532	9 422	2 040	1 943	(2 092)	(149)	32 732	5 840	1 540
Telenor Denmark	7 627	7 433	1 793	1 797	(1 356)	441	13 889	14 590	1 290
Kyivstar – the Ukraine [2]	13 834	13 803	8 058	8 088	(2 011)	6 077	15 173	4 834	2 096
Pannon – Hungary	6 159	6 128	2 516	2 503	(703)	1 800	11 278	1 166	600
DTAC – Thailand	12 000	11 944	3 980	3 946	(1 311)	2 635	22 043	9 717	1 948
DiGi – Malaysia	8 112	8 105	3 666	3 668	(1 093)	2 575	10 097	5 599	2 675
Grameenphone – Bangladesh	5 049	5 048	2 342	2 345	(1 234)	1 111	10 959	8 212	2 258
Pakistan	4 011	3 978	709	709	(1 019)	(310)	11 748	8 446	3 156
Other mobile operations	3 941	3 833	1 759	1 757	(863)	894	30 205	866	584
Broadcast	8 170	8 071	1 630	1 505	(760)	745	16 115	13 545	2 410
Other operations	10 018	7 582	147	72	(898)	(826)	51 696	66 132	2 736
Eliminations	(6 067)	-	(38)	(38)	47	9	(57 595)	(56 227)	(18)
Operating segments	**109 970**	**109 970**	**38 491**	**37 897**	**(16 112)**	**21 785**	**194 982**	**102 008**	**24 581**
Kyivstar reclassified as associated company [2]	13 803	13 803	8 058	8 088	(2 011)	6 077	7 810	3 404	2 096
Total Group	**96 167**	**96 167**	**30 433**	**29 809**	**(14 101)**	**15 708**	**187 172**	**98 604**	**22 485**

[1] See table below for definition and reconciliation of EBITDA. EBITDA before other income and expenses is the segment result.

[2] Kyivstar was deconsolidated and accounted for as an associated company from 29 December 2006 (see disclosure in note 3). Business segment information in 2008 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-makers.

Reconciliation of EBITDA

NOK IN MILLIONS	2009	2008
Net income	**10 104**	**14 810**
Loss from discontinued operations	(410)	(233)
Profit from continuing operations	**10 514**	**15 043**
Income taxes	(4 290)	(4 329)
Profit before taxes	**14 804**	**19 372**
Net financial income (expenses)	(2 184)	(3 172)
Profit from associated companies	3 667	6 836
Operating profit	**13 321**	**15 708**
Depreciation and amortisation	(15 317)	(14 088)
Impairment losses	(2 280)	(13)
EBITDA	**30 918**	**29 809**
Other income and expenses	(771)	(624)
EBITDA before other income and expenses	**31 690**	**30 433**

Geographic distribution of external revenues based on customer location

NOK IN MILLIONS	2009	2008
Norway	34 133	33 559
Sweden	11 678	12 122
Other Nordic	9 352	9 211
Other Western Europe	1 471	1 435
Central Europe	9 180	9 964
Thailand	11 591	11 553
Other Asia [1]	19 634	17 708
Other countries	611	615
Total revenues	**97 650**	**96 167**

[1] Other Asia includes DiGi (Malaysia), Grameenphone (Bangladesh), Telenor Pakistan and Uninor (India).

Assets by geographical location of the company

	Non-current assets excluding deferred tax assets and other non-current assets		Total assets	
NOK IN MILLIONS	2009	2008	2009	2008
Norway	30 116	30 119	46 598	50 505
Sweden	12 258	15 041	16 729	20 042
Other Nordic	9 341	11 500	11 846	14 558
Other Western Europe	359	88	680	436
Central Europe	17 117	24 241	19 227	26 736
Eastern Europe	16 176	19 781	16 211	19 812
Thailand	14 335	17 210	18 371	22 092
Other Asia [1]	30 095	27 947	36 303	32 924
Other countries	35	36	66	67
Total assets	**129 832**	**145 963**	**166 031**	**187 172**

[1] Other Asia includes DiGi (Malaysia), Grameenphone (Bangladesh), Telenor Pakistan and Uninor (India).

06 // Revenues

NOK IN MILLIONS	2009	2008
Analog (PSTN)/digital (ISDN, xDSL and BBT)	13 179	14 179
Mobile telephony	62 523	60 923
Leased lines	824	759
Satellite and TV-distribution	8 392	7 934
Other network-based activities	1 819	1 830
IT operations and sale of software	7 036	7 409
Other	1 336	1 228
Total services	**95 109**	**94 262**
Customer equipment	2 541	1 905
Total products	**2 541**	**1 905**
Revenues	**97 650**	**96 167**

Analog (PSTN)/digital (ISDN, xDSL and broadband telephony (BBT)) includes revenues from traffic, subscription and connection for analog (PSTN), digital (ISDN, xDSL and BBT), internet subscriptions and 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, broadband and content.

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

Satellite and TV-distribution 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 conditional access services for pay-TV.

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

Customer equipment includes sale of equipments as telephone sets, mobile phones, computers, PABX's 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.

The Group 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. The Group has to a very limited extent finance lease revenues. Lease 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.

07 // Costs of materials and traffic charges

NOK IN MILLIONS	2009	2008
Traffic charges — network capacity	(15 681)	(16 526)
Traffic charges — satellite capacity	(88)	(93)
Costs of materials etc	(9 514)	(8 778)
Own work capitalised	60	85
Total costs of materials and traffic charges	**(25 223)**	**(25 312)**

Traffic charges include operating lease expenses relating to the lease of dedicated network and satellite capacity. These costs are included in the different cost categories in the table above and not shown separately because they do not, in substance, differ from the relevant cost categories. See note 33 for information about operating lease commitments.

08 // Salaries and personnel costs

NOK IN MILLIONS	2009	2008
Salaries and holiday pay	(11 217)	(10 432)
Social security tax	(1 498)	(1 471)
Pension costs including social security tax (note 27)	(548)	(1 019)
Share-based payments, excluding social security tax [1)]	(54)	(38)
Other personnel costs	(768)	(848)
Own work capitalised	625	473
Total salaries and personnel costs	**(13 460)**	**(13 335)**

[1)] Include share options and employee share ownership program – see note 38.

The average number of man-years employed was 38,000 in 2009 and 36,000 in 2008. This includes 80 and 90 man-years related to discontinued operations for 2009 and 2008, respectively.

09 // Other operating expenses

NOK IN MILLIONS	2009	2008
Operating leases of buildings, land and equipment	(2 824)	(2 302)
Other cost of premises, vehicles, office equipment etc	(1 397)	(1 270)
Operation and maintenance	(5 806)	(6 016)
Travel and travel allowances	(664)	(708)
Postage freight, distribution and telecommunication	(636)	(600)
Concession fees	(3 744)	(3 646)
Marketing and sales commission	(5 990)	(6 788)
Advertising	(2 090)	(2 261)
Bad debt (note 22)	(615)	(527)
Consultancy fees and external personnel	(2 921)	(2 715)
Other	(743)	(484)
Own work capitalised	153	230
Total other operating expenses	**(27 277)**	**(27 087)**

10 // Other income and expenses

NOK IN MILLIONS	2009	2008
Gains on disposals of fixed assets and operations	71	70
Losses on disposals of fixed assets and operations	(380)	(272)
Expenses for workforce reduction and onerous (loss) contracts [1]	(462)	(422)
Total other income and expenses	**(771)**	**(624)**

[1] See note 26.

Gains on disposals were primarily related to sale of properties and fixed assets both in 2009 and in 2008.

Losses on disposals in 2009 were primarily related to disposals of obsolete equipment in Telenor Denmark and Telenor Sweden, as well as loss from sale of subsidiaries in EDB Business Partner. Losses on disposal in 2008 were mainly due to disposals of administrative equipment in Norway.

Expenses for workforce reductions and onerous (loss) contracts in 2009 were mainly attributable to loss contracts in EDB Business Partner and Broadcast, and workforce reductions in Telenor Denmark, Telenor Sweden, Fixed Norway and EDB Business Partner. In 2008, the expenses were primarily due to loss contracts in Danmarks Digital TV AS and EDB Business Partner, as well as workforce reductions in Telenor Sweden and in Fixed and Mobile Norway.

11 // Research and development costs

Research and development costs that have been expensed amounted to NOK 441 million and NOK 554 million in 2009 and 2008, respectively. Expensed research and development activities relate to new technologies, new products, security in the network and new usages of the existing network.

12 // Depreciation, amortisation and impairment losses

	Property, plant and equipment [1]		Goodwill [2]		Intangible assets [3]		Prepaid leases [4]		Total	
NOK IN MILLIONS	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Depreciation and amortisation	(10 164)	(9 210)	–	–	(4 923)	(4 618)	(230)	(260)	(15 317)	(14 088)
Impairment losses	(5)	(7)	(2 155)	–	(120)	(6)	–	–	(2 280)	(13)
Total	**(10 169)**	**(9 217)**	**(2 155)**	**-**	**(5 043)**	**(4 624)**	**(230)**	**(260)**	**(17 597)**	**(14 101)**

[1] See note 20 for property, plant and equipment
[2] See note 17 for specification of goodwill and note 18 for impairment testing of goodwill
[3] See note 19 for intangible assets
[4] See note 22

The Group reviews the estimated useful lives of property, plant and equipment and intangible assets annually to ensure consistency with the recovery of expected economic benefits for these assets based on current facts and circumstances. The increase in depreciation during 2009 compared to 2008 was mainly due to investment in equipment that increased the basis of depreciation particularly in Grameenphone and Telenor Pakistan, and in addition there were accelerated depreciation in Mobile Norway due to replacements of mobile infrastructure. No other major changes were made in estimated useful lives compared to 2008.

The impairment losses of property, plant and equipment in 2009 and 2008 were primarily related to various components of the network.

The impairment loss on goodwill in 2009 was mainly related to Telenor Serbia (NOK 1.9 billion) and EDB Business Partner (NOK 218 million).

The impairment losses on intangible assets in 2009 were related to software solutions in EDB Business Partner and in 2008 primarily related to various components of the networks.

Prepaid leases relates primarily to access charges for lease of the cables of other operators (local loop unbundling etc) in Sweden and Denmark. The basis for the amortisation period for access charges is the estimated customer relationship period, which is based on historical information.

13 // Financial income and expenses

NOK IN MILLIONS	2009	2008
Interest income on cash and cash equivalents	332	465
Dividend income on available-for-sale financial assets	4	4
Other financial income	268	235
Total financial income	**604**	**704**
Interest expenses on financial liabilities measured at amortised cost	(2 645)	(3 006)
Capitalised interest	322	154
Total interest expenses	**(2 323)**	**(2 852)**
Other financial expenses	(373)	(151)
Total financial expenses	**(2 696)**	**(3 003)**
Net foreign currency gains (losses)	**(443)**	**(426)**
Net change in fair value of financial instruments at fair value through profit or loss	**433**	**(452)**
Net gains (losses) on disposal of financial assets available-for-sale	1	13
Net gains (losses) on disposal of financial assets at fair value through profit or loss	(1)	(3)
Impairment losses of financial assets available-for-sale	(83)	(5)
Net gains (losses and impairment) of financial assets and liabilities	**(83)**	**5**
Net financial income (expenses)	**(2 184)**	**(3 172)**

The decrease in financial income in 2009 compared with 2008 was mainly due to a decrease in interest rates related to cash and cash equivalents, as a consequence of a general decrease in interest rates in the market.

The decrease in financial expenses in 2009 compared with 2008 was primarily due to lower interest-bearing liabilities and lower interest rates as a result of a general decrease in the market rates.

Borrowing costs included in the cost of qualifying assets (capitalised interest) during the year is based on the general borrowing programs for Norwegian subsidiaries and the relevant foreign subsidiaries' borrowing costs. Subsidiaries owned 90% or more by the Group are financed by the Group. See note 29 Interest-bearing liabilities for further information about interest rates on external borrowings.

The net change in fair value of financial instruments was primarily attributable 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.

14 // Income taxes

NOK IN MILLIONS	2009	2008
Profit before taxes	14 804	19 372
Current taxes	(4 906)	(2 792)
Change in deferred taxes	616	(1 537)
Income tax expense	**(4 290)**	**(4 329)**

The tax losses in Norway are utilised during 2009 and the companies in the Norwegian tax group are now in a current tax position. In 2008, the Norwegian tax group generated tax losses and was hence not in a current tax position.

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 outlines the major components of the tax expense. Below the table, selected line items are commented.

NOK IN MILLIONS	2009	2008
Expected income taxes according to corporate income tax rate in Norway (28%)	(4 145)	(5 424)
Tax rates outside Norway different from 28%	343	344
Associated companies	1 027	1 914
Non-taxable income	24	75
Non-deductible expenses	(359)	(336)
Non-taxable gains/losses on sales of shares	22	(138)
Current and deferred taxes on retained earnings in subsidiaries and associated companies	(380)	(430)
Deferred tax assets not recognised current year	(682)	(533)
Change in previous years' valuation allowances	48	186
Impairment of goodwill that is not tax deductible	(257)	-
Tax credits	42	51
Other	27	(38)
Income tax expense	**(4 290)**	**(4 329)**
Effective tax rate in %	**29.0**	**22.3**

Tax rates outside Norway different from 28%

The tax rates for subsidiaries outside Norway are both higher and lower than the Norwegian tax rate of 28%. The most significant effects are related to the fact that Pannon GSM Rt. (Hungary: 22%) and Telenor Serbia (10%) have tax rates lower than 28%, while Grameenphone Ltd. (Bangladesh: 35%) and Telenor Pakistan (35%) have higher tax rates. Effects of changes in tax rates are also included. For the year 2009 this primarily includes Bangladesh. From 1 January 2009 the tax rate for Grameenphone was reduced from 45% to 35% due to the listing of the company during the year. The total effect of the change in tax rate on deferred taxes in Grameenphone is a reduction in tax expenses of NOK 371 million. For 2008, this reconciling item also includes the effects of changes in tax rates in Malaysia and Sweden.

Associated companies

Profit from associated companies are recognised on an after tax basis and therefore do not impact the Group's tax expense. Tax on undistributed earnings in associated companies is included in the line "Current and 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 2008 and 2009 is the net change in fair value of the Total Return Swap agreement in the underlying VimpelCom shares. In 2009, this agreement gave rise to an unrealised non-taxable income of NOK 154 million, while the corresponding effect in 2008 was an unrealised non-deductible loss of NOK 476 million. Upon realisation, 3% of a Total Return Swap gain will be treated as taxable income under the Tax Exemption Method in Norway, while 3% of losses are deductible from other taxable income that falls under the Tax Exemption Method. Norwegian Tax Authorites have during 2009 questioned the fiscal classification of cash flows under the agreement for the fiscal years 2006 and 2007.

Current and deferred taxes on retained earnings in subsidiaries and associated companies

The Group has recognised deferred tax liabilities (primarily withholding tax) for undistributed earnings in subsidiaries and associated companies outside of Norway. Such provisions for deferred tax liabilities are made to the extent it is expected that dividends will be distributed in the foreseeable future. Undistributed earnings in foreign subsidiaries and associates for which deferred taxes have not been provided amount to NOK 4.3 billion. For associated companies, deferred tax liabilities are recognised based on the total undistributed earnings (the Group's share) because the Group is not able to control the timing of the distribution of dividends. If loan covenants or other limitations on dividends exist, the deferred tax liabilities are recognised based on the dividend capacity in the company.

Deferred 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 unless the Group can demonstrate probable taxable profits that will be available against such deductible temporary differences. In 2009, this is primarily related to Telenor Pakistan and Uninor. In 2008, this was primarily related to 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. For 2008 and 2009, this is primarily related to reversal of valuation allowances in the Swedish tax group as a result of positive taxable income in both years.

Impairment of goodwill that is not tax deductible

Impairment of goodwill deriving from purchase of shares is generally not tax deductible. In 2009, goodwill impairment is recognised for Telenor Serbia and in EDB Business Partner.

Tax credits

In 2008 and 2009, the effect of tax credits is primarily related to Telenor Serbia. These tax credits are a consequence of investments in infrastructure. Telenor Serbia has unused tax credits that can be carried forward for 10 years.

Tax losses carried forward

Tax losses carried forward in selected countries expire as follows as of 31 December 2009:

NOK IN MILLIONS	Norway	Sweden	Asia	Other	Total
2010	–	–	–	49	49
2011	–	–	903	39	942
2012	–	–	303	20	323
2013	–	–	37	–	37
2014	–	–	537	–	537
2015 and later	–	–	637	288	925
Not time-limited	318	466	5 797	223	6 804
Total tax losses carried forward	**318**	**466**	**8 214**	**619**	**9 617**
On which deferred tax assets have not been recognised (valuation allowance)	209	425	5 134	548	6 316
Tax losses on which deferred tax assets have been recognised	**109**	**41**	**3 080**	**71**	**3 301**

Tax losses carried forward in selected countries expire as follows as of 31 December 2008:

NOK IN MILLIONS	Norway	Sweden	Asia	Other	Total
2009	–	–	–	86	86
2010	–	–	–	58	58
2011	–	–	1 096	75	1 171
2012	–	–	378	23	401
2013	–	–	26	–	26
2014 and later	–	–	–	273	273
Not time-limited	4 300	672	6 227	471	11 670
Total tax losses carried forward	**4 300**	**672**	**7 727**	**986**	**13 685**
On which deferred tax assets have not been recognised (valuation allowance)	229	565	3 885	949	5 628
Tax losses on which deferred tax assets have been recognised	**4 071**	**107**	**3 842**	**37**	**8 057**

Companies within the Norwegian tax group (Telenor ASA and all Norwegian subsidiaries owned by more than 90%) have in 2009 utilised all tax losses generated during 2008, and as of 31 December 2009 the Norwegian tax group is in a current tax position.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. For some of the operations in the Nordic countries, Thailand, Pakistan and India, the probability cannot be demonstrated. In Thailand, no tax positions can be transferred between the companies. In Pakistan and India, deferred tax assets are not recognised for taxable losses in excess of taxable temporary differences. Some of the tax losses in the Swedish operations cannot be viewed as part of the net deferred tax liability position in the Swedish tax group, due to time restrictions limiting the possibility of utilisation.

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

	2009			2008		
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)
Tangible and intangible assets	4 170	(7 628)	(20)	4 219	(8 082)	(34)
Undistributed earnings in foreign subsidiaries and associated companies	–	(1 242)	–	–	(1 340)	–
Other non-current items	2 513	(1 753)	(2)	2 619	(2 475)	(20)
Total non-current assets and liabilities	**6 683**	**(10 623)**	**(22)**	**6 838**	**(11 897)**	**(54)**
Total current assets and liabilities	**1 213**	**(409)**	**–**	**1 075**	**(329)**	**(36)**
Tax losses carried forward	**3 206**	**–**	**(2 072)**	**4 306**	**–**	**(1 784)**
Total deferred tax assets/liabilities	**11 102**	**(11 032)**	**(2 094)**	**12 219**	**(12 226)**	**(1 874)**
Net deferred tax assets/liabilities	**–**	**(2 024)**	**–**	**–**	**(1 881)**	**–**
Of which deferred tax assets		1 811			2 815	
Of which deferred tax liabilities		(3 834)			(4 696)	

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

Changes in net deferred taxes

NOK IN MILLIONS	2009	2008
As of 1 January	(1 881)	(973)
Recorded to the income statement	616	(1 537)
Recorded to other comprehensive income [1]	(1 270)	1 404
Recorded directly to equity	-	(5)
Acquisitions and disposals	(303)	(65)
Translation differences on deferred taxes	608	(707)
Tax effect from discontinued operations	206	2
As of 31 December	**(2 024)**	**(1 881)**

[1] Deferred taxes recorded to other comprehensive income are primarily attributable to changes in fair value of financial instruments designated as net investment hedges or translation differences on monetary items that are regarded as a part of the net investments. Items in other comprehensive income are presented gross in total comprehensive income, with tax effects presented separately for each item.

Changes in deferred tax assets not recognised (valuation allowances)

NOK IN MILLIONS	2009	2008
As of 1 January	1 874	1 500
Changes in deferred tax assets not recognised prior years	166	(216)
Net losses from subsidiaries	678	484
Other not recognised deferred tax assets current year	4	3
Acquisitions and disposals [1]	(205)	(2)
Translation differences	(423)	105
As of 31 December	**2 094**	**1 874**

[1] of which Discontinued Operations NOK (90) million in 2009.

In 2009, the changes in deferred tax assets not recognised in prior years are primarily related to Telenor Pakistan. The changes on this line in 2008 were primarily related to reversal of valuation allowances in the Swedish tax group as a result of high taxable income.

15 // Discontinued operations

Discontinued operations remain consolidated in the consolidated financial statements, with the internal transactions between continued and discontinued operations being eliminated in the consolidation. As a consequence, only income and expense from external transactions are reclassified to discontinued operations. This means that the results presented below will not represent the activities of the operations on a stand-alone basis.

Cinclus Technology

Cinclus Technology is a subsidiary of the Group and a provider of Automatic Meter Reading technology. Cinclus Technology is a complete supplier of such solutions, including development, rundown and operation.

During 2009, the Group initiated a process to dispose of Cinclus Technology. In June 2009, it was deemed highly probable that the operations would be disposed of within a year, and the operations have since then been reported as held for sale. Cinclus Technology is still not disposed of. See note 3 for further disclosure.

The results of the Group's discontinued operations are presented below:

NOK IN MILLIONS	2009	2008
Revenues	282	1 027
Expenses	(616)	(1 553)
Operating loss	**(334)**	**(526)**
Net financial income (expenses)	(286)	157
Loss before taxes	**(620)**	**(369)**
Income taxes	210	136
Loss after taxes from discontinued operations	**(410)**	**(233)**
Loss after taxes from discontinued operations attributable to:		
Non-controlling interests (minority interests)	(100)	(126)
Equity holders of Telenor ASA	(310)	(107)
Loss per share in NOK from discontinued operations		
Basic	(0.25)	(0.14)
Diluted	(0.25)	(0.14)

The major categories of assets and liabilities of the Group's operations classified as held for sale are as follows:

NOK IN MILLIONS	2009
Assets	
Current assets excluding cash and cash equivalents	185
Cash and cash equivalents	73
Total current assets	**258**
Total assets classified as held for sale	**258**
Liabilities	
Non-current liabilities	2
Current liabilities	282
Total liabilities classified as held for sale	**284**
Net liabilities directly associated with operations held for sale	**26**

The Group had no assets and liabilities classified as held for sale as of 31 December 2008.

Net cash flows related to the Group's discontinued operations are as follow:

NOK IN MILLIONS	2009	2008
Net cash flow from operating activities	231	(358)
Net cash flow from investing activities	(4)	(31)
Net cash flow from financing activities	(119)	186

16 // 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 income and share data:

Earnings

NOK IN MILLIONS, EXCEPT EARNINGS PER SHARE AMOUNT	2009	2008
Net income attributable to the equity holders of Telenor ASA	8 653	13 065
Effect of dilutive potential shares	-	-
Net income for the purposes of diluted earnings per share	**8 653**	**13 065**
Basic earnings per share	5.22	7.83
Diluted earnings per share	5.22	7.82

NUMBER OF SHARES IN THOUSANDS	2009	2008
Weighted average number of shares for the purposes of basic earnings per share	1 656 329	1 668 682
Effect of dilutive potential shares:		
Share options and bonus shares	1 502	1 627
Weighted average number of shares for the purposes of diluted earnings per share	**1 657 831**	**1 670 309**

The denominators for the purposes of calculating both basic and diluted earnings per share have been adjusted for the effects of acquisition of treasury shares.

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 income and share data:

Earnings

NOK IN MILLIONS, EXCEPT EARNINGS PER SHARE AMOUNT	2009	2008
Net income attributable to the equity holders of Telenor ASA	8 653	13 065
Adjusted for:		
Loss after taxes from discontinued operations	(410)	(233)
Net income for the purposes of basic earnings per share from continuing operations	**9 063**	**13 298**
Effect of dilutive potential shares	-	-
Net income for the purposes of diluted earnings per share from continuing operations	**9 063**	**13 298**
Basic earnings per share from continuing operations	5.47	7.97
Diluted earnings per share from continuing operations	5.47	7.96

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

17 // Goodwill

NOK IN MILLIONS	Telenor Denmark	Telenor Sweden	Pannon Hungary	DTAC Thailand	Telenor Serbia	Uninor India	Broadcast	EDB Business Partner	Other [1]	Total Group
Accumulated cost										
As of 1 January 2008	**7 268**	**4 982**	**4 900**	**2 264**	**7 511**	**-**	**2 048**	**3 180**	**899**	**33 052**
Translation differences	1 744	348	874	263	645	-	11	66	140	4 091
Arising on acquisition of subsidiaries	(5)	8	-	8	-	-	-	1 022	289	1 322
Reallocation of goodwill	-	-	-	-	-	-	-	-	(11)	(11)
Derecognised on disposal of subsidiaries	-	-	-	-	-	-	-	-	(11)	(11)
As of 31 December 2008	**9 007**	**5 338**	**5 774**	**2 535**	**8 156**	**-**	**2 059**	**4 268**	**1 306**	**38 443**
Translation differences	(1 407)	(557)	(1 015)	(354)	(1 696)	(67)	(19)	(116)	(128)	(5 359)
Arising on acquisition of subsidiaries	76	-	-	-	6	1 466	-	-	1	1 549
Reallocation of goodwill	-	-	-	-	-	-	-	-	9	9
Derecognised on disposal of subsidiaries	-	(8)	-	-	-	-	-	(118)	(35)	(161)
Reclassified as held for sale	-	-	-	-	-	-	-	-	(93)	(93)
As of 31 December 2009	**7 676**	**4 773**	**4 759**	**2 181**	**6 466**	**1 399**	**2 040**	**4 034**	**1 060**	**34 388**
Accumulated impairment losses										
As of 1 January 2008	**(3 038)**	**(198)**	**-**	**-**	**-**	**-**	**(133)**	**-**	**(11)**	**(3 380)**
Translation differences	(729)	(14)	-	-	-	-	-	-	-	(743)
Impairment losses	-	-	-	-	-	-	-	-	-	-
Impairment losses from discontinued operations	-	-	-	-	-	-	-	-	(93)	(93)
Impairment as of 31 December 2008	**(3 767)**	**(212)**	**-**	**-**	**-**	**-**	**(133)**	**-**	**(104)**	**(4 216)**
Translation differences	588	22	-	-	141	-	4	-	-	755
Impairment losses	-	-	-	(5)	(1 932)	-	-	(218)	-	(2 155)
Derecognised on disposal of subsidiaries	-	8	-	-	-	-	-	-	-	8
Reclassified as held for sale	-	-	-	-	-	-	-	-	93	93
Impairment as of 31 December 2009	**(3 179)**	**(182)**	**-**	**(5)**	**(1 791)**	**-**	**(129)**	**(218)**	**(11)**	**(5 515)**
Carrying amount										
As of 31 December 2009	**4 497**	**4 591**	**4 759**	**2 176**	**4 675**	**1 399**	**1 911**	**3 816**	**1 049**	**28 873**
As of 31 December 2008	**5 240**	**5 126**	**5 774**	**2 535**	**8 156**	**-**	**1 926**	**4 268**	**1 202**	**34 227**

[1] Other includes primarily DiGi (Malaysia), Promonte (Montenegro) and Datametrix (Norway).

In 2009, an impairment loss of NOK 2.2 billion was recognised in the income statement, of which NOK 1.9 billion was related to Telenor Serbia and NOK 218 million to EDB Business Partner. In 2008, an impairment loss of NOK 93 million was recognised related to Cinclus Technology, which in 2009 was classified as discontinued operations – see note 15.

See note 18 for impairment testing of goodwill and additional information about these impairment losses.

18 // 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. The Group has identified intangible assets with indefinite lives, but the carrying amounts of these assets are immaterial. The mobile and fixed operations in different countries are identified as cash-generating units, however where the fixed and mobile operations are monitored and reported as one operating segment; goodwill is monitored and tested for the group of cash-generating units included in that operating segment. Goodwill in EDB Business Partner is allocated to and monitored for cash-generating units or group of cash-generating units that EDB has defined as operating segments. In addition, Broadcast DTH (direct-to-home)/cable TV operations, as well as some other minor operations, have been identified as cash-generating units. Goodwill is monitored for a group of cash-generating units that equals or is smaller than an operating segment as defined in IFRS 8 Operating Segments.

Goodwill acquired through business combinations have been allocated to individual cash-generating units or operating segments as follows:

Carrying amount of goodwill as of 31 December

NOK IN MILLIONS	2 009	2 008
Telenor Denmark	4 497	5 240
Telenor Sweden	4 591	5 126
Pannon, Hungary	4 759	5 774
DTAC, Thailand	2 176	2 535
Uninor, India	1 399	-
Telenor Serbia	4 675	8 156
Broadcast, DTH and cable TV, Nordic	1 911	1 926
EDB Business Partner, Norway [1]	3 816	4 268
Other [2]	1 049	1 202
Total carrying amount of goodwill	**28 873**	**34 227**

[1] Amount of goodwill allocated to cash-generating units within EDB Business Partner. Each of these cash-generating units is not significant in comparison to the total goodwill in the Group.

[2] Other includes primarily DiGi (Malaysia), ProMonte (Montenegro) and Datametrix (Norway). See also note 17.

The Group has used both 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 for listed companies have been derived from quoted market prices as of 31 December 2009 and 2008. DTAC is listed both on the Stock Exchanges in Singapore and in Thailand. DiGi is listed on the Stock Exchange in Malaysia and EDB Business Partner is listed on Oslo Stock Exchange.

For the remaining cash-generating units discounted cash flow analysis is applied to determine the value in use. Value in use is based on cash flow projections established through financial forecasts and strategy plans approved by senior management covering a three-year period. In addition, for the operations that are in a growth phase and thus not expected to reach a normalised cash flow within three years, the calculation includes estimated cash flows for the years 4 to 9. This is the case for Uninor, where significant growth in cash flows is expected beyond the forecast/strategy period of 3 years. The expected growth rates for revenues in Uninor for year 4–9 are from 10% to 40%, with the highest growth early in the period. Cash flows beyond the nine-year period are extrapolated with a long-term growth rate including inflation, see table below.

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

Key assumptions

Key assumptions used in the calculation of value in use are growth rates, EBITDA margins, capital expenditure and discount rates.

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 for revenues in the years 4 to 9 years are based on management's expectations for the market development in which the business operates. The Group uses steady growth rates to extrapolate the cash flows beyond nine years. The growth rate beyond nine years is not higher than the expected long-term growth in the economy in which the business operates. The expected growth rates for a cash-generating unit 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 current margin level and expected future market development, which also takes into consideration committed operational efficiency programmes. Changes in the outcome of these initiatives may affect future estimated EBITDA margins.

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 number of subscriptions during a growth phase will affect the future capex to sales ratio. The Broadcast DTH/cable TV operation is less capital-intensive and the capex to sales ratio is therefore not one of the key assumptions for the valuation of this business. Estimated capital expenditures do not include capital expenditures that significantly enhance current performance of assets; as such effects generally are not included in the cash flow projections.

Discount rates – Discount rates are based on Weighted Average Cost of Capital (WACC) methodology. The cost of a company's debt and equity capital, weighted accordingly to reflect its capital structure, derives its weighted average cost of capital. In economies where risk-free yields do not exist, the WACC rates used in discounting the future cash flows are based on US 10-year risk-free interest rate, adjusted for inflation differential and country risk premium. The country risk premium for some countries increased during 2008 and part of 2009 due to the global financial crisis, however by the end of 2009 these have stabilised at lower levels. The discount rates also take into account the debt premium, market risk premium, gearing, corporate tax rate, and asset beta. For cash-generating units within economies that currently experience high inflation rates and expect lower future inflation, rolling discount rates are applied.

The recoverable amounts for the cash-generating units have been determined based on the following key assumptions for the years ended 31 December 2009 and 2008:

	Discount rate after tax (WACC) in %		Discount rate pre tax in %		Nominal growth in terminal value in %	
	2009	2008	2009	2008	2009	2008
Pannon, Hungary	10.5–9.4	11.1 – 9.8	13.0–11.8	13.9–12.5	0.0	0.0
Telenor Denmark	7.0	8.8	9.3	11.7	1.0	2.0
Telenor Sweden	6.5	8.5	8.8	11.5	0.5	2.0
EDB Business Partner	10.0	10.0	13.9	13.9	2.0	2.0
Broadcast, DTH and cableTV, Nordic	6.6	8.3	9.0	11.4	0.0	2.0
Telenor Serbia	16.0–12.2	18.3–11.6	17.8–13.6	20.3–12.9	3.5	3.5
Uninor, India	12.9–11.5	n/a	19.5–11.6	n/a	6.0	n/a

In the calculation the Group has applied estimated cash flows after tax and corresponding discount rate after tax. The recoverable amounts would not change significantly if pre-tax cash flows and pre-tax discount rate had been applied instead.

Impairment losses

In the second quarter of 2009, goodwill in Telenor Serbia was impaired, with NOK 1.9 billion, being recognised as impairment losses in the income statement and a corresponding reduction in carrying amount of goodwill in the statement of financial position. The impairment loss was mainly caused by the negative effects from the global financial crises on the Serbian economy which led to an increase in the country risk premium included in the discount rate, and also to revised forecasts and strategy plans showing lowered margins and growth expectations for Telenor Serbia. The post-tax discount rate applied in the second quarter when the impairment loss was recognised were 20.3% –11.4% (pre-tax 22.6%–12.7%).

In addition, goodwill allocated to application services in EDB Business Partner was impaired by NOK 218 million in 2009.

In 2008, goodwill related to Cinclus Technology was impaired by NOK 93 million, mainly due to lower market growth than initially assumed. In 2009, Cinclus Technology was classified as a discontinued operation, see note 15.

Sensitivity analyses

In connection with the impairment testing of goodwill, sensitivity analyses have been carried out. The value in use is determined based on future strategy plans considering expected development in both macro economic and company related conditions. Sensitivity analysis is performed for each of the defined cash generating units and indicates that, with the exception of Telenor Serbia (see below), Uninor, India is the unit with highest degree of uncertainty when estimating the value in use and also the unit most sensitive to changes in assumptions.

A reduction in the EBITDA-margin of 3 percentage points combined with a 1 percentage point increase in the WACC, all other factors being equal, will not result in any impairment loss. However, impairment losses may arise in Uninor with a reduction in the EBITDA-margin by 4 percentage points combined with a 1 percentage point increase in the WACC. A reduction in revenue of 5 percentage points combined with a 3 percentage points reduction in the EBITDA-margin in the cash flow period (excluding the terminal year) would not result in impairment losses. However, if the same parameters are changed to 6 and 4 percentage points respectively, impairment losses may arise in Uninor. Changing the EBITDA-margin downward with more than 6 percentage points for the whole period, other factors being equal would mean that goodwill in Uninor could be impaired. The thresholds are higher for the other cash generating units before changes in assumptions could lead to recognition of an impairment loss.

Cash-generating units where a reasonable possible change in a key assumption could result in an impairment loss

After the impairment loss recognised in 2009, the recoverable amount for Telenor Serbia is approximately at the same level as the carrying amount, indicating that minor changes in assumptions could result in further impairment losses.

19 // Intangible assets

NOK IN MILLIONS	Customer base	Licenses	Trademarks	Software acquired	Internal generated software	Roaming agreements and other [1]	Work in progress [2]	Total
Accumulated cost								
As of 1 January 2008	**8 151**	**17 594**	**2 780**	**9 282**	**2 635**	**3 973**	**1 932**	**46 347**
Reclassifications [3]	12	(1)	1	(37)	(30)	6	5	(44)
Additions	-	4 056	1	1 811	88	125	(357)	5 724
Internally developed	-	-	-	78	216	27	41	362
Additions through acquisition of subsidiaries	131	2	7	12	13	96	-	261
Translation differences	1 124	2 474	431	1 092	31	458	126	5 736
Derecognition	(1 855)	(11)	-	(451)	(205)	(34)	(54)	(2 610)
As of 1 January 2009	**7 563**	**24 114**	**3 220**	**11 787**	**2 748**	**4 651**	**1 693**	**55 776**
Reclassifications [3]	2	12	(2)	247	2	(286)	(57)	(82)
Additions	7	694	2	1 892	-	93	77	2 765
Internally developed	-	-	-	-	289	1	-	290
Additions through acquisition of subsidiaries	213	3 361	19	-	-	64	-	3 657
Translation differences	(988)	(3 745)	(450)	(1 221)	(35)	(662)	(149)	(7 250)
Derecognition	(2 109)	-	(3)	(185)	(61)	(231)	(51)	(2 640)
Reclassified as assets held for sale	-	-	-	(34)	-	(30)	(5)	(69)
As of 31 December 2009	**4 688**	**24 436**	**2 786**	**12 486**	**2 943**	**3 600**	**1 508**	**52 447**
Accumulated amortisation and impairment losses								
As of 1 January 2008	**(6 028)**	**(3 479)**	**(729)**	**(6 426)**	**(1 953)**	**(1 229)**	**(27)**	**(19 871)**
Reclassifications [3]	-	-	-	7	11	(9)	(17)	(8)
Amortisation from continuing operations	(850)	(1 287)	(531)	(1 351)	(258)	(341)	-	(4 618)
Amortisation from discontinued operations	-	-	-	(9)	-	(5)	-	(14)
Impairment losses	-	-	-	(6)	-	-	-	(6)
Translation differences	(995)	(463)	(220)	(778)	(21)	(201)	-	(2 678)
Derecognition	1 855	10	-	446	203	33	25	2 572
As of 1 January 2009	**(6 018)**	**(5 219)**	**(1 480)**	**(8 117)**	**(2 018)**	**(1 752)**	**(19)**	**(24 623)**
Reclassifications [3]	(1)	1	-	(284)	-	228	19	(37)
Amortisation	(704)	(1 606)	(434)	(1 550)	(297)	(332)	-	(4 923)
Impairment losses	-	-	-	-	(120)	-	-	(120)
Translation differences	829	710	237	829	21	235	-	2 861
Derecognition	2 102	-	1	131	61	191	-	2 486
Reclassified as assets held for sale	-	-	-	16	-	13	-	29
As of 31 December 2009	**(3 792)**	**(6 114)**	**(1 676)**	**(8 975)**	**(2 353)**	**(1 417)**	**-**	**(24 327)**
Carrying amount								
As of 31 December 2009	**896**	**18 322**	**1 110**	**3 511**	**590**	**2 183**	**1 508**	**28 120**
As of 31 December 2008	**1 545**	**18 895**	**1 740**	**3 670**	**730**	**2 899**	**1 674**	**31 153**

[1] The carrying amounts of the roaming agreements were NOK 1.9 billion as of 31 December 2009 and NOK 2.6 billion as of 31 December 2008.

[2] Net additions.

[3] Including reclassifications to/from other lines in the statement of financial position which is not a part of this table.

Additions of intangible assets in 2009 from acquisition of subsidiaries were mainly related to licenses in the acquisition of Unitech Wireless (Uninor) in India. The other acquisitions during 2009 were Norkring België N.V. by Broadcast and BiBoB by Denmark, both of which included acquisition of customer bases, and Telenor Serbia Direct, which included acquisition of other intangible assets. Additions of intangible assets in 2008 from acquisition of subsidiaries were mainly related to IS Partner AS, Norway by EDB Business Partner (see note 4).

The additions of licenses in 2009 and 2008 were primarily DTAC's investments in mobile networks related to DTAC's concession right. DTAC operates under a concession right to operate and deliver mobile services in Thailand granted by the Communication Authority of Thailand ("CAT"). 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 concession of DTAC is accounted for under the Intangible Asset Model according to IFRIC 12 Service Concession Arrangements. The carrying amount of the concession right amounts to NOK 8.7 billion and is amortised on a straight-line basis over the remaining concession period. Enhancements and extensions are capitalised and amortised over the remaining useful life of the concession. Repair, maintenance and replacements are expensed as incurred. At the time of acquisition 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.

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, in addition to the concession right in DTAC, 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 historical 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 (10 to 28 years), see note 36. 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 is susceptible to technological obsolescence and therefore, their estimated useful life is normally 3 to 5 years.

20 // Property, plant and equipment

NOK IN MILLIONS	Local, regional and trunk networks	Mobile telephone network and switches	Subscriber equipment	Switches and equipment	Radio instal-lations	Cabel-TV-equipment	Buildings	Land	Corporate admin-istrative assets	Satellites	Work in progress [1]	Total
Accumulated cost												
As of 1 January 2008	**33 836**	**28 152**	**759**	**13 747**	**6 676**	**1 951**	**12 136**	**856**	**7 482**	**2 425**	**4 974**	**112 994**
Reclassifications [2]	(26)	101	5	25	10	-	(32)	8	272	-	(17)	346
Additions	2 420	4 325	181	1 298	1 819	333	991	43	1 662	1 194	529	14 795
Additions through acquisition of subsidiaries	-	-	-	-	-	-	1	1	110	-	15	127
Translation differences	694	5 545	64	382	406	16	616	69	913	-	488	9 193
Derecognition	(172)	(382)	(38)	(244)	(56)	(18)	(91)	(18)	(1 111)	(5)	(246)	(2 381)
As of 1 January 2009	**36 752**	**37 741**	**971**	**15 208**	**8 855**	**2 282**	**13 621**	**959**	**9 328**	**3 614**	**5 743**	**135 074**
Reclassifications [2]	2 514	(12 279)	440	4 432	5 815	9	(32)	-	204	-	92	1 195
Additions	1 995	1 783	251	2 578	1 959	337	1 101	2	1 814	1 011	333	13 164
Additions through acquisition of subsidiaries	-	-	-	-	-	-	73	-	100	-	-	173
Translation differences	(1 064)	(4 814)	(90)	(1 293)	(1 405)	(17)	(812)	(84)	(967)	-	(776)	(11 322)
Derecognition	(501)	(73)	(159)	(1 141)	(102)	(23)	(44)	(2)	(600)	(36)	(84)	(2 765)
Reclassified as assets held for sale	-	-	-	-	-	-	(1)	-	(54)	-	-	(55)
As of 31 December 2009	**39 696**	**22 358**	**1 413**	**19 784**	**15 122**	**2 588**	**13 906**	**875**	**9 825**	**4 589**	**5 308**	**135 464**
Accumulated depreciation and impairment losses												
As of 1 January 2008	**(26 168)**	**(10 887)**	**(593)**	**(10 644)**	**(3 104)**	**(1 128)**	**(5 106)**	**(13)**	**(4 603)**	**(1 685)**	**(89)**	**(64 020)**
Reclassifications [2]	4	(26)	(13)	(8)	-	-	(1)	-	(236)	-	13	(267)
Depreciation from continuing operations	(1 637)	(3 452)	(102)	(962)	(858)	(178)	(479)	(2)	(1 342)	(198)	-	(9 210)
Depreciation from discontinued operation	-	-	-	-	-	-	-	-	(2)	-	-	(2)
Impairment losses	-	-	-	(2)	-	-	(1)	-	(2)	-	(2)	(7)
Translation differences	(379)	(2 285)	(48)	(192)	(166)	(7)	(151)	-	(594)	-	(15)	(3 837)
Derecognition	160	365	38	242	56	18	41	-	1 060	5	56	2 041
As of 1 January 2009	**(28 020)**	**(16 285)**	**(718)**	**(11 566)**	**(4 072)**	**(1 295)**	**(5 697)**	**(15)**	**(5 719)**	**(1 878)**	**(37)**	**(75 302)**
Reclassifications [2]	(554)	4 571	(344)	(2 303)	(2 281)	(8)	31	(3)	(183)	-	1	(1 073)
Depreciation	(2 031)	(2 401)	(231)	(1 422)	(1 798)	(199)	(538)	-	(1 368)	(176)	-	(10 164)
Impairment losses	-	-	-	-	-	-	(1)	-	(4)	-	-	(5)
Translation differences	503	2 048	73	504	528	9	176	1	552	-	4	4 398
Derecognition	479	73	158	869	87	22	24	1	526	36	-	2 275
Reclassified as assets held for sale	-	-	-	-	-	-	-	-	5	-	-	5
As of 31 December 2009	**(29 623)**	**(11 994)**	**(1 062)**	**(13 918)**	**(7 536)**	**(1 471)**	**(6 005)**	**(16)**	**(6 191)**	**(2 018)**	**(32)**	**(79 866)**
Carrying amount												
As of 31 December 2009	**10 073**	**10 364**	**351**	**5 866**	**7 586**	**1 117**	**7 901**	**859**	**3 634**	**2 571**	**5 276**	**55 598**
As of 31 December 2008	**8 732**	**21 456**	**253**	**3 642**	**4 783**	**987**	**7 924**	**944**	**3 609**	**1 736**	**5 706**	**59 772**
Depreciation periods in years [3]	3–30	5–30	3	3–10	5–15	3–12	3–90	-	3–10	17–18	-	-

[1] Net additions.

[2] Including reclassifications to/from other lines in the statement of financial position which is not a part of this table.

[3] Asset categories presented in this movement schedule is an aggregated total from different asset components belonging a particular category, and the disclosed depreciation periods represent a range of useful lives allocated to components.

In 1999 and 2003, the Group entered into Cross Border QTE arrangements for GSM mobile network and fixed-line network and telephony switches. The GSM mobile network arrangements entered into in 1999 were terminated in 2009. The carrying amount as of 31 December

2009 amounts to NOK 19 million (NOK 58 million as of 31 December 2008). The transactions have the legal form of leases. However, the Group has determined that these arrangements are in substance not leases. Their terms are for approximately 15 years with early termination options for the Group. The Group has defeased all amounts due under these agreements with financial institutions and U.S. Government-related securities. For further information, see note 29, 30 and 32. The financial institutions then release the payments over agreement periods in accordance with their contractual terms. During the agreement periods, the Group maintains the legal rights and economic benefits in Norway of ownership of the equipment. During the agreement periods, the Group cannot dispose of the equipment but may make replacements. The Group 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 68 million and NOK 31 million was recorded as other financial income in 2009 and 2008, respectively. The remaining deferred benefit as of 31 December 2009 was NOK 135 million (NOK 203 million as of 31 December 2008).

The Group has finance leases with carrying amounts of NOK 1.0 billion as of 31 December 2009 (NOK 1.4 billion as of 31 December 2008), primarily fibre optic network in Grameenphone in Bangladesh with NOK 486 million as of 31 December 2009 (NOK 651 million in 2008), properties in Denmark and Sweden of NOK 154 million and NOK 199 million in 2009 (NOK 187 million and NOK 213 million in 2008) respectively, satellites in Broadcast with NOK 61 million in 2009 (NOK 125 million in 2008) and IT-equipment in EDB Business Partner with NOK 121 million in 2009 (NOK 155 million in 2008).

As of 31 December 2009, future minimum annual rental commitments under finance leases (the Group as a lessee) were as follows:

NOK IN MILLIONS	Within 1 year	2–5 years	More than 5 years
Future minimum lease payments	307	490	1 460
Less amount representing interest	(94)	(346)	(716)
Present value of finance lease obligations	**213**	**144**	**744**

As of 31 December 2008, future minimum annual rental commitments under finance leases (the Group as a lessee) were as follows:

NOK IN MILLIONS	Within 1 year	2–5 years	More than 5 years
Future minimum lease payments	499	768	1 901
Less amount representing interest	(128)	(430)	(972)
Present value of finance lease obligations	**371**	**338**	**929**

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 whether 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 evaluation by the Group has not identified any investment properties.

21 // Associated companies and joint ventures

Associated companies:

NOK IN MILLIONS	2009	2008
Balance as of 1 January	**20 631**	**20 368**
Additions	-	41
Transferred to/from other investments	1	-
Disposals [1]	-	(3 344)
Net income	3 667	5 216
Gains (losses) on disposal [1]	-	1 620
Equity adjustments and dividends [2]	(3 599)	(3 647)
Translation adjustments [2]	(3 719)	377
Balance as of 31 December	**16 981**	**20 631**
Of which investments carried at a negative value [3]	260	180
Carrying amount of investments in associated companies	**17 241**	**20 811**

[1] Disposals in 2008 were primarily related to the disposal of the Group's 18.3% ownership interest in Golden Telecom Inc. to VimpelCom. The Group recognised a gain on disposal of approximately NOK 1.6 billion after elimination of the gain related to the Group's ownership in VimpelCom.

[2] VimpelCom changed its presentation currency from USD to Russian rubles (RUB) with effect from 1 January 2009. The Group's estimated share of VimpelCom's own translation differences from RUB to USD were recognised on the line "Equity adjustments and dividends" in 2008. Due to the changed presentation currency, the Group has discontinued estimating these effects from 2009, and the estimated effect of NOK 1.8 billion as of 31 December 2008 has been reclassified to the line"Translation adjustments" in the 2008 column.

[3] Associated companies are carried at negative values where the Group 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), see note 23 and 26.

Specifications of investments in associated companies

NOK IN MILLIONS Company	Share owned in % 1)	Carrying amount 31 December 2008	Investments/ disposals during 2009	Share of net income 2)	Equity adjustments and dividends	Translation adjustments	Carrying amount 31 December 2009
Kyivstar J.S.C.	56.5	5 933	-	1 682	(2 868)	(921)	3 826
VimpelCom 3)	33.6	13 801	-	2 007	(709)	(2 788)	12 311
Kjedehuset AS	49.0	98	-	45	(8)	-	135
A-Pressen AS	48.2	589	-	(1)	(3)	-	585
RiksTV AS	33.3	(180)	-	(79)	-	-	(259)
Opplysningen AS	26.3	105	-	9	(28)	-	86
Others	-	285	1	4	17	(10)	297
Total		**20 631**	**1**	**3 667**	**(3 599)**	**(3 719)**	**16 981**

1) The share owned and voting interests are the same except for VimpelCom, where the voting interests are 29.9%.

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

3) Market values of the Group's ownership interest in listed associated companies as of 31 December 2009 were: VimpelCom: NOK 37.1 billion, Wireless Matrix Corporation: NOK 95 million.

OJSC VimpelCom ("VimpelCom")

On 4 October 2009, the Group and Altimo entered into an agreement to contribute their respective shareholdings in Kyivstar and VimpelCom in exchange for shares in a new company, VimpelCom Ltd. The arbitration and court proceedings between the parties relating to VimpelCom and Kyivstar have been halted or withdrawn without prejudice, pending closing of the transaction. At the time of closing of the transaction, the current arbitration proceedings and all other pending disputes between the parties will be withdrawn with prejudice. See note 3 and 35.

The Group's shares in VimpelCom were arrested on 11 March 2009 in connection with the Farimex case, as disclosed in note 35. The withdrawal or cancellation and dismissal of the Farimex case at no cost or loss to the Group is a condition precedent to closing of the transaction.

Subject to receiving the required regulatory and other approvals, VimpelCom Ltd. has made an offer whereby VimpelCom shares and American Depositary Shares will be exchanged for Depositary Receipts ("DRs") representing shares in VimpelCom Ltd. (the "Exchange Offer"). Immediately following a successful completion of the Exchange Offer, the Group and Altimo will contribute their respective shareholdings in Kyivstar in exchange for shares in VimpelCom Ltd. The parties expect to complete the proposed Exchange Offer and the other related transactions by mid-2010, following which VimpelCom Ltd. intends to delist VimpelCom from the New York Stock Exchange.

Upon completion of both the Exchange Offer and the contribution of Kyivstar shares, the Group will beneficially own approximately 38.84% of the outstanding share capital in VimpelCom Ltd., while Altimo's economic ownership will be approximately 38.46%. The remaining 22.70% will be free float, assuming 100% acceptance of the Exchange Offer. The voting interests of the Group and Altimo in VimpelCom Ltd. will approximately be 35.42% and 43.89%, respectively.

VimpelCom Ltd. is incorporated in Bermuda, headquartered in the Netherlands, and will be listed on the New York Stock Exchange.

Kar-Tel, VimpelCom's subsidiary in Kazakhstan, received in 2005 a claim of approximately USD 5.5 billion to the Savings Deposit Insurance Fund, a Turkish state agency. 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.

Kyivstar

The Group owns 56.5% of the voting shares in Kyivstar but accounts for the company as an associated company, since the Group's assessment is that significant influence exists, see disclosure in note 3 and 35 for further information.

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

NOK IN MILLIONS	2009	2008
Income Statement Data		
Revenue	28 661	33 010
Net income	**3 667**	**6 836**
Statement of Financial Position Data		
Total assets	39 017	53 828
Total liabilities	22 036	33 197
Net assets	**16 981**	**20 631**

Joint ventures

3G Infrastructure Services AB

3G Infrastructure Services AB was acquired as a part of Vodafone Sweden (the mobile operations in Sweden) on 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.

Net4Mobility HB

Net4Mobility HB is a jointly controlled entity with the mobile operator Tele2 Sverige AB. Telenor Sweden owns 50% which is equal to the share of votes. Tele2 and Telenor Sweden aquired 4G licences in Sweden in 2008. Telenor Sverige AB acquired their 4G licence in May 2008 for approximately NOK 450 million. The jointly controlled entity was established in 2009 to build and operate a 4G network together to reduce costs and enhance competition on the Swedish market. The agreement comprises spectrum sharing in the 900MHz and 2600MHz frequency bands.

There has been limited activity in Net4Mobility during 2009 as the company is still in a start-up phase.

In order to achieve the expected benefits from the network collaboration in 3G Infrastructure Services AB and Net4Mobility HB, the Group will have to fund its share of future investments in these companies. Apart from that there are no further commitments or contingent liabilities towards the companies.

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

NOK IN MILLIONS	2009	2008
Revenues	636	586
Operating expenses	(685)	(688)
Net financial income (expenses)	(4)	(3)
Profit before taxes	(53)	(105)
Income taxes	13	19
Net income	**(40)**	**(86)**
Non-current assets	1 512	1 984
Current assets	203	188
Total assets	**1 715**	**2 172**
Non-current liabilities	1 468	1 929
Current liabilities	135	102
Total liabilities	**1 603**	**2 031**
Net assets	**112**	**141**

22 // Trade and other receivables

NOK IN MILLIONS	2009	2008
Trade receivables	10 321	11 413
Provision for bad debt	(1 143)	(1 209)
Total trade receivables	**9 178**	**10 204**
Other current receivables		
Interest-bearing receivables	161	130
Accrued revenues	2 729	3 098
Receivables on associated companies and joint ventures [1]	629	2 348
Receivables on employees	21	25
Other non-interest-bearing receivables	1 383	1 327
Provision for bad debt	(3)	(6)
Total other current receivables	**4 920**	**6 922**
Prepaid expenses [2]		
Deferred costs related to connection revenues	328	376
Prepaid leases that are amortised [3]	393	657
Prepaid expenses	2 651	2 750
Total prepaid expenses	**3 372**	**3 783**
Total trade and other receivables	**17 470**	**20 909**

1) Receivables on associated companies and joint ventures for 2008 include NOK 1.4 billion in unpaid dividends from Kyivstar. The dividends were paid in January 2009.

2) Prepaid expenses do not meet the definition of a financial instrument, and are presented as non-financial (NF) in note 31.

3) For prepaid leases that are amortised, see note 12.

Specification of provision for bad debt:

NOK IN MILLIONS	2009	2008
Provision as of 1 January	**(1 215)**	**(1 244)**
Change during the year	(121)	186
Currency effects	195	(157)
Other changes [1]	(5)	-
Provision as of 31 December [2]	**(1 146)**	**(1 215)**
Realised losses for the year	(564)	(825)
Recovered amounts previously impaired	71	112

[1] Other changes includes effects from acquisitions and disposals of businesses

[2] Provision of NOK 264 million as of 31 December 2009 (NOK 353 million as of 31 December 2008) relates to Pannon. Due to local Hungarian regulations, Pannon is not able to write off receivables without having tax disadvantages if certain conditions are met.

Specification of the age distribution of trade receivables is as follows [1]:

			Past due on the reporting data in the following periods:					
NOK IN MILLIONS	Carrying amount	Not past due on the reporting date	less than 30 days	between 30 and 60 days	between 61 and 90 days	between 91 and 180 days	between 181 and 365 days	more than 365 days
As of 31 December 2009								
Trade receivables	10 321	6 302	1 708	382	229	343	623	734
Provision for bad debt	(1 143)	(21)	(10)	(28)	(28)	(103)	(388)	(565)
Total trade receivables	**9 178**	**6 282**	**1 698**	**354**	**201**	**239**	**235**	**169**
As of 31 December 2008								
Trade receivables	11 413	6 997	2 025	407	289	439	491	765
Provision for bad debt	(1 209)	(1)	(28)	(30)	(31)	(127)	(314)	(678)
Total trade receivables	**10 204**	**6 996**	**1 997**	**377**	**258**	**312**	**177**	**87**

[1] Trade receivables are a part of the class trade receivables and other current and non-current financial assets in note 31. Age distribution is not disclosed for other receivables of this class due to immaterial amounts.

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 that the debtors will not be able to meet their payment obligations.

For information about the grouping of the financial instruments into appropriate classes see note 31.

23 // Other current and non-current assets

NOK IN MILLIONS	2009	2008
Financial non-current assets [1]		
Available-for-sale investments	201	210
Financial derivatives – non-interest-bearing (note 31)	1 409	3 139
Fair value hedge instruments – interest-bearing (note 31)	1 010	1 139
Other financial non-interest-bearing non-current assets [2]	410	366
Other financial interest-bearing non-current assets [3]	46	53
Total financial non-current assets	**3 076**	**4 907**
Prepaid expenses [5]	139	1 113
Total other non-current assets	**3 215**	**6 020**
Other financial current assets [1]		
Assets held for trading	85	46
Bonds and commercial papers > 3 months	515	422
Financial derivatives – non-interest-bearing (note 31)	341	611
Total other financial current assets	**941**	**1 079**

[1] For further information about the fair values, methods for valuation and grouping into classes of financial instruments, see note 31.

[2] Other financial non-interest-bearing non-current assets:

NOK IN MILLIONS	2009	2008
Capital contribution to Telenor Pension Fund	298	298
Receivables on associated companies	4	4
Loans to employees	1	3
Other non-interest-bearing loans and deposits	107	61
Other financial non-interest-bearing non-current assets	**410**	**366**

[3] Other financial interest-bearing non-current assets:

NOK IN MILLIONS	2009	2008
Receivables on associated companies [4]	18	19
Loans to employees	18	23
Other non-current receivables	10	11
Other financial interest-bearing non-current assets	**46**	**53**

[4] Negative value on the associated company RiksTV AS in 2009 of NOK 259 million has partly been recorded as a NOK 110 million reduction in receivables which relates to a loan considered as a part of the Group's investment in RiksTV AS, while the remaining NOK 149 million is recorded as a provision, see also note 21 and 26. For 2008 the corresponding numbers, also related to RiksTV, were NOK 180 million, NOK 96 million and NOK 84 million, respectively.

[5] As of 31 December 2008, prepaid expenses included NOK 869 million of prepayments related to the satellite Thor 6.

24 // Additional cash flow information

Acquisitions and disposals of subsidiaries and associated companies

The table below shows the effects on the consolidated balance sheet from acquisitions and disposals of subsidiaries and associated companies. Please refer to note 4 for supplementary information on major acquisitions and disposals of subsidiaries and note 21 for information on associated companies.

NOK IN MILLIONS	2009	2008
Acquisitions of subsidiaries and associated companies		
Associated companies	161	35
Other non-current assets	4 924	1 757
Current assets	1 419	1 141
Liabilities	(2 930)	(1 103)
Non-controlling interests	(1 436)	(11)
Carrying amount of associated companies and joint ventures at the time of acquisition	(159)	31
Recorded directly to equity	–	3
Total consideration	**1 979**	**1 853**
Cash payments related to acquisitions	(807)	(1 830)
Cash in subsidiaries acquired [1]	152	509
Purchases of subsidiaries and associated companies, net of cash acquired	**(655)**	**(1 321)**
Disposals of subsidiaries and associated companies		
Associated companies	–	4 153
Other non-current assets	134	-
Current assets	246	9
Liabilities	(184)	-
Gains (losses) and translation adjustments on disposals	(118)	-
Sales price	**78**	**4 162**
Proceeds received as sale consideration	64	4 158
Cash in subsidiaries disposed of	(58)	(4)
Proceeds from disposal of subsidiaries and associated companies, net of cash disposed of	**6**	**4 154**

[1] In 2008, cash in subsidiaries acquired include proceeds from group contribution of NOK 153 million that IS Partner AS received from StatoilHydro ASA.

NOK IN MILLIONS	2009	2008
Restricted bank accounts		
For employees' tax deduction	4	1
Grameenphone proceeds from pre-public offer (PPO)	–	418
Uninor security deposits related to bank loans	337	-
Other	–	22
Total restricted bank accounts	**341**	**441**

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

Cash and cash equivalents as of 31 December

NOK IN MILLIONS	2009	2008
Cash and cash equivalents in the Group's cash pool systems		
(including short term deposits < 3 months available for Telenor ASA)	5 949	3 769
Cash and cash equivalents outside the Group's cash pool systems [1)]	5 530	5 156
Total cash and cash equivalents	**11 479**	**8 925**

1) Subsidiaries in which Telenor owns less than 90% of the shares are normally not participants in the Group's cash pool systems, held by Telenor ASA. As of 31 December 2009 and 2008, the major part of the cash and cash equivalents outside the Group's cash pool systems was related to DiGi, Grameenphone, DTAC, EDB Business Partner and Telenor Serbia as well as Uninor as of 31 December 2009.

The Group has established cash pool systems. 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 offset balances in their favour against deposits, so that the net position represents the net balance between the bank and the Group account holder.

Significant non-cash transactions

NOK IN MILLIONS	2009	2008
Investments in licenses – part not paid in the year of grant	-	1 720
Finance leases – part not paid in the year of initial recognition	4	193

Investments in licenses in 2008 are mainly related to a 3G spectrum license that DiGi acquired in exchange for issuance of new shares, in addition to unpaid portion of additional 2G spectrum in Grameenphone. The finance lease in 2008 is mainly related to a software lease in EDB Business Partner.

Interest proceeds and payments

NOK IN MILLIONS	2009	2008
Proceeds from interest income	378	707
Payments of interest expenses	(2 307)	(2 753)

Income taxes paid not classified as operating activities

Payments of withholding taxes on dividends paid to shareholders of Telenor ASA are classified together with the dividend payments under financing activities, and were NOK 0 million in 2009 and NOK 261 million in 2008.

25 // Equity – notes

Paid-in capital

NOK IN MILLIONS EXCEPT NUMBER OF SHARES	Number of shares	Share capital	Other paid in capital	Treasury shares	Total paid-in capital
As of 1 January 2008	**1 680 274 570**	**10 081**	**4 343**	**(18)**	**14 406**
Transfer from share premium account	-	-	(3 000)	-	(3 000)
Share buy back	-	-	-	(116)	(116)
Cancellation of shares	(22 385 724)	(134)	(1 274)	134	(1 274)
As of 31 December 2008	**1 657 888 846**	**9 947**	**69**	**-**	**10 016**
Share buy back	-	-	-	(13)	(13)
Share options granted to employees	-	-	-	2	2
As of 31 December 2009	**1 657 888 846**	**9 947**	**69**	**(11)**	**10 005**

Nominal value per share is NOK 6.
Telenor ASA held 1,859,890 treasury shares as of 31 December 2009 (0 shares as of 31 December 2008).

Other reserves

NOK IN MILLIONS	Net unrealised gains/(losses) reserve	Employee equity benefits reserve	Business combinations and transactions with non-controlling interests	Equity adjustments in associated companies	Share buy back	Transfer from other paid-in capital, including the effect from cancellation of shares	Total other reserves
As of 1 January 2008	**70**	**222**	**3 784**	**190**	**(5 004)**	**10 166**	**9 428**
Other comprehensive income (loss), net of taxes	(272)	-	-	259	-	-	(13)
Share-based payment	-	21	-	-	-	-	21
Business combinations and increased ownership interests in subsidiaries	-	-	(9)	-	-	-	(9)
Transactions with non-controlling interests	-	-	493	-	-	-	493
Income tax on items taken directly to equity	-	-	(5)	-	-	-	(5)
Other changes in other reserves	-	-	-	(282)	(1 992)	4 274	2 000
As of 31 December 2008 (restated)	**(202)**	**243**	**4 263**	**167**	**(6 996)**	**14 440**	**11 915**
Other comprehensive income (loss), net of taxes	(260)	-	-	(74)	-	-	(334)
Share-based payment	-	24	-	-	-	-	24
Share options granted	-	6	-	-	-	-	6
Transactions with non-controlling interests	-	-	282	-	-	-	282
Other changes in other reserves	-	-	-	28	(70)	-	(42)
As of 31 December 2009	**(462)**	**273**	**4 545**	**121**	**(7 066)**	**14 440**	**11 851**

Net unrealised gains/losses reserve
This reserve records fair value changes on available-for-sale financial assets, and the effective portion of the gain or loss on hedging instruments in cash flow hedges.

Employee equity benefits reserve
This reserve is used to record increases in the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

Business combinations and transactions with non-controlling interests
This reserve records effects from transactions with non-controlling interests and consolidation due to step-up acquisitions in associated companies and joint ventures.

In 2009, transactions with non-controlling interests in subsidiaries are mainly related to gains on realisation of ownership interests as a result of an Initial Public Offer in Grameenphone. In 2008, transactions were primarily due to gains on share issue in DiGi. The gains were recognised directly in shareholders' equity.

Equity adjustments in associated companies
This reserve records underlying adjustment on equity in associated companies, such as other comprehensive income and share buy back.

NOK IN MILLIONS	Equity adjustments in associated companies
As of 1 January 2008	**190**
Other comprehensive income (loss), excluding effects of disposal	259
Amount transferred to the income statement on disposal	-
Other comprehensive income (loss), net of taxes	259
Other changes in other reserves	(282)
As of 31 December 2008 (restated)	**167**
Other comprehensive income (loss), excluding effects of disposal	(79)
Amount transferred to the income statement on disposal	5
Other comprehensive income (loss), net of taxes	(74)
Other changes in other reserves	28
As of 31 December 2009	**121**

Share buy back
This reserve is used to record decrease in other reserves as a result of acquisition of treasury shares. The price paid in excess of the nominal value of the shares reduces this reserve.

Transfer from other paid in capital, including the effect from cancellation of shares
This reserve is used to record increase in other reserves as a result of transfers from other paid-in capital, including transfers from other paid-in capital related to cancellation of treasury shares.

Cumulative translation differences

NOK IN MILLIONS	Foreign currency translation of net investment in foreign operations	Net investment hedge	Income taxes	Net translation differences
As of 1 January 2008	**(4 215)**	**1 065**	**(690)**	**(3 840)**
Changes during 2008, excluding effects of disposal	8 341	(2 665)	1 298	6 974
Amount transferred to the income statement on disposal	(308)	-	-	(308)
Net changes during 2008	8 033	(2 665)	1 298	6 666
As of 31 December 2008 (restated)	**3 818**	**(1 600)**	**608**	**2 826**
Changes during 2009, excluding effects of disposal	(14 867)	2 676	(1 363)	(13 554)
Amount transferred to the income statement on disposal	5	-	-	5
Net changes during 2009	(14 862)	2 676	(1 363)	(13 549)
As of 31 December 2009	**(11 044)**	**1 076**	**(755)**	**(10 723)**

In 2009, the translation differences on net investment in foreign operations are mainly affected by appreciation of the Norwegian Krone against the functional currencies of the Group's major investments. Depreciation of the Pakistani Rupee by 23%, the Serbian Dinar by 21%, the Russian Ruble by 20%, the Bangladeshi Taka by 18%, the Thai Bath by 14%, the Malaysian Ringgit by 17% and the Ukrainian Hryvnia by 17% against the Norwegian Krone had the largest effect.

In 2008, the translation differences on net investment in foreign operations were mainly affected by depreciation of the Norwegian Krone against the functional currencies of the Group's major investments. Appreciation of the Bangladeshi Taka by 31%, the Malaysian Ringgit by 23% and the Thai Baht by 12% against the Norwegian Krone had the largest effect.

Dividend distribution

DIVIDENDS	2009	2008
Dividend per share in NOK – paid	-	3.40
Dividend per share in NOK – proposed by the Board of Directors	2.50	-

No dividends were paid in 2009. Total dividends of NOK 5.7 billion were paid in June 2008.

In respect of 2009, the Board of Directors proposes that a dividend of NOK 2.50 per share be paid to shareholders. This dividend is subject to approval by shareholders at the Annual General Meeting on 19 May 2010 and has not been included as a liability in the financial statements. The proposed dividend, if approved, is payable to all shareholders on the Norwegian Central Securities Depository (VPS) on 19 May 2010. The total estimated dividend to be paid is NOK 4.1 billion.

Equity available for distribution as dividends from Telenor ASA was NOK 24.6 billion as of 31 December 2009.

Non-controlling interests

NOK IN MILLIONS	Non-controlling interests in %	Non-controlling interests share of net income (loss) 2009	Non-controlling interests share of net income (loss) 2008	Non-controlling interests in the statement of financial position 31.12.09	Non-controlling interests in the statement of financial position 31.12.08
DiGi	51.0	899	959	1 343	2 007
Grameenphone	44.2	560	100	1 844	1 061
DTAC	34.5	491	616	3 187	3 404
Unitech Wireless (Uninor)	51.0	(563)	-	1 433	-
EDB Business Partner ASA	48.7	72	62	998	935
Other	-	(8)	8	284	214
Total		**1 451**	**1 745**	**9 089**	**7 621**

During the fourth quarter of 2009, as a result of Initial Public Offer in Bangladesh, the Group decreased its economic interest in Grameenphone by 6.2%.

In 2009, the Group acquired Unitech Wireless (Uninor) in India, and as of 31 December 2009, the Group's ownership interest was 49.0%. See note 4 for further information.

In the second quarter of 2008, the Group decreased its economic interest in DiGi by 1.8% as a result of a share issue in the company. See note 3 and 38 for further information.

26 // Provisions and obligations

Non-current

NOK IN MILLIONS	2009	2008
Pension liabilities (note 27)	2 089	2 634
Provisions for workforce reduction, onerous (loss) contracts and legal disputes	158	119
Asset retirement obligations (ARO)	1 355	1 405
Negative book value associated companies	149	84
Other provisions	201	73
Total non-current provisions and obligations	**3 952**	**4 315**

Current

NOK IN MILLIONS	2009	2008
Provisions for workforce reduction, onerous (loss) contracts and legal disputes	285	356
Asset retirement obligations (ARO)	6	-
Other provisions	557	500
Total current provisions and obligations	**848**	**856**

Development in 2009

NOK IN MILLIONS	Workforce reductions	Onerous (loss) contracts	Legal disputes (note 35)	ARO	Total
As of 1 January 2009	**170**	**304**	**1**	**1 405**	**1 880**
Obligations arising during the year and effects of changes in estimates [1]	316	151	2	(1)	468
Accretion expense	-	7	-	61	68
Amounts utilised	(243)	(151)	(2)	(8)	(404)
Unused amounts reversed	(5)	-	(1)	(1)	(7)
Reclassifications	1	2	24	(2)	25
Translation differences	(8)	(15)	1	(93)	(115)
Reclassified as held for sale	-	(111)	-	-	(111)
As of 31 December 2009	**231**	**187**	**25**	**1 361**	**1 804**

[1] For asset retirement obligations, a decrease of NOK 115 million is included due to increase in long-term interest rates.

Development in 2008

NOK IN MILLIONS	Workforce reductions	Onerous (loss) contracts	Legal disputes (note 35)	ARO	Total
As of 1 January 2008	**131**	**264**	**1**	**838**	**1 234**
Obligations arising during the year and effects of changes in estimates from continuing operations [1]	223	220	1	449	893
Obligations arising during the year and effects of changes in estimates from discontinued operations	-	288	-	-	288
Accretion expense	-	4	-	49	53
Amounts utilised	(174)	(505)	-	(6)	(685)
Unused amounts reversed	(19)	(2)	(1)	-	(22)
Translation differences	9	35	-	75	119
As of 31 December 2008	**170**	**304**	**1**	**1 405**	**1 880**

[1] For asset retirement obligations, an increase of NOK 301 million is included due to decrease in long-term interest rates.

Asset Retirement Obligations

The Group 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 the Group 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 the Group's assets retirement obligations.

In most situations, the timing of the assets 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 relief 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 850 employees as of 31 December 2009 and approximately 600 employees as of 31 December 2008.

Onerous contracts relate mainly to EDB Business Partner and Group units. 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 35 for more information regarding legal disputes.

27 // 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 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 offered to all employees in Norway including EDB Business Partner, was closed for new members during 2006 and defined contribution plans with insurance companies were established as replacements. In 2009, EDB Business Partner ASA decided to terminate the defined plan altogether and the remaining members were transferred to the defined contribution plan, which resulted in a one-time positive effect (gain) recognised under salaries and personnel cost in the income statement of approximately NOK 570 million. The gain is mainly related to the difference between pension obligations recognised for these employees and the paid up policy they received.

3,625 of the Group's employees were members of the contribution plan in Norway as of 31 December 2009 (3,328 as of 31 December 2008). In 2009 4,253 of the Group's employees were covered through the defined benefit plans funded through Telenor Pension Fund (6,100 in 2008 of which 457 employees were related to IS Partner AS which was consolidated as of 11 February 2008). In addition the Telenor Pension Fund paid out pensions to 1,713 persons in 2009 (1,596 in 2008). Plan assets consist primarily of bonds, shares and real estates. Telenor Sweden has a defined benefit plan with 917 active members in 2009 (822 in 2008). For employees in other companies outside of Norway, contribution plans are dominant.

The Group offers an unfunded defined benefit plan to executive employees. As of 31 December 2009, the obligation recognised in the statement of financial position was NOK 240 million (NOK 216 million as of 31 December 2008) and the benefit obligation amounted to NOK 264 million (NOK 225 million as of 31 December 2008).

In Norway, the Group is member of "agreement-based early retirement plans" (AFP) which are defined benefit multi-employer plans. The administrators are not able to calculate the Group's share of assets and liabilities and these plans are consequently accounted for as defined contribution plans. When an employee retires through AFP the company has an obligation to pay a percentage of the benefits. In 2009 NOK 18 million was recognised in the income statement as service cost related to new AFP retirees and correspondingly NOK 35 million in 2008. For 2009 NOK 30 million and for 2008 NOK 35 million were pension contribution expensed for these plans.

The risk table, K2005, is used for death and expected lifetime, while the risk table for disability for the main pension plan is based on KU, which is the enhanced disability table of Storebrand (insurance company). 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.

	Disability %		Death %		Expected lifetime	
Age	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	n/a	n/a	6.69	4.31	87.04	88.97

The plan assets were measured at 31 December 2009 and 2008. Calculation of the projected benefit obligations (PBO) as of 31 December 2009 was based on the member base at 22 October 2009. For 2008, the calculation of projected benefit obligations were based on member data at 24 October 2008.

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 the Group. At the time of issuance of paid-up policies the Group is relieved of any further obligations towards these people. 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. In 2009, the Norwegian Public Service Pension Fund concluded a project for updating the correct values of these paid-up policies. Based on these updated values the benefit obligation for the Group has been reduced by NOK 275 million in 2009. The effect is included in the unrecognised net actuarial gain.

NOK IN MILLIONS	2009	2008
Change in projected benefit obligation [1]		
Projected benefit obligation as of 1 January	7 843	6 282
Service cost	495	548
Interest cost	306	315
Actuarial (gains) and losses	(738)	296
Curtailments and settlements	(1 872)	(95)
Acquisitions and disposals	(2)	611
Benefits paid/paid-up policies	(181)	(147)
Reclassified as held for sale	(20)	-
Translation differences	(49)	33
Benefit obligations as of 31 December	**5 783**	**7 843**
Change in plan assets		
Fair value of plan assets as of 1 January	4 165	3 868
Actual return on plan assets	768	(365)
Curtailments and settlements	(1 062)	(8)
Acquisitions and disposals	(2)	393
Pension contribution	393	348
Benefits paid/paid-up policies	(73)	(79)
Reclassified as held for sale	(7)	-
Translation differences	(9)	9
Fair value of plan assets as of 31 December	**4 173**	**4 165**
Funded status at the end of the year	**1 610**	**3 677**
Unrecognised net actuarial gains (losses) [1]	479	(1 044)
Total provision for pensions including social security tax as of 31 December	**2 089**	**2 634**
Total provision for pensions as of 1 January	**2 634**	**2 251**
Acquisitions and disposals	–	215
Net periodic benefit costs	(3)	560
Pension contribution	(393)	(348)
Benefits paid paid-up policies	(57)	(43)
Social security tax on pension contribution	(50)	(26)
Reclassified as held for sale	(3)	-
Translation differences	(38)	25
Total provision for pensions as of 31 December, including social security tax (note 26)	**2 089**	**2 634**

[1] Benefit obligation and unrecognised net actuarial gains (losses) include social security tax.

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

NOK IN MILLIONS, EXCEPT PERCENTAGE AMOUNTS	2009	2008	2007	2006	2005
Benefit obligations at the end of the year	5 783	7 843	6 283	6 349	6 052
Fair value of plan assets at the end of the year	4 173	4 165	3 868	4 042	3 896
Funded status	1 610	3 677	2 415	2 307	2 156
Experience adjustments on benefit obligations in %	13.2	0.5	(1.3)	(1.8)	0.4
Difference between expected and actual return on plan asset in %	12.7	(15.6)	(2.9)	2.3	3.8

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

	2009	2008
Discount rate in %	5.0	4.4
Future salary increase in %	4.5	4.0
Future increase in the social security base amount in %	4.5	4.0
Future turnover in %	8.0	10.0
Expected average remaining service period in years	8.2	9.0
Future pension increases in %	4.0	3.5

Assumptions used to determine net periodic benefit costs for Norwegian companies for the year

	2009	2008
Discount rate in %	4.4	4.9
Expected return on plan assets in %	5.8	6.5
Future salary increase in %	4.0	4.3
Future increase in the social security base amount in %	4.0	4.3
Future turnover in %	10.0	10.0
Expected average remaining service period in years	9.0	9.0
Future pension increases in %	3.5	3.8

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 be 24 years, and the discount rate was projected to a 24-year rate based on reference to German 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 2009 was set to 5.0%, compared to 4.5% recommended by NRS. 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 4.5%, the same level as the NRS guidelines. Future increase in the social security base amount is set at 4.5%, compared to 4.25% in the NRS guidelines. Future pension increases are set 0.5 percentage points below the social security base amount based on historical observations in the Group.

Components of net periodic benefit cost

NOK IN MILLIONS	2009	2008
Service cost	(495)	(548)
Interest cost	(306)	(315)
Expected return on plan assets	214	275
Losses/gains on curtailments and settlements	810	80
Amortisation of actuarial gains and losses	(220)	(52)
Net periodic benefit costs	**3**	**(561)**
Contribution plan costs	(552)	(459)
Total pension costs charged to the income statement for the year	**(548)**	**(1 019)**

The Telenor Pension Fund's weighted average asset allocations as of 31 December, by asset category, were as follows:

Asset category

	2009	2008
Bonds in %	63	60
Equity securities in %	24	23
Real estates in %	10	13
Other in %	3	4
Total	**100**	**100**

The plan assets are invested in bonds issued by the Norwegian government, Norwegian municipals, financial institutions and corporations. Bonds held in foreign currencies are to a large extent currency hedged. 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 2009 was 6.3%. Expected returns on plan assets are calculated based on the estimated Norwegian government bond yield as of 31 December 2009, 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.

The Group expects to contribute approximately NOK 281 million to the Telenor Pension Fund in 2010.

As of 31 December 2009, the estimated pension cost for 2010 for the defined benefit plans in Norway was estimated to NOK 266 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.

Some of the Swedish companies have multi-employer benefit plans. The administrators are not able to calculate the Group's share of assets and liabilities and these plans are consequently accounted for as defined contribution plans.

Telenor Sweden has a defined benefit plan with 917 active members as of 31 December 2009 compared with 822 active members as of 31 December 2008. The plan carries an obligation of NOK 239 million in 2009 and NOK 238 million in 2008. NOK 26 million was expensed in 2009 (NOK 25 million in 2008). The assumptions are set within the recommended levels according to Swedish actuaries. The discount rate used for the pension calculations as of 31 December 2009 was 4.0% while the salary increase was set to 3.0%, the same assumptions which were applied as of 31 December 2008.

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 2010 are based on facts and circumstances as of 31 December 2009. Actual results may deviate materially from these estimates.

NOK IN MILLIONS	Discount rate		Future salary increase		Social security base amount		Annual adjust-ments to pensions		Turnover	
CHANGE IN % IS PERCENTAGE POINTS	+1%	-1%	+1%	-1%	+1%	-1%	+1%	-1%	+4%	-4%
Changes in pension:										
Benefit obligations	(797)	1 027	553	(500)	(199)	167	627	(522)	(175)	218
Expense due to amortisation of actuarial losses	(95)	-	-	(58)	(22)	-	-	(61)	(18)	-
Net periodic benefit cost including effect due to amortisation of actuarial losses (as shown above)	(181)	111	60	(112)	(43)	18	68	(118)	(38)	24

28 // Trade and other payables and non-interest-bearing liabilities

Non-current non-interest-bearing liabilities

NOK IN MILLIONS	2009	2008
Financial derivatives (See note 31)	437	561
Other non-current non-interest-bearing liabilities	281	383
Total non-current non-interest-bearing liabilities	**718**	**944**

Trade and other payables

NOK IN MILLIONS	2009	2008
Trade payables	7 606	7 354
Accrued expenses	10 124	11 130
Liabilities to associated companies	5	5
Total trade and other financial payables	**17 735**	**18 489**
Deferred connection revenues	710	840
Prepaid revenues	5 361	5 754
Government taxes, tax deductions etc.	3 555	3 593
Total other payables	**9 626**	**10 187**
Total trade and other payables	**27 361**	**28 676**

Current non-interest bearing liabilities

NOK IN MILLIONS	2009	2008
Financial derivatives (See note 31)	147	469
Other current non-interest-bearing liabilities	897	908
Total current non-interest-bearing liabilities	**1 044**	**1 377**

For information about the fair value of the financial derivatives and the grouping of financial instruments into appropriate classes, see note 31.

29 // Interest-bearing liabilities

NOK IN MILLIONS	2009 Current interest-bearing financial liabilities	Non-current interest-bearing financial liabilities	Total	2008 Current interest-bearing financial liabilities	Non-current interest-bearing financial liabilities	Total
Interest-bearing liabilities measured at amortised cost						
– Bank loans	2 021	4 591	6 612	6 870	5 647	12 517
– Finance lease obligations	213	888	1 101	375	1 351	1 726
– Bonds and Commercial Papers	3 435	8 471	11 906	7 838	11 208	19 046
– Other liabilities	546	977	1 523	498	1 224	1 722
Interest-bearing liabilities in fair value hedge relationships	168	18 032	18 200	-	21 022	21 022
Total interest-bearing liabilities	**6 383**	**32 959**	**39 342**	**15 581**	**40 452**	**56 033**

Non-current interest-bearing liabilities

NOK IN MILLIONS Company/segment	Debt instrument	Currency	Average interest rate in % 31.12.09	Debt excluding interest-rate and currency swaps 31.12.09	Debt including interest-rate and currency swaps 31.12.09	Average interest rate in % 31.12.08	Debt excluding interest-rate and currency swaps 31.12.08	Debt including interest-rate and currency swaps 31.12.08
Telenor ASA	EMTN program	EUR	2.4	22 062	13 377	3.8	25 737	11 669
	Limit EUR 7 500	NOK	4.2	2 189	3 835	6.1	2 186	11 391
		SEK	2.9	243	3 687	4.2	1 180	3 350
		HUF	7.2	-	490	-	-	-
		USD	1.1	-	3 543	3.3	-	3 236
		JPY	-	438	-	-	543	-
Telenor ASA	Bonds	NOK	7.4	198	198	7.4	198	198
Telenor ASA	GSM licenses [1]	NOK	4.7	77	77	4.7	84	84
Total in Telenor ASA				**25 207**	**25 207**		**29 928**	**29 928**
DiGi	Borrowings from financial institutions	MYR	5.1	796	796	5.2	202	202
DiGi	Bonds	MYR	4.6	505	505	-	-	-
Grameenphone	Borrowings from financial institutions	USD	-	-	-	5.8	43	43
Grameenphone	Borrowings from financial institutions	NOK	-	-	-	4.0	4	4
Grameenphone	Borrowings from financial institutions	BDT	13.5	77	77	13.5	139	139
Grameenphone	Borrowings from NORAD	NOK	-	-	-	3.4	8	8
Grameenphone	Finance lease	BDT	15.0	419	419	15.0	513	513
Grameenphone	Bonds	BDT	-	-	-	14.5	428	428
Denmark	Finance lease	DKK	5.9	158	158	6.3	211	211
Denmark	UMTS licenses [1]	DKK	7.6	201	201	3.7	280	280
Sweden	Finance lease	SEK	5.0	215	215	5.1	230	230
Tameer Microfinance Bank Ltd	Borrowings from financial institutions	USD	-	21	-	-	26	-
Tameer Microfinance Bank Ltd	Borrowings from financial institutions	PKR	15.7	-	21	17.8	-	26
Telenor Pakistan	GSM licenses [1]	USD	5.0	558	558	4.6	747	747
DTAC	Borrowings from financial institutions	USD	-	571	-	-	957	-
DTAC	Borrowings from financial institutions	JPY	-	462	-	-	994	-
DTAC	Borrowings from financial institutions	THB	2.2	87	1 120	5.0	202	2 153
DTAC	Bonds	THB	5.6	867	867	6.2	1 344	1 358
EDB Business Partner	Borrowings from financial institutions	NOK	2.7	1 730	1 730	6.0	1 860	1 860
EDB Business Partner	Borrowings from financial institutions	SEK	1.5	849	849	4.9	1 219	1 219
EDB Business Partner	Finance lease	NOK	5.0	97	97	5.1	133	133
EDB Business Partner	Bonds	NOK	-	-	-	6.4	600	600
Telenor Satellite Broadcasting AS	Finance lease	GBP	-	-	-	-	181	-
Telenor Satellite Broadcasting AS	Finance lease	NOK	-	-	-	3.5	-	181
	Derivatives designated to fair value hedging [2]		-	-	-	-	14	-
	Other non-current interest-bearing liabilities		-	139	139	-	189	189
Total in subsidiaries				**7 752**	**7 752**		**10 524**	**10 524**
Total non-current interest-bearing liabilities				**32 959**	**32 959**		**40 452**	**40 452**

[1] Net present value of future payments for mobile licenses.

[2] 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 23), or interest-bearing liabilities according to IAS 39.

Current interest-bearing liabilities

NOK IN MILLIONS Company/segment	Debt instrument	Currency	Average interest rate in % 31.12.09	Debt excluding interest-rate and currency swaps 31.12.09	Debt including interest-rate and currency swaps 31.12.09	Average interest rate in % 31.12.08	Debt excluding interest-rate and currency swaps 31.12.08	Debt including interest-rate and currency swaps 31.12.08
Telenor ASA	Term loan	NOK	-	-	-	4.2	4 928	4 928
Telenor ASA	Euro Commercial	NOK	-	-	-	5.5	-	630
	Paper program (ECP)	USD	-	-	-	3.0	-	337
	Limit EUR 1 000	EUR	1.0	582	582	6.4	1 420	453
Telenor ASA	Commercial Paper	NOK	2.4	1 000	1 000	6.7	1 445	1 445
Telenor ASA	EMTN program							
	Limit EUR 7 500	NOK	-	-	-	7.6	-	1 332
		SEK	1.4	730	730	6.5	-	345
		EUR	-	-	-	5.8	2 959	1 282
Telenor ASA	GSM licenses [1]	NOK	4.7	12	12	4.7	12	12
Total in Telenor ASA				**2 324**	**2 324**		**10 764**	**10 764**
DiGi	Borrowings from financial institutions	MYR	5.2	169	169	4.9	202	202
DiGi	Commercial Paper	MYR	2.4	84	84	4.1	399	399
Grameenphone	Borrowings from financial institutions	USD	4.7	36	36	5.8	85	85
Grameenphone	Borrowings from financial institutions	NOK	2.5	4	4	4.0	4	4
Grameenphone	Borrowings from financial institutions	BDT	13.5	38	38	14.2	554	554
Grameenphone	Borrowing from NORAD	NOK	3.4	8	8	3.4	8	8
Grameenphone	Finance lease	BDT	-	-	-	15.0	118	118
Denmark	Finance lease	DKK	5.9	5	5	6.3	5	5
Denmark	UMTS licenses [1]	DKK	4.0	36	36	3.7	41	41
Sweden	Finance lease	SEK	5.0	4	4	5.1	4	4
Telenor Pakistan Ltd	GSM licenses [1]	USD	5.0	87	87	4.6	104	104
DTAC	Borrowings from financial institutions	USD	-	216	-	-	237	-
DTAC	Borrowings from financial institutions	JPY	-	341	-	-	311	-
DTAC	Borrowings from financial institutions	THB	1.7	87	644	4.5	101	649
DTAC	Bonds	THB	3.9	607	607	5.9	1 613	1 613
Uninor	Borrowings from financial institutions	INR	11.8	991	991	-	-	-
Uninor	Convertible bonds	INR	16.8	310	310	-	-	-
Datametrix AS	Borrowings from financial institutions	NOK	-	-	-	3.1	45	45
Cinclus Technology	Borrowings from Skagerak Energi	NOK	-	-	-	7.8	204	204
Cinclus Technology	Borrowings from financial institutions	SEK	-	-	-	2.8	246	246
Cinclus Technology	Liabilities related to share purchase	SEK	-	-	-	5.0	55	55
Oy Cinclus Technology Ab	Borrowings from financial institutions	EUR	-	-	-	3.1	41	41
Telenor Satellite Broadcasting AS	Finance lease [2]	GBP	-	167	-	-	198	-
Telenor Satellite Broadcasting AS	Finance lease	NOK	1.5	-	167	3.5	-	198
EDB Business Partner	Borrowings from financial institutions	NOK	2.7	140	140	-	-	-
EDB Business Partner	Finance lease	NOK	5.0	36	36	5.0	39	39
EDB Business Partner	Bonds	NOK	2.5	600	600	-	-	-
AeroMobile Ltd	Borrowings from financial institutions	USD	-	-	-	3.1	116	116
	Other current interest-bearing liabilities		-	93	93	-	87	87
Total in subsidiaries				**4 059**	**4 059**		**4 817**	**4 817**
Total current interest-bearing liabilities				**6 383**	**6 383**		**15 581**	**15 581**

[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 32.

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.

Debt issued under Telenor ASA's EMTN programme is based on documentation that is commonly used for investment grade issuers in the Eurobond market. 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 per cent of the issued ordinary share capital of the Issuer, whereby 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 ASA to either pledge assets or terminate the lease agreements.

The Group entered into Cross Border QTE Leases for GSM mobile network and fixed-line network in 1999 and 2003. The GSM mobile network QTE Leases were terminated in 2009. The Group has defeased all amounts due by the Group under these agreements with financial institutions and U.S. Government-related securities. The leasing obligations and the defeased amounts are shown net in the statement of financial position, and are not reflected in the tables above. See notes 20, 30 and 32.

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

30 // Financial risk management

Managing capital

The Group's priorities and policies for capital allocation are:
1. Maintain a solid balance sheet
2. Return to an attractive shareholder remuneration
3. Disciplined and selective M&A

The main priority for capital allocation is to maintain a solid balance sheet by keeping reported net debt/EBITDA ratio below 1.6 in order to ensure access to funding through a solid investment grade rating. As of 31 December 2009, the reported net debt/EBITDA ratio was 0.8 and Telenor ASA's long term credit rating was A3, stable outlook (Moody's) and A-, negative outlook (Standard & Poor's). On 10 February 2010, Standard & Poor's put Telenor ASA's long term credit and issue rating on Credit Watch with negative implications as a result of the Board's recommendation to pay dividends for the fiscal year 2009.

The Board of Telenor ASA has proposed to pay a dividend of NOK 2.50 per share for the fiscal year 2009, payable in 2010. The ordinary dividend policy will be resumed from the fiscal year 2010 payable in 2011. The objective is to distribute 40-60% of normalised net income, and aim for a nominal increase in dividend payout.

The Group's capital structure consists of debt that includes the borrowings disclosed in note 29, cash and cash equivalents and equity attributable to shareholders of Telenor ASA as presented in the consolidated statement of changes in equity and in note 25, 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, acquire or sell treasury shares or issue new shares.

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

Financial risk factors

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

The Group has limited activity related to interest rate and currency trading on its own account. As of 31 December 2009 and 2008, the Group 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 1.0 billion with maturity in 2013. In addition, DTAC has also established revolving credit facilities of THB 6.0 billion with maturity in 2011. Unitech Wireless has established a short term bridge facility of INR 25.0 billion with maturity in August 2010, by which INR 8.0 billion are drawn as of 31 December 2009.

On 8 March 2010, Telenor ASA launched a debt tender offer for any and all of its outstanding €500m Floating Rate Notes due 2011 and a debt tender offer and consent solicitation for any and all of its outstanding €500m 5.875% Notes due 2012. The main purpose of the debt tender offer is to extend Telenor ASA's debt maturity profile.

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

NOK IN MILLIONS	Total as of 31.12.09	< 1 year	1–3 years	3–6 years	6–9 years	>9 years	Not specified
Interest-bearing liabilities							
Bank loans	6 612	2 021	2 264	2 327	-	-	-
Bonds and Commercial Paper	28 842	3 603	11 242	5 682	8 315	-	-
Lease liabilities	1 101	213	92	70	86	640	-
Other interest-bearing liabilities	2 787	546	585	622	1 015	19	-
Total interest-bearing liabilities	**39 342**	**6 383**	**14 183**	**8 701**	**9 416**	**659**	**-**
Non-interest bearing liabilities							
Trade and other payables	27 361	27 361	-	-	-	-	-
Other current non-interest-bearing liabilities	1 892	1 892	-	-	-	-	-
Other non-current non-interest-bearing liabilities	4 670	-	-	-	-	-	4 670
Total non-interest-bearing liabilities	**33 923**	**29 253**	**-**	**-**	**-**	**-**	**4 670**
Total	**73 265**	**35 636**	**14 183**	**8 701**	**9 416**	**659**	**4 670**
Future interest payments	**6 143**	**1 442**	**2 497**	**1 576**	**628**	**-**	**-**

NOK IN MILLIONS	Total as of 31.12.08	< 1 year	1–3 years	3–6 years	6–9 years	>9 years	Not specified
Interest-bearing liabilities							
Bank loans	12 517	6 870	2 407	3 211	29	-	-
Bonds and Commercial Paper	40 055	7 838	10 542	11 122	10 553	-	-
Financial derivative liabilities	13	-	13	-	-	-	-
Lease liabilities	1 726	375	274	128	114	835	-
Other interest-bearing liabilities	1 722	498	351	492	286	95	-
Total interest-bearing liabilities	**56 033**	**15 581**	**13 587**	**14 953**	**10 982**	**930**	**-**
Non-interest bearing liabilities							
Trade and other payables	28 676	28 676	-	-	-	-	-
Other current non-interest-bearing liabilities	2 233	2 233	-	-	-	-	-
Other non-current non-interest-bearing liabilities	5 259	-	-	-	-	-	5 259
Total non-interest-bearing liabilities	**36 168**	**30 909**	**-**	**-**	**-**	**-**	**5 259**
Total	**92 201**	**46 490**	**13 587**	**14 953**	**10 982**	**930**	**5 259**
Future interest payments	**8 629**	**2 167**	**3 052**	**2 398**	**1 012**	**-**	**-**

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

The Group 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 recognised in the income statement are influenced by changes in interest rates in the market.

The main consideration regarding management of interest rate risk is to reduce the financial risk and minimise interest expense over time. A portion of the debt issued by the Group is fixed rate debt (70% of outstanding debt before swap as of 31 December 2009 and 70% as of 31 December 2008). The Group 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 2009, the average duration was 1.6 years (0.8 years as of 31 December 2008).

Derivative instruments designated as cash flow hedging instruments

The Group's effective cash flow hedges are mainly related to foreign exchange and interest rate risk. The Group hedges some forecasted capital expenditure outflows denominated in foreign currency by entering into currency forward contracts. Interest rate risk for certain bonds issued with floating rate have been hedged using interest rate swaps where the Group receives floating rate and pays fixed rate. In addition, some future purchase of electricity are hedged using energy future contracts.

The table below shows the effective and the ineffective portions of the Group's cash flow hedges and the amount that has been recognised as other comprehensive income during the period. The ineffective portion is recognised in the income statement included in the line item "net currency gains (losses)".

Cash flow hedging relationships

NOK IN MILLIONS	2009	2008
Cash flow hedging equity reserve at beginning of year	**(397)**	**(22)**
Changes in fair value of derivative	(350)	(394)
Ineffective portion recognised in income statement	16	8
Transferred to property, plant and equipment in the statement of financial position	-	11
Changes in fair value of derivative recognised as other comprehensive income	**(334)**	**(375)**
Cash flow hedging equity reserve at the end of year	**(731)**	**(397)**

Fair values of financial instruments designated as hedging instruments in cash flow hedges:

NOK IN MILLIONS	2009		2008	
Fair value as of 31 December	Assets	Liabilities	Assets	Liabilities
Cash flow hedge instruments	54	(182)	161	(316)

The amounts retained in other comprehensive income at 31 December 2009 are not expected to mature and are not expected to affect the income statement by gain/loss in 2010.

Derivative instruments designated as fair value hedging instruments

The Group 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 the Group's fair value hedges. The ineffective portion is recognised in the income statement included in the line item net change in fair value of financial instruments at fair value through profit or loss. The effective portion will be recognised in the same line item in the income statement, but will be offset by the effect of the underlying hedged item.

Fair value hedging relationships

NOK IN MILLIONS	2009	2008
Net gain/(loss) recognised in income statement on hedged items	(159)	(919)
Net gain/(loss) recognised in income statement on hedging instruments	297	943
Amount of hedge ineffectiveness	138	24
Effect of de-designating – object re-measured at amortised cost	(15)	7

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 normally not qualify for hedge accounting.

Fair values of financial instruments designated as hedging instruments in fair value hedges:

NOK IN MILLIONS	2009		2008	
Fair value as of 31 December	Assets	Liabilities	Assets	Liabilities
Fair value hedge instruments	1 016	-	1 139	(14)

Interest rate risk sensitivity analysis

Effects on changes in fair value

The Group calculates the sensitivity on the change in fair value following 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 financial assets and liabilities that represent major interest-bearing positions.

Based on simulations performed, the impact on profit or loss of a 10 percent change in the yield curve as of 31 December 2009 would represent an increase in change in fair value of financial instruments of maximum NOK 179 million (NOK 158 million as of 31 December 2008) or a decrease in change in fair value of financial instruments of maximum NOK 177 million (NOK 159 million as of 31 December 2008), respectively.

The impact on profit and loss would be significantly lower because interest-bearing debt is measured at amortised cost, and because fair value hedge accounting is applied. This leads to symmetric treatment in the income statement. Based on the same simulations described above the profit and loss effect for 2009 would, by a 10 percent decrease in the yield curve, represent an decrease in change in fair value of maximum NOK 18 million or an increase in change in fair value of maximum NOK 18 million by a similar increase in the yield curve. For 2008 the profit and loss effects would have been respectively a decrease in change in fair values of maximum NOK 2 million and an increase in change in fair values of maximum NOK 3 million.

Effects on interest expenses

Interest rate movements would also affect interest expense on floating rate borrowings. The sensitivity analysis is run for floating rate liabilities, and reflects a 10 percent change in the interest rate by year end. If all interest rates for all currencies had weakened/strengthened by 10 percent for Telenor ASA and all subsidiaries, with all other variables held constant, interest expense for the Group would have been NOK 131 million higher/lower as of 31 December 2009 (NOK 173 million as of 31 December 2008).

Exchange rate risk

The Group 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 and this affects other comprehensive income. The net income of the 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 financial risk exposure of the Group. Cross currency swaps are occasionally applied to eliminate such exchange rate risk. Fair value hedge accounting is applied for these transactions when possible.

Short-term 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 2009 and 2008, material hedging positions are designated as net investment hedges. See note 25, statement of comprehensive income and the consolidated statement of changes in equity for currency effects recognised as other comprehensive income as a result of net investment hedging. There is no ineffectiveness in the years ending 31 December 2009 and 2008.

Net investment hedging relationships

NOK IN MILLIONS	2009	2008
Effective portion recognised as other comprehensive income	2 676	(2 665)

Hedging as described above is only carried out in currencies that have well-functioning capital markets.

Fair values of financial instruments designated as hedging instruments in net investment hedges:

NOK IN MILLIONS	2009	2008
Fair value as of 31 December	Liabilities	Liabilities
Net investment hedge instruments	(17 242)	(18 383)

Exchange rate risk sensitivity analysis

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

Effects on net currency gains (losses)

At 31 December 2009, 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 120 million higher/lower (NOK 503 million for 2008). This is mainly a result of currency positions in Telenor ASA together with foreign exchange translation of USD, SEK and EUR denominated trade payables, receivables and debt in subsidiaries.

Effects on translation differences in 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 2009 would have been approximately NOK 7.1 billion (NOK 7.0 billion as of 31 December 2008). Compared to last year, the India acquisition is the most significant change in the exposure. The increased exposure is mainly explained with the increase in INR, as well as retained earnings that are added to the equity during 2009, while an opposite effect comes from the appreciation of NOK.

Effects due to foreign exchange translations on net income

Translation of net income from subsidiaries with functional currency other than NOK, also represents a currency exposure for the Group. The sensitivity analysis is run only for the material subsidiaries owned by the Group. If local currency had weakened/strengthened by 10% against all other currencies included in the analysis, net income for Group would have been NOK 560 million lower/higher in 2009 (NOK 460 million in 2008).

Credit risk
Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group considers its maximum exposure to credit risk to be the carrying amount of financial assets, except equity instruments, as follows:

Maximum credit exposure

NOK IN MILLIONS	2009	2008
Cash and cash equivalents	11 479	8 925
Bonds and commercial papers > 3 months (note 23)	515	422
Financial derivatives (note 23)	2 760	4 889
Trade and other current financial receivables (note 22)	14 098	17 126

Concentrations of credit risk with respect to trade receivables are limited due to the Group'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.

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

Credit risk arising from financial transactions are reduced through diversification, through accepting counterparties with high credit ratings 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 12 banks that are counterparties in derivative transactions. As of 31 December 2009, Telenor ASA had collateral agreements with four banks in derivative transactions. Both ISDA agreements and collateral agreements are means to reduce overall credit risk. As of 31 December 2009 Telenor ASA's counterparties in financial transactions have a rating of minimum single A. Counterparty risk in subsidiaries in emerging markets is higher due to lack of counterparties with high credit rating as explained by country specific risk factors, or lack of official rating from a global rating agency. This counterparty risk is monitored on a regular basis.

The Group entered into Cross Border QTE Leases for GSM Mobile network and fixed-line network in 1999 and 2003. The GSM Mobile network QTE Leases where terminated in 2009. The Group has defeased all amounts due by us under these agreements with financial institutions and US Government related securities. The leasing obligations and the defeased amounts are shown net in the statement of financial position, and are not reflected in the tables. See notes 20, 29 and 32. The defeased amounts were NOK 2.5 billion as of 31 December 2009 (NOK 5.0 billion as of 31 December 2008). The amounts placed with financial institutions match exactly the loans provided to the lessor by affiliates of the same financial institutions. The Group is obliged to continue lease payment should the defeasance parties fail, but has a right to replace the affiliated defeasance- and loan parties at par.

Fair value of derivatives with positive fair value for the Group was NOK 2.4 billion as of 31 December 2009, taking into account legal netting agreements (NOK 4.3 billion as of 31 December 2008). The Group's cash and cash equivalents do also represent a credit risk. The Group normally has deposits in countries with major 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 24 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 risk exposure for Telenor ASA is monitored on a daily basis.

31 // Fair values of financial instruments

Principles for estimating fair values
Based on the characteristics of the financial instruments that are recognised in the consolidated financial statements, the Group has classified the significant financial instruments into the classes described in the tables below. The estimated fair values of the Group's financial instruments are based on market prices and the valuation methodologies per class are described below.

Fair value hierarchy
The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements to financial instruments in the Fair value through profit and loss ("FVTPL") and the Available for sale ("AFS") categories:

Level 1: Quoted prices (unadjusted) in active markets for identical financial instruments
Level 2: Inputs other than quoted prices included within Level 1 that are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: Inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

The table below analyses financial instruments by the level in the fair value hierarchy into which the fair value measurement is categorised.

Interest-bearing liabilities
Fair values of interest-bearing liabilities have been calculated using yield curves, which incorporates estimates of the Telenor ASA credit spread. The credit curve has been extrapolated using indicative prices on debt issuance by Telenor ASA for different maturities. The yield curves have been interpolated from cash and swap curves observed in the market for different currencies and maturities.

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

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

Equity securities
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 does not have a quoted market price in an active market and whose fair value cannot be reliably measured. Listed companies consolidated in the Group or accounted for using the equity method are not included in the tables below.

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

Derivatives
Fair values of currency swaps, foreign currency forward contracts and interest rate swaps are estimated by calculating the present value of future cash flows, using swap curves and exchange rates as of 31 December 2009 and 2008, respectively. Options are revalued using appropriate option pricing models.

NOK IN MILLIONS Financial position item	Note	Fair value level	Category	Carrying amount	Fair value	Fair values of financial instruments 31 December 2009 per class: Interest-bearing liabilities	Trade receivables and other current and non-current financial assets	Trade payables and other non-interest-bearing financial liabilities	Equity securities	Cash and cash equivalents	Currency swaps and forward contracts	Interest rate-swaps and options	Equity, and other derivatives[1]
Other non-current assets	**23**			**3 215**	**3 215**								
		2	FVTPL	2 419	2 419	-	-	-	-	-	2 403	16	-
		3	AFS	499	499	-	-	-	499	-	-	-	-
			LAR	158	158	-	158	-	-	-	-	-	-
			NF[2]	139	139								
Trade and other receivables	**22**			**17 470**	**17 470**								
			LAR	14 098	14 098	-	14 098	-	-	-	-	-	-
			NF[2]	3 372	3 372								
Other financial current assets	**23**			**941**	**941**								
		2	FVTPL	426	426	-	-	-	85	-	335	6	-
			LAR	515	515	-	515	-	-	-	-	-	-
Cash and cash equivalents	**24**			**11 479**	**11 479**								
			LAR	11 479	11 479	-	-	-	-	11 479	-	-	-
Total – Fair value through profit and loss (FVTPL)				**2 845**	**2 845**								
Total – Available for sale (AFS)				**499**	**499**								
Total – Loans and receivables (LAR)				**26 250**	**26 250**								
Non-current interest-bearing financial liabilities	**29**			**(32 959)**	**(32 144)**								
			FLAC	(32 959)	(32 144)	(32 144)	-	-	-	-	-	-	-
Non-current non-interest-bearing financial liabilities	**28**			**(718)**	**(718)**								
		2	FVTPL	(437)	(437)	-	-	-	-	-	(434)	(3)	-
			FLAC	(281)	(281)	-	-	(281)	-	-	-	-	-
Current interest-bearing financial liabilities	**29**			**(6 383)**	**(6 383)**								
			FLAC	(6 383)	(6 383)	(6 383)	-	-	-	-	-	-	-
Trade and other payables	**28**			**(27 361)**	**(27 361)**								
			FLAC	(17 735)	(17 735)	-	-	(17 735)	-	-	-	-	-
			NF[2]	(9 626)	(9 626)								
Current non-interest-bearing liabilities	**28**			**(1 044)**	**(1 044)**								
		2	FVTPL	(147)	(147)	-	-	-	-	-	(131)	(13)	(3)
			FLAC	(897)	(897)	-	-	(897)	-	-	-	-	-
						(38 527)	**14 771**	**(18 913)**	**584**	**11 479**	**2 173**	**6**	**(3)**
Total – Fair value through profit and loss (FVTPL)				**(584)**	**(584)**								
Total – Financial liabilities at amortised cost (FLAC)				**(58 255)**	**(57 440)**								

[1] Telenor ASA has provided a guarantee in relation to equity derivatives. The guarantee amounts to NOK 241 million as of 31 December 2009.
[2] The abbreviation NF in the tables above is used to represent non-financial assets and liabilities.

NOK IN MILLIONS Financial position item	Note	Fair value level	Category	Carrying amount	Fair value	Fair values of financial instruments 31 December 2008 per class Interest-bearing liabilities	Trade receivables and other current and non-current financial assets	Trade payables and other non-interest-bearing financial liabilities	Equity securities	Cash and cash equivalents	Currency swaps and forward contracts	Interest rate-swaps and options	Equity and other derivatives [1]
Other non-current assets	**23**			**6 020**	**6 020**								
		2	FVTPL	4 278	4 278	-	-	-	-	-	3 092	1 186	-
		3	AFS	508	508	-	-	-	508	-	-	-	-
			LAR	121	121	-	121	-	-	-	-	-	-
			NF [3]	1 113	1 113								
Trade and other receivables	**22**			**20 909**	**20 909**								
			LAR	17 126	17 126	-	17 126	-	-	-	-	-	-
			NF [3]	3 783	3 783								
Other financial current assets	**23**			**1 079**	**1 079**								
		2	FVTPL	657	657	-	-	-	46	-	595	16	-
			LAR	422	422	-	422	-	-	-	-	-	-
Cash and cash equivalents	**24**			**8 925**	**8 925**								
			LAR	8 925	8 925	-	-	-	-	8 925	-	-	-
Total – Fair value through profit and loss (FVTPL)				**4 935**	**4 935**								
Total – Available for sale (AFS)				**508**	**508**								
Total – Loans and receivables (LAR)				**26 594**	**26 594**								
Non-current interest-bearing financial liabilities [2]	**29**			**(40 452)**	**(37 548)**								
			FLAC	(40 452)	(37 548)	(37 465)	-	-	-	-	-	(83)	-
Non-current non-interest-bearing financial liabilities	**28**			**(944)**	**(944)**								
		2	FVTPL	(561)	(561)	-	-	-	-	-	(486)	(75)	-
			FLAC	(383)	(383)	-	-	(383)	-	-	-	-	-
Current interest-bearing financial liabilities	**29**			**(15 581)**	**(15 620)**								
			FLAC	(15 581)	(15 620)	(15 620)	-	-	-	-	-	-	-
Trade and other payables	**28**			**(28 676)**	**(28 676)**								
			FLAC	(18 489)	(18 489)	-	-	(18 489)	-	-	-	-	-
			NF [3]	(10 187)	(10 187)								
Current non-interest-bearing liabilities	**28**			**(1 377)**	**(1 377)**								
		2	FVTPL	(469)	(469)	-	-	-	-	-	(392)	(32)	(45)
			FLAC	(908)	(908)	-	-	(908)	-	-	-	-	-
						(53 085)	**17 669**	**(19 780)**	**554**	**8 925**	**2 809**	**1 012**	**(45)**
Total – Fair value through profit and loss (FVTPL)				**(1 030)**	**(1 030)**								
Total – Financial liabilities at amortised cost (FLAC)				**(75 813)**	**(72 948)**								

[1] Telenor ASA has provided a guarantee in relation to equity derivatives. The guarantee amounts to NOK 115 million as of 31 December 2008.

[2] Derivatives designated as hedging instruments in fair value hedges are classified as interest-bearing in the statement of financial position. All other derivatives are classified as non-interest-bearing.

[3] The abbreviation NF in the tables above is used to represent non-financial assets and liabilities.

32 // Pledges and guarantees

NOK IN MILLIONS	2009	2008
Interest-bearing liabilities secured by assets pledged	1 741	1 023
Carrying amount of assets pledged as security for liabilities	15 595	11 480

The Group's pledged assets and the liabilities secured by pledged assets as of 31 December 2009 were primarily related to Grameenphone, the satellite leases (Thor II and Thor III) and Uninor. The increase in carrying amount of assets pledged as security for liabilities from 2008 to 2009 is mainly due to pledged assets in Uninor.

NOK IN MILLIONS	2009	2008
Guarantees	3 592	1 988

Purchased bank guarantees and guarantees provided where the related liabilities are included in the statement of financial position are not shown in the table.

In 2009, guarantees include guarantees amounting to NOK 140 million (NOK 82 million in 2008) that are secured by pledged assets with a carrying amount of NOK 113 million (NOK 59 million in 2008).

The Group's shares in the associated company RiksTV AS are pledged as security for the external financing of the company. See note 21.

Guarantees provided in connection with entering into the Cross Border QTE Leases are not included in the preceding table. See notes 20, 29 and 30. These guarantees are provided for the payment of all lease obligations. As of 31 December 2009 and 2008, these guarantees amounted to NOK 2.9 billion (USD 510 million) and NOK 5.7 billion (USD 809 million), respectively.

33 // Contractual obligations

The Group has entered into agreements with fixed payments in respect of the following as of 31 December 2009 and as of 31 December 2008:

2009:

NOK IN MILLIONS	2010	2011	2012	2013	2014	After 2014
Minimum lease payments under non-cancellable operating leases (the Group as a lessee)						
Lease of premises	1 790	1 468	1 264	1 217	1 505	2 735
Lease of cars, office equipment, etc	77	48	14	5	4	4
Lease of satellite- and net-capacity	247	208	147	100	94	26
Contractual purchase obligations						
Purchase of satellite- and net-capacity	276	11	-	-	-	-
IT-related agreements	869	302	82	38	35	2
Other contractual obligations	1 826	1 124	912	119	41	97
Committed investments						
Property, plant and equipment	1 911	-	-	-	-	-
Investment in associated companies	1 096	-	-	-	-	-
Total contractual obligations	**8 092**	**3 161**	**2 419**	**1 479**	**1 679**	**2 864**

2008:

NOK IN MILLIONS	2009	2010	2011	2012	2013	After 2013
Minimum lease payments under non-cancellable operating leases (the Group as a lessee)						
Lease of premises	1 299	1 058	853	749	659	1 490
Lease of cars, office equipment, etc	178	83	53	26	20	5
Lease of satellite- and net-capacity	357	190	150	65	31	97
Contractual purchase obligations						
Purchase of satellite- and net-capacity	37	21	4	4	-	-
IT-related agreements	478	164	135	29	6	3
Other contractual obligations	1 336	537	490	194	125	51
Committed investments						
Property, plant and equipment	3 577	-	-	-	-	-
Investment in associated companies	97	-	-	-	-	-
Other contractual investments	248	-	-	-	-	-
Total contractual obligations	**7 607**	**2 053**	**1 685**	**1 067**	**841**	**1 646**

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

DTAC's concession right

DTAC is obliged to pay an annual fee to the Communication Authority of Thailand ("CAT") in accordance with the concession agreement. The annual fee is based on the greater of a minimum annual payment and a percentage of revenues from services. The minimum annual payments are not included above. The yearly minimum payments for the period 2010 – 2018 fluctuate in a range from NOK 134 million to NOK 242 million (converted from THB to NOK based on the exchange rate as of 31 December 2009). For further information regarding DTAC's concession right, see note 19.

34 // Related parties

As of 23 March 2010, Telenor ASA was 53.97% (including treasury shares) owned by the Kingdom of Norway, represented 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, the Group 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 the Group 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 for controlling end users expenses. In addition, the Group was in 2009 and 2008 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, providing emergency lines for the police, fire department and ambulances. The Group receives no compensation from the state for providing USO services, whereas compensation is given to the Group for providing SSO. In 2009 and 2008 the Group received NOK 83 million and NOK 79 million respectively, under this agreement.

In 2008, the regulatory authorities in Norway awarded the spectrum resources in the 900 MHz band that will become idle after expiry of the CT1 allocation to the existing GSM licensees. The awards were given on condition that the three licensees would agree on a plan for restructuring their complete spectrum resources in the band so that also technologies like UMTS 900 might be deployed in a spectrum efficient way. The three operators are now in the process of designing a detailed plan for the restructuring. When that plan has been carried out, new licenses being technology neutral will be replacing the old ones.

The Group 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 102 million and NOK 95 million in 2009 and 2008, respectively.

The Group 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 arms-length prices. The Group also purchases services, such as postal services, in the normal course of business and at arms-length prices. Details of such transactions are not included in this note.

The Group sold transmission capacity and related services in the digital and analog terrestrial transmission network to Norsk Rikskringkasting AS of NOK 232 million in 2009 and NOK 270 million in 2008. In 2008, EDB Business Partner acquired IS Partner AS from StatoilHydro ASA (the Norwegian state is a majority owner of the company) for a consideration of NOK 1.4 billion.

Transactions with associated companies

	2009		2008	
NOK IN MILLIONS	Sales to	Purchases from	Sales to	Purchases from
	374	867	4 542	804

In 2008, sales to associated companies includes sale of Golden Telecom to VimpelCom for a consideration of NOK 4.1 billion. In 2009 and 2008, sales to associated companies include network access charges to Norges Televisjon AS, RiksTV AS and TV2 AS of NOK 346 million and NOK 327 million, respectively. Purchases from associated companies in 2009 and 2008 include distribution rights from TV2 AS and TV2 Zebra AS of NOK 339 million and NOK 322 million, respectively. In 2009 and 2008, the Group 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 2009 and 2008 concerns sales and marketing support for distributors of the Group's products and services in Norway and Thailand.

In 2007, the Group's shares in the associated company RiksTV AS were pledged as collateral for debt in the company. In 2006, the Group submitted fulfilment guarantees of NOK 225 million in favour of the associated company Norges Television AS.

For information of receivables on associated companies – see note 22 and 23. The Group had no significant payables or liabilities to associated companies as of 31 December 2009 and 2008.

Grameenphone borrowed NOK 50 million from NORAD. As of 31 December 2009, the remaining loan amounted to NOK 8 million. NORAD is part of the Ministry of Foreign Affairs. The fixed rate loan has an interest of 3.40% and was an interest-only loan until 30 June 2004, and is thereafter paid down until 31 December 2010. Grameenphone also borrowed USD 10 million from NORFUND. As at 31 December 2009, the remaining loan amounted to NOK 6 million. NORFUND is owned and financed by the Ministry of Foreign Affairs. The floating rate loan has an interest of 3.95% 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 16 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 21.

For compensation of key management personnel, see note 37.

35 // Commitments and contingencies

Telenor (the Group) is involved in a number of legal proceedings in various forums. While acknowledging the uncertainties of litigation, the Group 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 the Group's financial position. No provisions have been made for the legal disputes discussed in this note. For legal disputes, in which the Group 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 26 for further information with regard to provisions for legal disputes. In addition, restrictions in the Group's ownership interest or where the non-controlling shareholders have temporarily restricted the Group's control is disclosed in this note. The Group expects that these matters will be resolved without any material adverse effect on the Group's financial position.

Kyivstar

1) Telenor Mobile Communications AS – New York Arbitration on breaches of Kyivstar Shareholders agreement

Since February 2006, the Group and various Alfa Group affiliates were engaged in arbitration and litigation disputes, over Alfa Group affiliate Storm's multiple breaches of the Kyivstar Shareholders agreement. The Group won the arbitration case on all accounts in August 2007, but due to non-compliance by Storm, the Group was forced to bring the case before the Federal courts of the United States of America, therewith also including a wider circle of Alfa Group affiliates, seeking enforcement of the arbitration award. After fighting in the US courts for more than a year, the Group was again awarded a full victory in November 2008. As the Alfa Group affiliates concerned still did not comply, the Group sought, and was granted by the courts, heavy and escalating fines to incentivise compliance. After further rounds in court during the winter, on 28 April 2009, the US Federal Court issued an order stating that the concerned Alfa Group affiliates finally were in compliance, and remitted the fines accrued up to this point in time. As part of the agreement reached between the Group and Alfa on 4 October 2009, the Group agreed to release Alfa from its obligation to pay the Group's awarded costs of USD 478,986 for the contempt motion. The case is now finally closed. Alfa's obligation to comply with the Kyivstar Shareholders agreement of January 2004 as ordered by the US court permanent injunction is effective for as long as the said Shareholders Agreement is valid between the parties.

2) Telenor Mobile Communications – New York Arbitration on claims for damages for delay in dividend payments

On 13 March 2009, Telenor Mobile Communications AS brought a new international arbitration under the Kyivstar Shareholders Agreement against Storm llc and other Alfa Group affiliates, claiming damages of up to USD 400 million for financial loss due to delayed payments of dividends from Kyivstar since 2005. On 8 June 2009, the tribunal held a brief preliminary hearing. Storm and the Altimo Entities filed their motion to dismiss on 26 June 2009. Telenor Mobile's papers in opposition were served by 31 July 2009.

On 5 October 2009, Alfa Group and Telenor Group announced an agreement to form a new jointly owned company, VimpelCom ltd, and to place their respective holdings in VimpelCom and Kyivstar into that company. On 5 October 2009, the parties jointly filed for a stay of proceedings until further notice, pending completion of the transaction. The Tribunal confirmed the stay the same day. If the transaction is completed, the claims will be withdrawn and the case will be closed permanently and with prejudice.

VimpelCom

1) Eco Telecom – Geneva Arbitration on the URS acquisition

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 the Group 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 the Group's blocking the purchase of the Ukrainian mobile operator URS for more than a year.

A preliminary hearing was held on 23 October 2008 in Paris and a procedural schedule was set by the tribunal. Eco Telecom filed its statement of claim on 19 December 2008. Telenor East Invest filed its statement of defense and counterclaims on 23 February 2009. Telenor East Invest refutes all claims made by Eco Telecom and moves for dismissal of the claim. Furthermore, Telenor East Invest claims in its counterclaim that Eco Telecom and Altimo are in breach of the Shareholders Agreement; that the VimpelCom Directors of the Board nominated by Eco Telecom breached their fiduciary duties by voting in favor of the URS transaction; that Telenor East Invest should be compensated for any costs related to the arbitration; and that Telenor Mobile Communications should be awarded appropriate relief with respect to the Farimex litigation in Siberia (see below) and any other relief as deemed appropriate by the Arbitration panel. On 7 August 2009, the tribunal denied the Group's motion to join Altimo as party to the arbitration.

On 5 October 2009, Eco Telecom and Telenor East Invest jointly filed for a stay of proceedings until further notice, pending completion of the transaction concerning VimpelCom and Kyivstar, as contemplated in an agreement between the parties dated 4 October 2009. The Tribunal granted such stay on 7 October 2009.

2) Farimex Products, Inc.
Farimex Products, Inc., a British Virgin Islands company ("Farimex"), commenced litigation against Telenor East Invest, Altimo, Eco Telecom, OAO CT-Mobile, Avenue Limited, Santel Limited and Janow Properties Limited on or about 14 April 2008 in the Business Court for the Khanty-Mansi Autonomous Okrug (the "Khanty-Mansiysk Court"), in which Farimex sought USD 3.8 billion in damages in respect of the alleged harm caused to VimpelCom as a result of the defendants' allegedly having delayed the approval of VimpelCom acquisition of 100% of the shares of URS. Following a number of hearings, on 16 August 2008, the Khanty-Mansiysk Court issued a decision in which it held Telenor East Invest (but not the other plaintiffs) liable for damages in the amount of USD 2.8 billion. The Khanty-Mansiysk Court did not hold any of the other defendants liable. Telenor East Invest appealed the decision of the Khanty-Mansiysk Court to the Eighth Arbitrazh Court of Appeals in Omsk (the "Omsk Court"). Following a number of hearings, on 29 December 2008, the Omsk Court vacated the decision of the Khanty-Mansiysk Court and scheduled a rehearing of the case from the beginning again on 19 February 2009 in the Omsk Court. The Omsk Court issued a written decision on 11 January 2009, in which it set out the rationale for setting aside the decision of the Khanty-Mansiysk Court. On 20 February 2009, the Omsk Court orally issued a ruling, holding Telenor East Invest liable for damages in favor of VimpelCom in the amount of approximately USD 1.7 billion, and ruled that both VimpelCom and Farimex were entitled to enforce the claim against Telenor East Invest. The Group appealed the ruling to the appeals court in Tyumen, and a hearing was initially set for 26 May 2009. This was later postponed in several rounds, and according to the Tyumen court's latest ruling on the subject, dated 30 September 2009, the case will be heard on 24 March 2010.

On 11 March 2009, Telenor East Invest's shares in VimpelCom were arrested by the Moscow Bailiff, on request of Farimex. The Group has filed several motions with the Tyumen court and the Moscow courts to have the arrest lifted or to obtain a stay of enforcement proceedings until the case has been heard by the Russian Supreme Arbitrazh court. So far, all the Group's motions and appeals have been unsuccessful.

All litigation and arbitration is inherently uncertain, and the Group is not in a position to express a definite opinion as to the probable final outcome of the Farimex Case. Based on the advice of the Group's Russian lawyers, the Group believes Farimex's claims lack merit and that Telenor East Invest has strong legal defenses to such claims.

DTAC

1) Dispute between TOT, CAT and DTAC regarding Access Charge
On 17 May 2006, the National Telecommunications Commission (NTC) issued the Notification on Use and Interconnection of Telecommunications Network of 2006 (Notification) 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 Organization of Thailand (TOT) and CAT Telecom Public Company Limited (CAT) that DTAC would no longer apply 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 when DTAC and TOT have entered into an interconnection charge (IC) agreement in accordance with the Notification. On 16 November 2007, TOT lodged suit with the Civil Court, calling for DTAC and CAT to jointly and severally make payment for the unpaid access charge for the period between 18 November 2006 and 31 October 2007, totaling NOK 2.0 billion, and to pay Access Charge from 1 November 2007 until the agreements among TOT, CAT and DTAC expired. DTAC and CAT submitted their pleas in June 2008 in which they claimed that the Civil Court did not have jurisdiction in the case. The Civil Court accepted the claims from DTAC and CAT and rejected the matter with the justification that the case should be handled by the Administrative Court. Currently, DTAC has not yet received any notice from the Administrative Court on TOT's claim for access charges payment. However, if TOT's claim is lodged, it is expected that the legal process may take several years. DTAC's management believes, based on advice from legal counsel, that the court decision (if the claim is lodged) would not have a material adverse effect on the financial position of DTAC. Accordingly, no provision for access charge has been made. The net effect (before income taxes) in ceasing to recognise the access charge under the Access Charge Agreement from 18 November 2006 to 31 December 2009 amounts to NOK 4.3 billion in reduced expenses.

2) 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 2.9 billion, and including defaulted interests totaling NOK 3.8 billion. Furthermore, on 20 October 2008, CAT filed a petition for amending the dispute requesting for additional value added tax (VAT) at the rate of 7%. As such, the total claim amount against the Company is NOK 4 billion. The statement of claims made by CAT did not explain the reason for the claim against DTAC. Currently, the dispute is still in the arbitration process, as DTAC in August 2008 did not accept CAT's proposal for the chairman of the tribunal. The process of resolving these matters could take several years. 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.

The Group has invested in subsidiaries where there are restrictions on the Group's ownership interest

DTAC
In Thailand the Foreign Business Act limits the direct ownership of foreign investors in public communications license-holders to 49.9% of the total issued share capital. However, the Group's total economic stake in DTAC, held through Thai Telco Holding and Telenor Asia, is 65.5% as of 31 December 2009.

Unitech Wireless (Uninor)
In October 2009, the Cabinet Committee on Economic Affairs (CCEA) approved the increase of foreign shareholding up to 74.0% in Uninor. The Group's ownership interest as of 31 December 2009 was 49.0%. After having completed the remaining transactions in 2010, the Group will increase its ownership interest in Uninor to a total of 67.25%.

36 // Licences

The table summarises the main operating and spectrum licences held by Telenor ASA and its subsidiaries as of 31 December 2009:

Company	Licences	Network type	Licence valid from	Licence 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	2022
Denmark	GSM 900	GSM/GPRS	1997	2019
	GSM 1800		1997	2017
	GSM 1800		2001	2017
	UMTS	W-CDMA	2005	2021
Sweden	GSM 900	GSM/GPRS	1992	2010
	GSM 1800		1996	2010
	UMTS	W-CDMA	2000	2015
	Long Term Evolution (LTE)	OFDMA	2008	2023
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	2026
Promonte	GSM 900/1800	GSM/GPRS	2002	2016
	UMTS	W-CDMA	2007	2022
DTAC [1)]	AMPS 800		1990	2018
	GSM 1800	GSM/GPRS	1990	2018
	International Direct Dial		2007	2027
DiGi	GSM 1800	GSM/GPRS/EDGE	1995	2015
	UMTS	W-CDMA	2008	2018
Grameenphone	GSM 900/1800	GSM/GPRS/EDGE	1996	2011
	GSM 1800 [2)]		2008	2026
Telenor Pakistan	GSM 900/1800	GSM/GPRS/EDGE	2004	2019
	GSM 900/1800 - AJK [3)]		2006	2021
	Long Distance International		2004	2024
Uninor (India)	GSM 1800 [4)]	GSM	2008	2028
	Long Distance National and International		2009	2028

[1)] Rather than a license, DTAC has the right to operate a mobile network pursuant to a concession, see also note 19.

[2)] Licence for additional 7.4 mhz frequency band for 18 years subject to renewal of main GSM 900/1800 licence in 2011.

[3)] Relates to Azad Jammu & Kashmir (AJK) state.

[4)] Comprises of 22 licences, one for each telecom circle.

Apart from the licenses held by the mobile operations, the Group's broadcast operations holds frequency rights for operating satellites and uplink licenses for signals transmission from earth stations to satellites. In addition, the Group also holds licenses for terrestrial broadcasting in Norway and Belgium.

37 // 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. The Board fee is decided by the Corporate Assembly.

The aggregate remuneration for the Board and the Corporate Assembly recognised in 2009 was NOK 2.7 million and NOK 0.6 million respectively. In 2008 this was NOK 2.9 million and NOK 0.6 million respectively. In addition, remuneration for the Audit Committee, Compensation Committee, Health-, Safety-, Security- and Environment Committee and Nomination Committees was in total NOK 0.6 million (NOK 0.3 million in 2008). 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 2009 and 2008 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.

NOK IN THOUSANDS, EXCEPT NUMBER OF SHARES Board	Number of shares as of 31 December 2009	Board fee 2009	Fee for Board elected committee's 2009	Number of shares as of 31 December 2008	Board fee 2008	Fee for Board elected committee's 2008
Harald Norvik	16 520	420	35	16 520	420	20
Bjørg Ven (until 11.05.09)	10 000	140	50	10 000	280	60
John Giverholt	-	245	70	-	210	60
Kjersti Kleven	-	210	45	-	210	20
Sanjiv Ahuja (from 11.05.09)	-	140	-	-	-	-
Liselott Kilaas	-	210	20	-	210	20
Paul Bergqvist (until 11.05.09)	1 000	105	40	1 000	210	60
Olav Volldal	-	210	45	-	210	30
Barbara Milian Thoralfsson (from 11.05.09)	10 000	140	10	-	-	-
Burckhard Bergmann (from 29.05.08)	-	210	30	-	123	10
Harald Stavn	4 970	210	60	4 970	210	20
May Krosby (until 02.06.09)	-	105	20	-	210	15
Bjørn André Anderssen	1 324	210	30	993	210	5
Frøydis Orderud (deputy board member from 04.09.09)	1 621	70	5	1 226	-	-
Per Gunnar Salomonsen (deputy board member)	2 700	105	5	2 700	60	-
Wenche Aanestad (deputy board member)	3 905	1	-	3 464	8	-

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 per 31 December 2009	Number of shares per 31 December 2008
Helge Enger	6 199	5 965
Per Gunnar Salomonsen	2 700	2 700
Frøydis Orderud	1 621	1 226
Kaare-Ingar Sletta	627	627
Wenche Aanestad	3 905	3 464
Irene Vold	2 816	1 919

Corporate Assembly	Number of shares per 31 December 2009	Number of shares per 31 December 2008
Jan Riddervold	-	2 789
Stein Erik Olsen	751	396
Inger-Grethe Solstad (until 11.05.09)	-	682
Roger Rønning	784	495
Anne Kristin Endrerud	275	275
Britt Østby Fredriksen	-	2 140
Magnhild Øvsthus Hanssen	1 236	876

Statement on the Group CEO and Executive Management Remuneration

The Statement on the Group CEO and Executive Management Remuneration is established according to the Norwegian act on public limited liability companies (allmennaksjeloven), the Guidelines on government ownership and attitude on executive remuneration issued by the Norwegian Ministry of Trade and Industry in January 2007 as well as The Norwegian Code of Practice for Corporate Governance.

1. Remuneration Policy

Telenor's remuneration policy is to reward desired performance and to influence and reinforce Telenor's culture throughout the Group. 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 Governance and Remuneration Committee constituted by the Chairman of the Board and two of the shareholder elected Board members, as well as one employee representative. The Group CEO should attend the Committee meetings. Other representatives of the Management will attend upon notice. The secretary of the Board of Directors acts as secretary of the Committee unless otherwise agreed from time to time.

The Governance and Remuneration Committee acts as advisor for the Board of Directors and is mainly responsible for

- Overseeing that the Group adhere to and maintain generally accepted high standards of corporate governance as well as a culture that encourages good corporate governance.
- Annual review and recommendation 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.
- Consider Group overall/general remuneration policy and programs, including bonus and share based programs, and present recommendations to the Board of Directors.
- Keeping up with market developments on executive remuneration and recommend actions to the Board of Directors.

3. Main Remuneration Principles coming accounting year

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

Considerations on the overall remuneration level and composition of the package reflect the national and international framework, as well as 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 Program; Pension- and Insurance arrangements; Severance Pay and other general Benefits.

The Base Salary is mainly determined on the basis of the role, relevant market and performance. Performance relates to sustainable performance, i.e. delivery according to our business ambitions, demonstrated leadership and "The Telenor Way" of doing business, as well as building and developing organisational capabilities. The Base Salary is annually reviewed.

The Annual Bonus is based on achievement of company 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 annual Base Salary (6 months). The bonus payments are subject to vacation pay, but not included in the pensionable earnings. The Group CEO and Executive Management are subject to a minimum shareholding requirement corresponding to the value of one annual Base Salary. If the executives do not hold shares in Telenor ASA at the minimum shareholding level when the Annual Bonus is paid out, up to 20 % of the Bonus payment must be invested in shares in Telenor ASA.

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 in the market and with obligation to hold for a lock-in period of three years.

Telenor operates a general Share Program for employees, which is also applicable for the executives, offering employees the opportunity 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 ASA shares performs better than the Dow Jones Stoxx Telecom Index over a 2 year period, the employees will be granted bonus shares matching the number of purchased shares still hold by the employee at the end of the performance period and assuming the individual is still employed.

Telenor applies a defined contribution pension arrangement for individuals hired externally as of 2006. According to this arrangement, the retirement for Group Executive Management members is at age 65. The pension is based on the balance of accrued company contribution plus annual return on the accrual. The annual accrual is 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. Three members of the Group Executive Management are currently covered by this arrangement. One member is covered by a similar arrangement with a contribution of 11% of Base Salary due to secondment to another country, and a contribution of 30% of Base Salary above 12 G. In addition, all four are entitled to an annual accrual of 10% of Base Salary for service in the Group Executive Management. This accrual is limited to ten years of service and is meant to ensure the pension entitlements up to the general retirement age of 67.

The Group CEO and members of the Group Executive Management, except four executives, are covered by the previously applied defined benefit arrangement. The Group CEO is entitled to retire at age 60 and the other Executives retire at age 62. The pension promise is 60% of the annual Base Salary the first ten years after the retirement and will thereafter be reduced according to decision by the Governance and Remuneration Committee, as authorised. The Group CEO has a defined pension-qualifying income equal to NOK 4,800,000 as of 1 January 2010. The pension-qualifying income is adjusted for CPI-ATE annually.

The Group CEO and Executive Management are covered by the general 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 2009 for the Group CEO and Executive Management was basically the same as explained above for 2010, apart from adjustment in the pension arrangement.

The annual review of the Base Salary for the Group CEO and Executive Management is effective as of 1 January. Last year's review was conducted during 1 quarter.

Due to the uncertainty created by the financial crisis, it was decided to reduce the annual bonus potential for the Group CEO and Executive Management to maximum 25 % of Base Salary (3 months) for the 2009 Bonus Programme.

The executive pension arrangements were reviewed last autumn. It was decided to ensure reasonable disability coverage and early retirement coverage for Group Executive Management members under the defined contribution plan. The defined benefit plan was adjusted to take away any unintended differences in treatment between participating Group Executive Management members and improve the attractiveness. This has lead to a simplified pension regime overall.

Actual remuneration to the Group CEO and Executive Management

As of 31 December 2009 the Group Executive Management consisted of Jon Fredrik Baksaas (CEO), Trond Ø. Westlie (left 31 December 2009), Jan Edvard Thygesen, Morten Karlsen Sørby, Sigve Brekke (from 1 September 2008), Ragnar H. Korsæth, Bjørn Magnus Kopperud and Hilde Tonne. Aggregate remuneration including pension cost for the Group Executive Management was NOK 47.6 million in 2009 and NOK 42.1 million in 2008. The pension costs included in these figures were NOK 7.2 million in 2009 and NOK 7.1 million in 2008. The remuneration also includes the new Long Term Incentive granted both in 2009 and 2008. See description in the Statement above and note 38. For details see tables below.

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

Remuneration to Group Executive Management 2009

NOK IN THOUSANDS Group Executive Management 2009	Base Salary	Bonus paid out 2009	Other benefits [1]	Total salary and other taxable income [5]	Pension benefit earned [2]	Value of LTI	Total
Jon Fredrik Baksaas [a]	4 800	1 491	217	6 508 [a]	1 832	1 958	10 298
Trond Ø. Westlie	2 920	1 159	1 147	5 226	796	–	6 022
Sigve Brekke [3] [4]	2 375	1 027	2 210	5 612	965	1 493	8 070
Morten Karlsen Sørby	2 900	671	238	3 809	1 026	952	5 787
Jan Edvard Thygesen [b]	2 650	1 216	208	4 074 [b]	708	870	5 652
Ragnar H. Korsæth [c]	1 800	655	237	2 692 [c]	477	591	3 760
Bjørn Magnus Kopperud [d]	2 050	620	188	2 858 [d]	862	673	4 393
Hilde M. Tonne	1 800	539	184	2 523	526	591	3 640

Remuneration to Group Executive Management 2008

NOK IN THOUSANDS Group Executive Management 2008	Base Salary	Bonus paid out 2008	Other benefits [1]	Total salary and other taxable income [5]	Pension benefit earned [2]	Value of LTI	Total
Jon Fredrik Baksaas	4 800	1 146	179	6 125	1 705	1 440	9 270
Trond Ø. Westlie	2 920	1 093	183	4 196	812	730	5 738
Arve Johansen [3] [4]	2 000	563	316	2 879	1 077	–	3 956
Sigve Brekke [3] [4]	683	–	489	1 172	273	982	2 427
Morten Karlsen Sørby	2 900	766	190	3 856	1 000	725	5 581
Jan Edvard Thygesen	2 550	713	209	3 472	655	637	4 764
Ragnar H. Korsæth	1 800	396	230	2 426	461	450	3 337
Bjørn Magnus Kopperud	2 050	543	185	2 778	801	512	4 091
Hilde M. Tonne	1 700	131	183	2 014	499	425	2 938

All figures are exclusive social security tax

[1] Include items such as insurance, company car or car allowance, electronic communication, newspapers and other benefits. Other benefits to Arve Johansen and Sigve Brekke for 2008 are corrected for increments for international assignment.

[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 28. The amounts are higher than the amounts that the persons earned as paid-up policy if the employment was terminated as of 31 December 2009 and 31 December 2008 respectively. The amounts for 2008 are changed for all members of Group Executive Management due to corrections in the calculation.

[3] Arve Johansen was entitled to a guaranteed net annual Base Salary of NOK 2,483,000 in 2008 as part of his international assignment. Sigve Brekke was entitled to a guaranteed net annual salary of NOK 2,050,000 in 2008 and NOK 2,375,000 in 2009 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. Arve Johansen stepped down as Regional Head of Asia on 31 August 2008 and was replaced by Sigve Brekke.

[5] For number of options granted and outstanding as well as their terms, see below and note 38.

[a] Jon Fredrik Baksaas exercised share options in 2009 that was reported as additional taxable income of NOK 1,471,800. Baksaas increased his shareholdings with equal amounts of shares as options exercised.

[b] Jan Edvard Thygesen exercised share options in 2009 that was reported as additional taxable income of NOK 1,226,500. Thygesen increased his shareholdings with equal amounts of shares as options exercised.

[c] Ragnar Korsæth exercised share options in 2009 that was reported as additional taxable income of NOK 490,600. Korsæth increased his shareholdings with equal amounts of shares as options exercised.

[d] Bjørn Magnus Kopperud has exercised share options in 2009 that has been reported as additional taxable income of NOK 2,453,000. Kopperud reinvested the total option dividend in shares in Telenor ASA.

Individual conditions

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 NOK 3,000,000 (base salary per 22.06.2002), 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 January 1, 2006. 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.
Sigve Brekke	6 months	6 months	Defined Contribution plan with 11% of Base Salary. Defined Contribution plan with 30% of Base Salary above 12G. In addition, annual contribution of 10% of Base Salary for early retirement scheme. Retirement age 65.
Jan Edvard Thygesen	6 months	6 months	66% Defined Benefit of NOK 1,900,000 (base salary per 31.12.2003), adjusted for CPI-ATE annually, and 30% Defined Contribution above the 2003 Base Salary. The latter part is implemented as of January 1, 2006. Retirement age 62.
Morten Karlsen Sørby	6 months	6 months	66% Defined Benefit of NOK 1,800,000 (base salary per 31.12.2002), adjusted for CPI-ATE annually, and 30% Defined Contribution above the 2002 Base Salary. The latter part is implemented as of January 1, 2006. Retirement age 62.
Ragnar H. Korsæth	6 months	6 months	66% Defined Benefit of NOK 1,300,000 (base salary per 31.12.2004), adjusted for CPI-ATE annually, and 30% Defined Contribution above the 2004 Base Salary. The latter part is implemented as of January 1, 2006. Retirement age 65.
Bjørn Magnus Kopperud	6 months	6 months	66% Defined Benefit of NOK 1,600,000 (base salary per 11.06.2002), adjusted for CPI-ATI annually, and 30% Defined Contribution above the 2002 Base Salary. The latter part is implemented as of January 1, 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. In addition, annual contribution of 10% of Base Salary for early retirement scheme. Retirement age 65.

Options and shares [1] 2009

	Options held as of 1 January 2009	Granted options	Forfeited options	Exercised options	Average exercise price on exercised options	Options held as of 31 December 2009	Average exercise price outstanding options [2]	Average remaining lifetime	Acquired shares with 3 years lock in period from the fixed LTI	Available shares held as of 31 December 2009
Jon Fredrik Baksaas	330 000	–	–	30 000	26.44	300 000	42.59	1.11	11 954	119 110
Trond Ø. Westlie	55 000	–	–	–	–	55 000	74.90	3.52	–	28 530
Morten Karlsen Sørby	55 000	–	–	–	–	55 000	74.90	3.52	6 830	32 175
Jan Edvard Thygesen	205 000	–	75 000	25 000	26.44	105 000	51.82	1.91	5 978	97 381
Sigve Brekke	40 000	–	–	–	–	40 000	74.90	3.52	10 715	21 577
Ragnar H. Korsæth	83 333	–	13 333	10 000	26.44	60 000	58.75	2.40	3 979	22 328
Bjørn Magnus Kopperud	90 000	–	–	50 000	26.44	40 000	74.90	3.52	4 828	34 542
Hilde M. Tonne	–	–	–	–	–	–	–	–	4 239	12 246

Options and shares [1] 2008

	Options held as of 1 January 2008	Granted options	Forfeited options	Exercised options	Average exercise price on exercised options	Options held as of 31 December 2008	Average exercise price outstanding options [2]	Average remaining lifetime	Acquired shares with 3 years lock in period from the fixed LTI	Available shares held as of 31 December 2008
Jon Fredrik Baksaas	330 000	–	–	–	–	330 000	41.12	2.16	8 391	71 786
Trond Ø. Westlie	55 000	–	–	–	–	55 000	74.90	4.52	4 347	25 795
Arve Johansen	265 000	–	–	–	–	265 000	44.83	1.59	4 466	65 460
Morten Karlsen Sørby	55 000	–	–	–	–	55 000	74.90	4.52	4 776	22 629
Jan Edvard Thygesen	205 000	–	–	–	–	205 000	45.75	1.68	4 200	64 015
Sigve Brekke	40 000	–	–	–	–	40 000	74.90	4.52	6 493	9 270
Ragnar H. Korsæth	83 333	–	–	–	–	83 333	52.46	2.60	2 794	6 663
Bjørn Magnus Kopperud	90 000	–	–	–	–	90 000	47.98	2.64	3 117	11 094
Hilde M. Tonne	–	–	–	–	–	–	–	–	2 800	6 415

[1] Including shares owned by related parties.
[2] Based on the latest possible exercise price for 2002 options. For 2006 options, assumes the cap is not reached (as described in note 38).

Loans to employees

Total loans to employees were NOK 27 million as of 31 December 2009 and 31 December 2008. The loans are mainly related to loan for consumer goods in IS Partner AS (EDB Business Partner). The loans are repaid as deductions in the employee's monthly salary. No further loans of this type will be offered to employees.

Fees to the auditors

The table below summarises audit fees for 2009 and 2008 and fees for audit related services, tax services and other services incurred by the Group during 2009 and 2008. Fees include both Norwegian and foreign subsidiaries.

	Audit fees		Fees for further assurance services		Fees for tax services		Other fees	
NOK IN MILLIONS, EXCLUDING VAT	2009	2008	2009	2008	2009	2008	2009	2008
Telenor ASA	5.5	4.9	0.2	0.4	3.2	4.3	2.1	4.5
Other Group companies	33.8	34.0	4.8	3.5	2.9	3.1	3.5	0.8

Fees for audit services include fees associated with the required statutory and financial audits and reviews. Further assurance services principally include other attestation services related to information system, regulatory reporting audits and agreed upon procedures. Fees for tax services include review of tax compliance and tax advice, mainly outside Norway. Other fees relate to due diligence and consultations in connection with acquisitions and dispositions and internal control review.

38 // Share-based payments

Share-based transactions

DiGi entered into a definitive agreement in early 2008 with Time dotCom Bhd for the proposed transfer of the 3G spectrum, to be satisfied via a share issuance of 27.5 million new DiGi shares. On 7 May 2008, following the approval from all relevant authorities in Malaysia, DiGi obtained the 3G spectrum assignment and the new shares was allotted and issued to Time dotCom Bhd accordingly. With the new shares issued, the Group's ownership interest in DiGi was reduced from 50.8% to 49.0% (see note 3). The new shares were quoted on Bursa Malaysia Securities Berhad on 12 May 2008.

The fair value of the 3G license was estimated with the assistance of independent valuation experts. The quoted market price of the shares in DiGi issued as consideration for the 3G license was within the range of fair values estimated for the 3G license, and accordingly, the 3G license was recorded at the market price for the shares issued.

Share-based compensation

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

Share Programme for employees

Every year since Telenor ASA 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 2009, the programme included all employees in Norway, Sweden, Denmark, Finland, Hungary, Serbia and Montenegro.

The share programme offers employees to purchase shares in Telenor ASA for 1, 2, 3, or 4 per cent of the annual gross base salary with a discount of 20 per cent, maximum NOK 1,500. If the Telenor ASA share performs better than the Dow Jones Stoxx 600 Telecommunications (SXKP) index over the next 2 years, the employees will be granted bonus shares matching the number of purchased shares still hold by the end of the performance period and assuming the individual is still employed. The bonus shares expected to be granted at the end of the performance period are expensed over the vesting period (see also note 8).

Participation in the programme introduced in 2009 was approximately 25% and approximately 27% in the programme introduced in 2008. The employees signed up for programme introduced in 2009 in January 2010, and the shares are purchased in 2010. For the program introduced in 2008 the employees signed up for shares in December 2008, and the shares were purchased during 2009.

Long Term Incentive

The current Long Term Incentive (LTI) programme is a fixed monetary compensation of 15 to 30 percent of the annual Base Salary, depending on role. The net amount shall be used to purchase shares in Telenor ASA with a lock-in period of three years. For the 2009 programme the lock in period ends 1 July 2012, and for the 2008 programme it ends 1 July 2011. For the 2007 programme, the lock in period ends 1 July 2010. Approximately 110 employees in 2009, 2008 and 2007 holding national and international managerial positions participated in the programmes. The shares were purchased in the range from NOK 55.42 to NOK 79.95 in 2009, to 78.94 in 2008 and to NOK 127.03 in 2007. In total 334,745 shares were purchased in 2009, 203,706 shares in 2008 and 127,044 shares in 2007 in connection with these programmes. The total amount received by the employees under the LTI is recorded as an asset in the statement of financial position and will be expensed over the vesting period (see also note 8).

EDB has a similar LTI for executive management in 2009, 2008 and 2007 with a fixed annual monetary compensation of NOK 1,000,000 for the 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 12.00 during February 2009 and at NOK 27.20 on 22 July 2008. In the 2007 programme, the shares were acquired at NOK 55.49 on 18 July 2007 and 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 life time 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. The maximum gain for each option is NOK 31.46 until the end of July 2010. In July 2010, a new exercise price will be determined at NOK 44.94 below the closing price at Oslo Stock Exchange at 22 July 2010, however not less than NOK 74.90. The new exercise price will be valid for the remaining lifetime of the options.

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 ASA to settle in cash.

Options Telenor ASA

	Share options	Average exercise price at the end of option life (NOK) [1]
As of 31 December 2007	**3 301 632**	**62.29**
Options granted in 2008	-	-
Options forfeited in 2008	285 000	73.20
Options exercised in 2008	8 333	26.44
As of 31 December 2008	**3 008 299**	**61.37**
Options granted in 2009	-	-
Options cancelled in 2009	120 000	74.90
Options forfeited in 2009	268 333	43.67
Options exercised in 2009	290 110	26.44
As of 31 December 2009	**2 329 856**	**67.10**

[1] The 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 2009), implied forward rates calculated of the spot curve. For the share option programmes of 2003 and 2006, the exercise prices are fixed through the options' term.

For share options exercised during 2009 the weighted average share price at the date of exercise was NOK 75.50 (NOK 105.35 in 2008).

The table below details the Group's options outstanding by related option exercise price as of 31 December 2009 and 2008 and is based on the latest possible exercise price. All options may be exercised prior to the end of the lifetime of the options.

Programme	Weighted average exercise price (NOK)	Options outstanding as of 31 December 2009	Options exercisable as of 31 December 2009	Weighted average remaining life as of 31 December 2009
2003	26.44	374 856	374 856	0.14
2006	74.90 [2]	1 955 000	1 955 000	3.52

Programme	Weighted average exercise price (NOK)	Options outstanding as of 31 December 2008	Options exercisable as of 31 December 2008	Weighted average remaining life as of 31 December 2008
2002	43.67 [1]	268 333	268 333	0.15
2003	26.44	664 966	664 966	1.14
2006	74.90 [2]	2 075 000	-	4.52

[1] The 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 2008), implied forward rates calculated of the spot curve. For the share option programmes of 2003 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 (see also note 8). The Group uses a Black & Scholes valuation model to calculate the fair value.

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 310,000 options were granted, whereof 210,000 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 treasury shares or by cash payment.

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)
As of 31 December 2007	**1 582 500**	**–**	**52.93**
Options granted in 2008	–	–	–
Options exercised in 2008	–	–	–
Options forfeited in 2008	102 500	–	52.41
As of 31 December 2008	**1 480 000**	**–**	**52.50**
Options granted in 2009	–	–	–
Options exercised in 2009	–	–	–
Options forfeited in 2009	390 000 [1]	–	52.10
As of 31 December 2009	**1 090 000**	**–**	**52.70**

[1] Options forfeited in 2009 are mainly related to the resignation of CEO Endre Rangnes and COO Oddgeir Hansen on 31 December 2009, who owned 250,000 and 80,000 options, respectively.

No options were exercised in 2009. The weighted average share price at the date of exercise for share options exercised during 2007 was NOK 46.45.

The table below details EDB Business Partner's options outstanding as of 31 December 2009 and 2008. Option exercise price is based on the latest exercise dates. Some options may be exercised prior to the termination of the plan.

Programme	Weighted average exercise price (NOK)	Options outstanding as of 31 December 2009	Weighted average remaining life (in years)	Options exercisable as of 31 December 2009
2006	51.91	830 000	0.42	830 000
2006	58.07	260 000	1.08	260 000

Programme	Weighted average exercise price (NOK)	Options outstanding as of 31 December 2008	Weighted average remaining life (in years)	Options exercisable as of 31 December 2008
2006	51.14	250 000	1.42	166 650
2006	52.10	970 000	1.42	646 588
2006	58.07	260 000	2.08	86 658

The fair value of share-based compensation at the grant date is expensed over the vesting period.

Option programme for shares in Telenor ASA and EDB Business Partner ASA for the period 2002–2009

	Risk free rate in %	Dividend yield in %	Dividend growth	Volatility factor in %	Weighted average life in years
Telenor ASA 2002 programme	6.40	2.0		31.3	4.5
Telenor ASA 2003 programme	4.80	2.0		32.3	4.5
Telenor ASA 2004 programme	3.13	2.0		36.5	4.5
Telenor ASA 2006 programme	3.99	–	10 annual growth, 2006 dividend of NOK 2.00 as base line	31.1	4.0
EDB Business Partner ASA 2006 programme	3.74	0.0		31.2	2.5
EDB Business Partner ASA 2007 grant, 2006 programme	4.57	0.0		28.2	2.5

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 consolidated financial statements.

39 // Number of shares, ownership etc.

As of 31 December 2009, Telenor ASA had a share capital of NOK 9,947,333,076 divided into 1,657,888,846 ordinary shares with a nominal value of NOK 6 each. The share capital and number of outstanding shares were unchanged during 2009. All ordinary shares have equal voting rights and the right to receive dividends. As of 31 December 2009, the company owned 1,859,890 treasury shares, compared to no treasury shares as of 31 December 2008.

At the Annual General Meeting in May 2008, authority was given to the Board of Directors to acquire up to 160,000,000 treasury shares, corresponding to approximately 9.5% of the share capital, as means of payments in connection with acquisitions or to optimise the company's capital structure. Such an authority was not proposed to the Annual General Meeting on 11 May 2009. Further, at the Annual General Meeting in May 2009 authority was given to the Board of Directors to acquire up to 4,000,000 treasury shares with a total nominal value of NOK 24,000,000, corresponding to approximately 0.24% of the company's share capital. Up to 2,000,000 shares may be used in connection with fulfillment of the Company's option programs for key employees of 2006 and up to 2,000,000 treasury shares may be used in connection with the Company's general share program for employees. This authorisation is valid until the next Annual General Meeting to be held in 2010.

In March 2009, the Company acquired 2,150,000 shares in accordance with the authorisations given at the Annual General Meeting in May 2008. No shares were acquired in 2009 in accordance with the authorisations given at the Annual General Meeting in May 2009. A total of 290,110 treasury shares were used in May, August and November 2009 to fulfil obligations related to the option program for 2003.

In April 2008, the Company entered into an agreement with its largest shareholder, the Kingdom of Norway, represented through the Ministry of Trade and Industry. The agreement regulated that the Kingdom of Norway was committed to the cancellation of a proportionate number of its shares so that the Kingdom of Norway's ownership interest in the Company would remain unaffected if the Company repurchased shares for the purpose of cancellation. The agreement expired at the Annual General Meeting in May 2009 and a new agreement was not entered into.

The following shareholders had 1% or more of the total number of 1,657,888,846 outstanding shares as of 31 December 2009:

Name of shareholders	Number of shares	Ownership interest in %
Ministry of Trade and Industry	894 683 140	53.97
Folketrygdfondet	78 518 861	4.74
JPMorgan Chase Bank (nominee)	50 977 390	3.07
State Street Bank & Trust Co (nominee)	29 612 810	1.79
Bank of New York Mellon (nominee)	24 220 091	1.46
Clearstream Banking S.A (nominee)	22 862 391	1.38
State Street Bank & Trust Co (nominee)	17 711 123	1.07

40 // Events after the reporting period

On 13 January 2010, the extraordinary general meeting of shareholders of Kyivstar approved additional dividends of UAH 0.8 billion (approximately NOK 0.5 billion) for the fiscal year 2008, of which the Group has received most of its appropriate share by 23 March 2010. The dividend distributed is a proportion of total net profit of UAH 5.1 billion for the fiscal year 2008.

On 7 January 2010 and 10 February 2010, the Group increased its ownership interest in Unitech Wireless in India to 67.25% through capital contributions of NOK 1.8 billion and NOK 2.6 billion, respectively. See note 4 for further disclosure.

On 9 February 2010, VimpelCom Ltd. made an offer to all shareholders of OJSC VimpelCom, whereby OJSC VimpelCom shares and American Depositary Shares will be exchanged for Depositary Receipts ("DRs") representing shares in VimpelCom Ltd. The offer and contemplated transaction is described further in notes 3, 21 and 35.

OJSC VimpelCom issued its fourth quarter 2009 report on 18 March 2010. Based on this report, the Group has reduced its estimated share of profit from VimpelCom with NOK 368 million, and the Group's net income is reduced with NOK 326 million compared with the estimate in the fourth quarter 2009 report issued on 10 February 2010. See note 21 for the adjusted VimpelCom estimates for 2009.

Income Statement

Telenor ASA 1 January – 31 December

NOK in millions	Note	**2009**	2008
Revenues	1	**748**	710
Operating expenses			
Salaries and personnel costs	2, 3	(765)	(762)
Other operating expenses	4	(1 059)	(1 014)
Depreciation, amortisation and impairment losses	8, 9	(80)	(133)
Total operating expenses		**(1 904)**	(1 909)
Operating profit (loss)		**(1 156)**	(1 199)
Financial income and expenses			
Financial income		7 279	10 542
Financial expenses		(2 494)	(4 170)
Net currency gains (losses)		2 594	(3 130)
Net gains (losses and impairment) of financial assets		(1 608)	(506)
Net financial income (expenses)	6	**5 771**	2 736
Profit before taxes		**4 615**	1 537
Income taxes	7	(1 299)	72
Net income		**3 316**	1 609
Proposed dividends		4 140	-

Statement of Comprehensive Income

Telenor ASA 1 January – 31 December

NOK in millions	2009	2008
Net income	3 316	1 609
Other comprehensive income (loss)		
Change in value of derivatives in cash flow hedges	(436)	(216)
Income taxes	122	61
Other comprehensive income (loss), net after taxes	(314)	(155)
Total comprehensive income	3 002	1 454

Statement of Financial Position

Telenor ASA as of 31 December

NOK in millions	Note	**2009**	2008
ASSETS			
Non-current assets			
Deferred tax assets	7	**1 687**	1 164
Goodwill	8	**20**	20
Intangible assets	8	**471**	498
Property, plant and equipment	9	**19**	16
Shares in subsidiaries	16	**40 632**	40 232
Non-current interest-bearing receivables on Group companies	10, 12	**65 722**	74 530
Other non-current financial assets	10, 12	**1 955**	3 891
Total non-current assets		**110 506**	120 351
Current assets			
Trade receivables on Group companies		**254**	191
Trade receivables external		**7**	8
Other current financial assets	10, 12	**1 122**	987
Liquid assets and short-term placements	12	**5 586**	2 381
Total current assets		**6 969**	3 567
Total assets		**117 475**	123 918
EQUITY AND LIABILITIES			
Equity	11	**36 555**	33 604
Pension obligations	3	**305**	280
Non-current interest-bearing liabilities within the Group		**18**	49
Non-current interest-bearing external liabilities		**25 207**	29 928
Non-current non-interest-bearing liabilities within the Group		**271**	87
Non-current non-interest-bearing external liabilities		**316**	406
Total non-current liabilities	12	**25 812**	30 470
Current interest-bearing liabilities within the Group	12	**44 937**	44 308
Current interest-bearing external liabilities	12	**2 324**	10 764
Drawings from Group accounts	12	**4 558**	3 009
Current non-interest-bearing liabilities within the Group	12, 13	**141**	96
Current non-interest-bearing external liabilities	12, 13	**2 843**	1 387
Total current liabilities		**54 803**	59 564
Total equity and liabilities		**117 475**	123 918

Fornebu, 23 March 2010

Harald Norvik
Chairman

John Giverholt
Vice-Chairman

Sanjiv Ahuja
Board member

Kjersti Kleven
Board member

Olav Volldal
Board member

Liselott Kilaas
Board member

Dr. Burckhard Bergmann
Board member

Barbara Milian Thoralfsson
Board member

Harald Stavn
Board member

Brit Østby Fredriksen
Board member

Bjørn André Anderssen
Board member

Jon Fredrik Baksaas
President & CEO

Statement of Cash Flows

Telenor ASA 1 January – 31 December

NOK in millions	Note	**2009**	2008
Profit before taxes		**4 615**	1 537
Income taxes paid		**14**	(1 026)
Net (gains) losses, impairment and change in fair value of financial assets and liabilities		**1 452**	425
Depreciation, amortisation and impairment losses		**80**	133
Currency (gains) losses not relating to operating activities		**(2 592)**	3 127
Changes in interest accruals against Group companies		**(2 523)**	(2 802)
Changes in other accruals		**83**	296
Net cash flow from operating activities		**1 129**	**1 690**
Proceeds from sale of property, plant and equipment and intangible assets		**2**	11
Purchases of property, plant and equipment and intangible assets		**(61)**	(59)
Purchases of subsidiaries		**(400)**	(1 200)
Proceeds from sale of other investments		**-**	9
Purchases of other investments		**(97)**	(1)
Net cash flow from investment activities		**(556)**	**(1 240)**
Proceeds from borrowings		**8 976**	11 208
Repayments of borrowings		**(17 702)**	(12 874)
Net change in Group internal drawing rights		**9 747**	9 492
Payments of buy back of shares		**-**	(2 108)
Dividends paid to equity holders of Telenor ASA		**-**	(5 678)
Net cash flow from financing activities		**1 021**	**40**
Effect on cash and cash equivalents of changes in foreign exchange rates		**62**	42
Net change in cash and cash equivalents		**1 656**	**532**
Cash and cash equivalents as of 1 January	12	**(628)**	(1 160)
Cash and cash equivalents as of 31 December	12	**1 028**	**(628)**

Statement of Changes in Shareholders' Equity

Telenor ASA – for the years ended 31 December 2008 and 2009

NOK in millions (except for number of shares)	Number of shares	Share capital	Treasury shares	Other paid in capital	Other equity	Retained earnings	Total equity
Equity as of 1 January 2008	**1 680 274 570**	**10 081**	**(18)**	**4 343**	**10 001**	**15 510**	**39 917**
Total comprehensive income	–	–	–	–	(155)	1 609	1 454
Dividends	–	–	–	–	–	(5 678)	(5 678)
Transfer from share premium account	–	–	–	(3 000)	3 000	–	–
Share based payment	–	–	–	–	19	–	19
Share buy back	–	–	(116)	–	(1 992)	–	(2 108)
Cancellation of shares	(22 385 724)	(134)	134	(1 274)	1 274	–	–
Equity as of 31 December 2008	**1 657 888 846**	**9 947**	**–**	**69**	**12 147**	**11 441**	**33 604**
Total comprehensive income	–	–	–	–	(314)	3 316	3 002
Share based payment	–	–	–	–	24	–	24
Share buy back	–	–	(13)	–	(70)	–	(83)
Sale of shares, share issue and exercise of share options	–	–	2	–	6	–	8
Equity as of 31 December 2009	**1 657 888 846**	**9 947**	**(11)**	**69**	**11 793**	**14 757**	**36 555**

Notes to the Financial Statements

Telenor ASA

00 // Content notes:

01 // General information and summary of significant accounting principles

Telenor ASA is a holding company and contains the Group Management, corporate functions, Research and Development and the Group's internal bank (Group Treasury).

The financial statements have been prepared in accordance with simplified IFRS pursuant to the Accounting Act § 3-9 and regulations regarding simplified application of IFRS issued by the Ministry of Finance on 21 January 2008.

Revenues are mainly sale of Group services (Business Service Cost) to other Group companies, sale of research and development services and sale of other consultancy services. Purchases from other Group companies 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 the Group, and provides loans to and receives placements from Group companies. See note 29 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 income and expenses in the income 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 Group, as described in note 2 of the consolidated financial statements. 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.

Telenor ASA uses the indirect method for the statement of cash flows. 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. The repurchase of shares bought for the purpose of distributing them to the employees as bonus shares etc. is classified under operating activities. Telenor ASA has previously classified negative net holdings of cash and cash equivalents during financial activities as liabilities, but from 2009 the net amount is included in cash and cash equivalents. The comparative figures for 2008 are therefore restated.

02 // Salaries and personnel costs

The Group's Chief Executive Officer and the Board of Directors have the same positions in Telenor ASA. Please refer to note 37 of the consolidated financial statements for further information about compensation to the Board of Directors, management and auditor.

NOK IN MILLIONS	2009	2008
Salaries and holiday pay	(510)	(539)
Social security tax [1]	(80)	(65)
Pension cost including social security tax	(107)	(83)
Share based payments	(16)	(12)
Other personnel costs	(52)	(63)
Total salaries and personnel costs	**(765)**	**(762)**
Number of employees, average	593	634

[1] Includes accrued social security taxes on outstanding options to management. In 2009 this amounted to NOK 2.2 million and NOK 9.3 million in 2008 as a reversal. Also included social security taxes of benefit taxation for exercised stock options.

03 // Pension obligation, defined benefit plan – liabilities and assets

Telenor ASA is obliged to follow the Act on Mandatory company pensions.

NOK IN MILLIONS	2009	2008
Change in projected benefit obligation		
Projected benefit obligation as of 1 January	851	718
Service cost	74	64
Interest cost	34	33
Actuarial (gains) and losses	(72)	61
Acquisition/sale/transfer of business	(12)	-
Benefits paid/paid-up policies	(27)	(25)
Benefit obligations as of 31 December	**848**	**801**
Change in plan assets		
Fair value of plan assets as of 1 January	440	444
Actual return on plan assets	85	(28)
Acquisition/sale/transfer of business	(6)	-
Pension contribution [1]	44	37
Benefits paid/paid-up policies	(11)	(13)
Fair value of plan assets as of 31 December	**552**	**440**
Funded status as of 31 December	**297**	**411**
Unrecognised net actuarial gains (losses)	8	(131)
Total provision for pensions including social security tax as of 31 December	**305**	**280**
Total provision for pensions as of 1 January	**280**	**259**
Transfer of business	(6)	-
Net periodic benefit costs	92	70
Pension contribution [1]	(44)	(36)
Benefits paid/paid-up policies	(10)	(7)
Social security tax on pension contribution and benefits paid	(6)	(6)
Total provision for pensions as of 31 December including social security tax	**305**	**280**

406 employees were covered by the defined benefit plan of the Telenor Pension Fund. The Telenor Pension Fund paid out pensions to 403 persons. For information of assumptions used and description of pension plans, please see note 27 to the consolidated financial statements.

NOK IN MILLIONS	2009	2008
Components of net periodic benefit cost		
Service cost	(74)	(64)
Interest cost	(35)	(33)
Expected return on plan assets	25	28
Administration cost	–	(1)
Amortisation of actuarial gains and losses	(8)	-
Net periodic benefit costs	**(92)**	**(70)**
Contribution plan costs	(15)	(13)
Total pension costs recognised in the income statement	**(107)**	**(83)**

[1] Telenor ASA expects to contribute approximately NOK 47 million to the Telenor Pension Fund in 2010.

04 // Other operating expenses

NOK IN MILLIONS	2009	2008
Cost of premises, vehicles, office equipment etc.	(83)	(79)
Operation and maintenance	(87)	(76)
Travel and travel allowances	(83)	(85)
Postage, freight, distribution and telecommunications	(33)	(26)
Marketing, representation and sales commission	(94)	(63)
Consultancy fees and costs for external personnel	(582)	(579)
Workforce reductions	(2)	(13)
Bad debt	(1)	-
Other operating expenses	(94)	(93)
Total other operating expenses	**(1 059)**	**(1 014)**

Consultancy fees are primarily related to the hiring of temporary personnel, the safeguarding of interests and to the assessment of new market opportunities. In addition, audit fees and other fees to the auditor are included, see note 37 to the consolidated financial statements.

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, see note 6. Losses on loans have been classified as "Financial income and expenses" where they have been included in "Net gains (losses and impairment) of financial assets".

05 // Research and development costs

Research and development costs in Telenor ASA were NOK 236 million in 2009 and NOK 271 million in 2008. Research and development activities relate to new technologies and new usages of the existing network.

06 // Financial income and expenses

NOK IN MILLIONS	2009	2008
Interest income	94	-
Interest income from Group companies	3 259	4 846
Dividends from subsidiaries	-	530
Increase in fair value of financial instruments held for trading	203	94
Group contribution from subsidiaries	3 705	5 059
Other financial income	18	13
Total financial income	**7 279**	**10 542**
Interest expenses to Group companies	(655)	(2 058)
Interest expenses external on financial liabilities measured at amortised cost	(1 428)	(2 082)
Losses on guarantees for subsidiaries	(370)	-
Increase in fair value of financial instruments held for trading	(2)	(3)
Other financial expenses	(39)	(27)
Total financial expenses	**(2 494)**	**(4 170)**
Net foreign currency gains (losses)	**2 594**	**(3 130)**
Losses on loans to Group companies	(1 356)	(505)
Impairment losses on loans to Group companies and associated companies	(252)	(4)
Net gains on sale of shares in subsidiaries and associated companies	-	3
Net gains (losses and impairment) on financial assets	**(1 608)**	**(506)**
Net financial income (expenses)	**5 771**	**2 736**

Group contribution received from Group companies during the relevant years is recognised as financial income in the year it is approved by the General Meeting in the relevant company and Telenor ASA obtains the right to the Group contribution. Group contribution to be received and recognised as financial income in 2010 based on the Group companies' 2009 financial statements is estimated to approximately NOK 4.6 billion.

In 2009, a decision was made to attempt to dispose of Cinclus Technology AS and the business is classified as an operation held for sale in the consolidated financial statements. After finding a buyer failed, an agreement with the customer was entered to transfer the operational contact to a new operator. This agreement resulted in a payment of NOK 325 million (mainly paid in 2010) under a guarantee made by Telenor ASA.

The subsidiary AeroMobile Ltd., owned by a subsidiary of Telenor Communication II AS, was put under public administration in England at the end of December 2009. As a result, Telenor ASA was claimed for NOK 66 million, which was Telenor ASA's share of a guarantee to external lenders. Telenor ASA has reported this amount as a claim to the administrator of AeroMobile Ltd., but has written down the claim by NOK 45 million.

In 2008, Telenor ASA released loans of NOK 494 million to the subsidiary Cinclus Technology AS due to this company's inability to serve their debt. This was part of a refinancing which enables the company to continue their business operations. In connection with the transfer of the operational contact to a new operator, it was also decided to liquidate the company after the transfer is completed and NOK 420 million was accrued for in 2009 as a loss of the remaining loans issued by Telenor ASA. The business is classified as an operation held for sale in the consolidated financial statements.

In connection with the liquidation of Telenor Greece AS, Telenor ASA has realised a loss on a loan with NOK 936 million. The company was owned by Telenor ASA through subsidiary Telenor Mobile Holding AS.

Due to AeroMobile being put under administration, loss provisions of NOK 252 million for loans to owner company AeroMobile Holding AS were recognised in 2009.

07 // Income taxes

NOK IN MILLIONS	2009	2008
Profit before taxes	**4 615**	**1 537**
Current taxes	(1 703)	-
Current withholding tax	-	(8)
Current withholding tax applied to income deduction	(12)	-
Excess/less calculated current tax previous year	8	(1)
Change in deferred taxes	409	81
Total income tax expense	**(1 299)**	**72**
Tax basis:		
Profit before taxes	4 615	1 537
Non-taxable income [1]	(13)	(1 815)
Non-deductible expenses	24	19
Group contribution previous year	(3 706)	(3 850)
Changes in temporary differences	2 992	(2 062)
Basis for withholding tax, including temporary differences	29	(31)
Group contribution this year	4 620	3 706
Tax losses carried forward	-	2 496
Utilisation of tax losses from previous years	(2 496)	-
Received from the government's emergency package, reducing the tax loss from previous years	20	-
Tax basis of the year	**6 085**	**-**
Current taxes according to statutory tax rate (28%)	**(1 703)**	**-**
Effective tax rate		
Expected income taxes according to statutory tax rate (28%)	(1 292)	(430)
Other non-taxable income	4	508
Non-deductible expenses	(7)	(5)
Withholding tax paid during the year used for income deduction	(12)	-
Over/under estimation of taxes calculated previous years	8	(1)
Income tax expense	**(1 299)**	**72**
Effective tax rate in %	**28.2%**	**0.0%**

[1] Of the non-taxable income in 2008, dividends and group contribution represented NOK 1.7 billion.

NOK IN MILLIONS	2009	2008	Changes
Temporary differences as of 31 December			
Non-current assets	66	91	25
Interest element in connection with fair value hedges of liabilities	(1 373)	(1 213)	160
Other non-current receivables from subsidiaries	(717)	-	717
Other derivatives	1 994	3 747	1753
Other accruals for liabilities	(394)	(84)	310
Pension liabilities	(305)	(279)	26
Group contribution	(4 620)	(3 706)	914
Tax losses carried forward	-	(2 496)	(2 496)
Unutilised tax credits carried forward	(29)	-	29
Total before cash flow hedge	**(5 379)**	**(3 940)**	**1 439**
Cash flow hedge	(647)	(216)	431
Total	**(6 027)**	**(4 156)**	**1 871**
Net deferred tax assets (28%)	**1 687**	**1 164**	**524**
Recorded to other comprehensive income [2]			(121)
Received from the Norwegian government's crisis package			6
Change in deferred taxes			**409**

[1] The other derivatives used to hedge liabilities and cash flows and changes in value are recognised in the income statement.

[2] Deferred taxes recognised in other comprehensive income is primarily related to tax on the value change in derivatives that are designated as hedging instruments in cash flow hedges. Other comprehensive income is presented gross in the statement of comprehensive income with the related tax effect on a separate line.

Telenor ASA is claiming a tax deduction in 2009 for losses on loans in connection with the liquidation of its subsidiary Telenor Greece AS as realised losses in business, while the provision for losses on guarantees and loans related to Cinclus Technology AS and AeroMobile Ltd. in 2009 is treated for tax purposes as unrealised loss (temporary differences), see note 6.

In 2009, Norwegian tax authorities have raised questions about the monthly payments under a Total Return Swap Agreement with VimpelCom shares as the underlying object shall be treated as taxable income in Telenor ASA for the fiscal years 2006 and 2007. Gains on the contract, equal to the monthly payments, was in connection with the transfer of the contract to Telenor East Invest AS in 2007, treated as non-taxable income in Telenor ASA.

08 // Goodwill and intangible assets

2009

NOK IN MILLIONS	Accumulated cost 01.01.09	Net additions	Net disposals	Amorti-sations and impairment losses	Accumulated amorti-sations and impairment losses	Carrying amount 31.12.09
Goodwill	20	-	-	-	-	20
Licenses and legal rights (12–15 years)	532	3	-	(30)	(219)	316
Software purchased (5 years)	290	130	(61)	(44)	(212)	146
Work in progress	81	(72)	-	-	-	9
Total goodwill and intangible assets	**923**	**61**	**(61)**	**(74)**	**(431)**	**491**

2008

NOK IN MILLIONS	Accumulated cost 01.01.08	Net additions	Net disposals	Amorti-sations and impairment losses	Accumulated amorti-sations and impairment losses	Carrying amount 31.12.08
Goodwill	20	-	-	-	-	20
Licenses and legal rights (12–15 years)	504	28	-	(42)	(189)	343
Software purchased (5 years)	263	49	(22)	(85)	(216)	74
Work in progress	119	21	(59)	-	-	81
Total goodwill and intangible assets	**906**	**98**	**(81)**	**(127)**	**(405)**	**518**

Of the increase in software purchased in 2009, NOK 82 million is related to the development of a common communications system for the Group.

In 2005, Telenor ASA was awarded a GSM license, where the carrying amount includes the present value of the yearly frequency fee in the license period. The carrying amount of this was revised in 2008 and increased by NOK 28 million as a result of an increase in the frequency fee.

09 // Property, plant and equipment

2009

NOK IN MILLIONS	Accumulated cost 01.01.09	Net additions	Net disposals	Depreciation and impairment losses	Accumulated depreciation and impairment losses	Carrying amount 31.12.09
IT-equipment (3–5 years)	31	11	-	(4)	(30)	12
Other equipment	25	-	(1)	(2)	(17)	7
Total	**56**	**11**	**(1)**	**(6)**	**(47)**	**19**

2008

NOK IN MILLIONS	Accumulated cost 01.01.08	Net additions	Net disposals	Depreciation and impairment losses	Accumulated depreciation and impairment losses	Carrying amount 31.12.08
IT-equipment (3–5 years)	30	1	-	(5)	(25)	6
Other equipment	19	8	(2)	(1)	(15)	10
Total	**49**	**9**	**(2)**	**(6)**	**(40)**	**16**

10 // Other financial assets

NOK IN MILLIONS	2009	2008
Capital contribution in Telenor Pension Fund [1]	120	120
Other financial assets held with external	1 835	3 676
Other financial assets held with Group companies	-	95
Total other non-current financial assets	**1 955**	**3 891**
Short-term interest-bearing receivables held with external	44	36
Receivables on Group companies	640	280
Other current financial assets held with external	396	639
Other current financial assets held with Group companies	42	32
Total other current financial assets	**1 122**	**987**

[1] The amount capitalised in the statement of financial position is the cost price, which equals fair value. Telenor ASA`s ownership in the Pension Fund is 40% of core capital. Telenor Eiendom Holding AS owns the remaining 60%.

11 // Equity and dividends

Allocation of equity and dispositions over the last 3 years is shown in a separate table.
Nominal value per share is NOK 6. As of 31 December 2009, Telenor ASA had 1,859,890 treasury shares.
The fund for unrealised profit is NOK 262 million of other equity as of 31 December 2009.

DIVIDENDS	2009	2008
Dividends per share in NOK – paid	-	3.40
Dividends per share in NOK – proposed by the Board of Directors	2.50	-

Total dividends for 2007 of NOK 5,678 million were paid in May 2008. In 2009, no dividends were paid.
The Board of Directors proposes payment of dividends of NOK 4,140 million to shareholders for 2009.
Equity available for distribution as dividends from Telenor ASA was NOK 24,559 million as of 31 December 2009.

12 // Financial instruments and risk management

Risk management

Telenor ASA's treasury function is responsible for financial risk management including liquidity management, interest rate risk, managing foreign exchange risk, credit risk and capital management. The activities in the treasury function are performed within a framework of policies and procedures. The management and the board in Telenor ASA receive on regular basis information regarding the financial area of the company.

Short-term and long-term financial flexibility is in focus, and Telenor ASA issues debts in Norwegian and foreign capital markets mainly through certificates and bonds. In addition, Telenor ASA has established committed syndicated revolving credit facilities of EUR 1.5 billion with maturity in 2012, and of EUR 1.0 billion with maturity in 2013.

Financing of the Group's investing activities and the Group's cash flows implies that Telenor ASA is exposed to interest rate risk related to interest income and interest expenses taken to the income statement, as a result of changes in interest rates in the market. The changes in the market rates also influences fair value if assets and liabilities.

Telenor ASA is exposed to currency risk related to changes in value of NOK compared to other currencies, as a result of debt held in other currencies than NOK. Currency risk also influences the value of Telenor ASA's net investment hedges in foreign countries which will fluctuate accordingly with the changes in the NOK rate.

The company has credit risk related to receivables and financial instruments with positive value against external parties and other companies in the Group.

Telenor ASA applies such derivatives as forward currency contracts, future interest rate swaps and to some extent interest rate options to manage the risk exposure related to changes in currency and interest rates. All derivative contracts are measured at fair value with changes through the income statement. This also relates to derivative contracts kept against the Group accounts. If hedge accounting is applied, the changes in fair value of derivatives can be recognised as other comprehensive income.

See also note 2 'Summary of significant accounting policies' and note 30 'Financial risk management' to the Group's consolidated financial statements where financial risk and accounting of financial instruments are explained in detail.

Fair value of financial instruments

Principles for estimating fair values

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

Fair value hierarchy

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements to financial instruments in the category 'Fair value through profit and loss' (FVTPL) and the category 'Available for sale (AFS):

Level 1: Quoted prices (unadjusted) in active markets for identical financial instruments.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: Inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

The tables below analyses financial instruments by the level in the fair value hierarchy into which the fair value measurement is categorised.

Interest-bearing liabilities

Fair values of interest-bearing liabilities have been calculated using yield curves, which incorporates estimates of the Telenor ASA credit spread. The credit curve has been extrapolated using indicative prices on debt issuance by Telenor ASA for different maturities. The yield curves have been interpolated from cash and swap curves observed in the market for different currencies and maturities.

Trade receivables and other current and non-current financial assets

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 on these financial instruments.

Equity securities

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.

Cash and cash equivalents

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

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 swap curves and exchange rates as of 31 December 2009 and 2008, respectively. Options are revalued using appropriate option pricing models.

NOK IN MILLIONS						Fair values of financial instruments 31 December 2009 per class						
Financial position item	Note	Fair value level	Category	Carrying amount	Fair value	Interest-bearing liabilities	Trade receiva-bles and other current and non-current financial assets	Trade payables and other non-interest bearing financial liabilities	Equity securities	Cash and cash equ-ivalents	Currency swaps and forward contracts	Interest rate swaps and -options
Non-current interest-bearing receivables on Group companies [1]				**65 722**	**65 722**							
			LAR	65 722	65 722		65 722					
Other non-current financial assets	**10**			**1 955**	**1 955**							
External counterparties		2	FVTPL	1 811	1 811						1 797	14
Group counterparties		3	AFS	120	120				120			
External counterparties			LAR	24	24		24					
Trade receivables on Group companies				**254**	**254**							
			LAR	254	254		254					
Trade receivables external				**7**	**7**							
			LAR	7	7		7					
Other current financial assets	**10**			**1 122**	**1 122**							
External counterparties		2	FVTPL	317	317						311	6
Group counterparties		2	FVTPL	42	42						42	
External counterparties			LAR	119	119		119					
Group counterparties			LAR	640	640		640					
External counterparties			NF [4]	4	4							
Liquid assets and short-term placements [2]				**5 586**	**5 586**							
			LAR	5 586	5 586					5 586		
Total – Fair value through profit and loss (FVTPL)				**2 170**	**2 170**							
Total – Available for sale (AFS)				**120**	**120**							
Total – Loans and receivables (LAR)				**72 352**	**72 352**							
Non-current interest-bearing liabilities within the Group				**(18)**	**(18)**							
		2	FVTPL	(18)	(18)						(18)	
Non-current interest-bearing external liabilities [3]				**(25 207)**	**(24 442)**							
			FLAC	(25 207)	(24 442)	(24 442)						
Non-current non-interest-bearing liabilities within the Group				**(271)**	**(271)**							
			FLAC	(70)	(70)			(70)				
		2	FVTPL	(201)	(201)						(201)	
Non-current non-interest-bearing external liabilities				**(316)**	**(316)**							
			FLAC	(6)	(6)			(6)				
		2	FVTPL	(310)	(310)						(310)	
Current interest-bearing liabilities within the Group [1]				**(44 937)**	**(44 937)**							
			FLAC	(44 937)	(44 937)	(44 937)						
Current interest-bearing external liabilities [3]				**(2 324)**	**(2 324)**							
			FLAC	(2 324)	(2 324)	(2 324)						
Drawings from Group accounts [2]				**(4 558)**	**(4 558)**							
			FLAC	(4 558)	(4 558)	(4 558)						
Current non-interest-bearing liabilities within the Group	**13**			**(141)**	**(141)**							
			FLAC	(125)	(125)			(125)				
		2	FVTPL	(16)	(16)						(16)	
Current non-interest-bearing external liabilities	**13**			**(2 843)**	**(2 843)**							
			FLAC	(956)	(956)			(956)				
		2	FVTPL	(73)	(73)						(73)	
			NF [4]	(1 814)	(1 814)							
						(76 261)	**66 766**	**(1 157)**	**120**	**5 586**	**1 532**	**20**
Total – Fair value through profit and loss (FVTPL)				**(618)**	**(618)**							
Total – Financial liabilities at amortised cost (FLAC)				**(78 183)**	**(77 418)**							

1) Non-current interest-bearing receivables on Group companies consist entirely of loans from Telenor ASA's internal bank (Group Treasury) to subsidiaries. Current interest-bearing liabilities within the Group consist entirely of deposits in the internal bank of Telenor ASA from subsidiaries.

2) 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 offset balances in their favour against deposits, so that the net position represents the net balance between the bank and the Group account holder. Liquid assets and short-term placements consist of cash outside the cash pool and short term placements in the money-market with less than 3 months to maturity.

3) For specification regarding external interest-bearing liabilities in Telenor ASA, see note 29 in the consolidated financial statements.

4) The abbreviation NF in the table above is short for non-financial assets and liabilities.

						Fair values of financial instruments 31 December 2008 per class						
NOK IN MILLIONS Financial position item	Note	Fair value level	Category	Carrying amount	Fair value	Interest-bearing liabilities	Trade receiva-bles and other current and non-current financial assets	Trade payables and other non-interest bearing financial liabilities	Equity securities	Cash and cash equ-ivalents	Currency swaps and forward contracts	Interest rate swaps and - options
Non-current interest-bearing receivables on Group companies [1]				**74 530**	**74 530**							
			LAR	74 530	74 530		74 530					
Other non-current financial assets	**10**			**3 891**	**3 891**							
External counterparties		2	FVTPL	3 659	3 659						2 473	1 186
Group counterparties		2	FVTPL	94	94						94	
Group counterparties		3	AFS	120	120				120			
External counterparties			LAR	17	17		17					
Group counterparties			LAR	1	1		1					
Trade receivables on Group companies				**191**	**191**							
			LAR	191	191		191					
Trade receivables external				**8**	**8**							
			LAR	8	8		8					
Other current financial assets	**10**			**987**	**987**							
External counterparties		2	FVTPL	560	560						544	16
Group counterparties		2	FVTPL	32	32						32	
External counterparties			LAR	112	112		112					
Group counterparties			LAR	280	280		280					
External counterparties			NF [4]	3	3							
Liquid assets and short-term placements [2]				**2 381**	**2 381**							
			LAR	2 381	2 381					2 381		
Total – Fair value through profit and loss (FVTPL)				**4 345**	**4 345**							
Total – Available for sale (AFS)				**120**	**120**							
Total – Loans and receivables (LAR)				**77 520**	**77 520**							
Non-current interest-bearing liabilities within the Group				**(49)**	**(49)**							
		2	FVTPL	(49)	(49)						(49)	
Non-current interest-bearing external liabilities [3]				**(29 928)**	**(26 991)**							
			FLAC	(29 928)	(26 991)	(26 991)						
Non-current non-interest-bearing liabilities within the Group				**(87)**	**(87)**							
			FLAC	(87)	(87)			(87)				
Non-current non-interest-bearing external liabilities				**(406)**	**(406)**							
			FLAC	(12)	(12)			(12)				
		2	FVTPL	(394)	(394)						(321)	(73)
Current interest-bearing liabilities within the Group [1]				**(44 308)**	**(44 308)**							
			FLAC	(44 308)	(44 308)	(44 308)						
Current interest-bearing external liabilities [3]				**(10 764)**	**(10 769)**							
			FLAC	(10 764)	(10 769)	(10 769)						
Drawings from Group accounts [2]				**(3 009)**	**(3 009)**							
			FLAC	(3 009)	(3 009)	(3 009)						
Current non-interest-bearing liabilities within the Group	**13**			**(96)**	**(96)**							
			FLAC	(94)	(94)			(94)				
		2	FVTPL	(2)	(2)						(2)	
Current non-interest-bearing external liabilities	**13**			**(1 387)**	**(1 387)**							
			FLAC	(913)	(913)			(913)				
		2	FVTPL	(368)	(368)						(337)	(31)
			NF [4]	(106)	(106)							
						(85 077)	**75 139**	**(1 106)**	**120**	**2 381**	**2 434**	**1 098**
Total – Fair value through profit and loss (FVTPL)				**(813)**	**(813)**							
Total – Financial liabilities at amortised cost (FLAC)				**(89 115)**	**(86 183)**							

[1] Non-current interest-bearing receivables on Group companies consist entirely of loans from Telenor ASA's internal bank (Group Treasury) to subsidiaries. Current interest-bearing liabilities within the Group consist entirely of deposits in the internal bank of Telenor ASA from subsidiaries.

[2] 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 offset balances in their favour against deposits, so that the net position represents the net balance between the bank and the Group account holder. Liquid assets and short-term placements consist of cash outside the cash pool and short term placements in the money-market with less than 3 months to maturity.

[3] For specification regarding external interest-bearing liabilities in Telenor ASA, see note 29 in the consolidated financial statements.

[4] The abbreviation NF in the table above is short for non-financial assets and liabilities.

The table below shows the maturity profile for Telenor ASA's liabilities in nominal values:

NOK IN MILLIONS	Total as of 31.12.09	< 1 year	1–3 years	3–6 years	6–9 years	Not specified
Interest-bearing liabilities						
Bonds and Commercial Paper	26 177	2 311	10 553	4 998	8 315	-
Other interest-bearing liabilities	1 354	13	272	245	824	-
Total interest-bearing liabilities external	**27 531**	**2 324**	**10 825**	**5 243**	**9 139**	**-**
Interest-bearing liabilities Group	44 955	44 937	18	-	-	-
Drawing on Group cash pools	4 558	-	-	-	-	4 558
Total interest-bearing liabilities Group	**49 513**	**44 937**	**18**	**-**	**-**	**4 558**
Non-interest bearing liabilities						
Trade and other payables external	24	24	-	-	-	-
Trade and other payables Group	62	62	-	-	-	-
Other current non-interest-bearing liabilities	2 898	2 898	-	-	-	-
Other non-current non-interest-bearing liabilities	587	-	-	-	-	587
Total non-interest-bearing liabilities	**3 571**	**2 984**	**-**	**-**	**-**	**587**
Total	**80 615**	**50 245**	**10 843**	**5 243**	**9 139**	**5 145**
Future interest payments	**4 510**	**761**	**1 676**	**1 435**	**637**	**-**

NOK IN MILLIONS	Total as of 31.12.08	< 1 year	1–3 years	3–6 years	6–9 years	Not specified
Interest-bearing liabilities						
Bank loan	4 928	4 928	-	-	-	-
Bonds and Commercial Paper	34 604	5 825	8 180	10 734	9 865	-
Other interest-bearing liabilities	1 160	11	6	419	724	-
Total interest-bearing liabilities external	**40 692**	**10 764**	**8 186**	**11 153**	**10 589**	**-**
Interest-bearing liabilities Group	44 357	44 308	49	-	-	-
Drawing on Group cash pools	3 009	-	-	-	-	3 009
Total interest-bearing liabilities Group	**47 366**	**44 308**	**49**	**-**	**-**	**3 009**
Non-interest bearing liabilities						
Trade and other payables external	13	13	-	-	-	-
Trade and other payables Group	55	55	-	-	-	-
Other current non-interest-bearing liabilities	1 415	1 415	-	-	-	-
Other non-current non-interest-bearing liabilities	493	-	-	-	-	493
Total non-interest-bearing liabilities	**1 976**	**1 483**	**-**	**-**	**-**	**493**
Total	**90 034**	**56 555**	**8 235**	**11 153**	**10 589**	**3 502**
Future interest payments	**5 930**	**1 340**	**1 719**	**1 890**	**981**	**-**

NOK IN MILLIONS	2009	2008
External interest-bearing liabilities maturing 5 years after the reporting period	9 175	15 701

For specification regarding external interest-bearing liabilities in Telenor ASA, see note 29 in the consolidated financial statements.

Cash and cash equivalents is included in the statement of cash flows with the following amounts:

NOK IN MILLIONS	2009	2008
Liquid assets and short-term placements as of 31 December	5 586	2 381
Drawings from Group accounts as of 31 December	(4 558)	(3 009)
Cash and cash equivalents as of 31 December	**1 028**	**(628)**

13 // Current non-interest-bearing liabilities

NOK IN MILLIONS	2009	2008
Trade payables to Group companies	62	55
Financial derivatives	16	2
Other current liabilities to Group companies	63	39
Current non-interest-bearing liabilities within the Group	**141**	**96**
Trade payables to external	24	13
Government taxes, tax deductions, holiday pay etc.	110	100
Taxes payable	1 703	-
Accrued expenses	528	842
Accruals for workforce reductions and allowance for losses on contracts	1	6
Prepaid revenues	2	3
Financial derivatives	73	368
Other current liabilities [1)]	402	55
Current non-interest-bearing external liabilities	**2 843**	**1 387**

[1)] Other current liabilities include provisions related to warranties regarding Cinclus Technology AS of NOK 325 million in 2009, see note 6.

14 // Guarantees

NOK IN MILLIONS	2009	2008
Guarantee liabilities	1 219	1 665

The table above does not include purchased bank guarantees where the corresponding liabilities are recorded in the Company's statement of financial position. The guarantee liabilities mainly consist of guarantees issued by the parent company Telenor ASA on behalf of subsidiaries, with NOK 969 million as of 31 December 2009 (NOK 1.4 billion as of 31 December 2008).

As of 31 December 2009 and 2008, guarantees of NOK 2.9 billion (USD 510 million) and NOK 5.7 billion (USD 809 million) respectively, related to "Cross Border QTE Lease" agreements were not included in the table above, see note 32 to the consolidated financial statements.

15 // Contractual obligations

As of 31 December 2009, Telenor ASA had committed purchase obligations. These obligations were primarily agreements that Telenor ASA had entered into on behalf of the Group.

The table below only includes purchase agreements where Telenor ASA has a minimum purchase liability.

NOK IN MILLIONS	2010	2011	2012	2013	2014	After 2014
Committed purchase obligations	71	64	2	1	-	-

16 // 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.

Ownership interest corresponds to voting interest if not otherwise stated.

Shares in subsidiaries

	Office	Share owned in % 2008	Share owned in % 2009	Carrying amount as of 31.12.08 (NOK in millions)	Carrying amount as of 31.12.09 (NOK in millions)
Telenor Networks Holding AS	Norway	100.0	100.0	13 124	13 124
Telenor International Centre AS	Norway	100.0	100.0	-	-
Telenor Intercom Holding	Norway	100.0	100.0	1 279	1 279
Telenor Key Partner AS	Norway	100.0	100.0	49	49
Telenor Communication II AS	Norway	100.0	100.0	466	466
Telenor Mobile Holding AS	Norway	100.0	100.0	13 698	13 698
Dansk Mobil Holding II AS	Norway	100.0	100.0	203	203
Telenor Business Partner Invest AS	Norway	100.0	100.0	1 150	1 150
Telenor Broadcast Holding AS	Norway	100.0	100.0	4 429	4 429
Telenor Eiendom Holding AS	Norway	100.0	100.0	4 159	4 159
Telenor KB AS	Norway	100.0	100.0	-	-
Telenor Forsikring AS	Norway	100.0	100.0	300	300
Maritime Communications Partner AS [1]	Norway	98.9	98.9	172	172
Telenor Services 1 AS	Norway	100.0	100.0	3	3
Telenor GTI AS	Norway	100.0	100.0	1 200	1 600
Total				**40 232**	**40 632**

[1] The remaining shares are owned by Telenor Communication II AS.

Shares in subsidiaries owned through subsidiaries

	Office	Share owned in % 2008	Share owned in % 2009
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 (merged into Telenor Norge AS in 2009) [1]	Norway	100.0	-
Telenor Norge AS (formerly Telenor Telecom Solutions AS) [1]	Norway	100.0	44.5
Telenor Bedrift AS (merged into Telenor Norge AS in 2009) [1]	Norway	100.0	-
Nye Telenor East Invest AS (merged into Telenor Networks Holding AS in 2009)	Norway	100.0	-
TBS Infrastructure AB	Sweden	100.0	100.0
Datametrix AS	Norway	100.0	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 Danmark A/S	Denmark	100.0	100.0
Telenor Communication II AS			
Argos Takes Care of It SA (liquidated in 2009)	Morocco	99.9	-
Telenor Venture IV AS	Norway	51.0	51.0
Telenor Venture VII AS	Norway	100.0	100.0
Telenor Kapitalforvaltning ASA	Norway	100.0	100.0
Aeromobile Ltd (sold to AeroMobile Holding AS in 2009)	Great Britain	83.8	-
Cinclus Technology AS	Norway	66.0	66.0
Smartcash AS	Norway	100.0	100.0
Aeromobile Holding AS (formerly Telenor Start 1 AS)	Norway	100.0	100.0
Telenor Media & Content Services AS	Norway	100.0	100.0

Shares in subsidiaries owned through subsidiaries cont.

	Office	Share owned in % 2008	Share owned in % 2009
TMMH AS	Norway	100.0	100.0
Telenor Austria GmbH (liquidated in 2009)	Austria	100.0	-
Telenor Polska sp.z.o.o	Poland	100.0	100.0
Movation AS (sold in 2009)	Norway	100.0	-
TelCage AS	Norway	100.0	82.0
Telenor Traxion AS (founded in 2009)	Norway	-	100.0
Telenor Objects AS (founded in 2009)	Norway	-	100.0
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 (liquidated in 2009)	Norway	100.0	-
Nye Telenor Mobile Communications II AS	Norway	100.0	100.0
Telenor Mobil AS (merged into Telenor Norge AS in 2009) [1]	Norway	100.0	-
Telenor Norge AS [1]	Norway	-	55.5
Wireless Mobile International AS	Norway	100.0	100.0
Telenor Telehuset AS	Norway	100.0	100.0
Telenor Danmark Holding AS	Denmark	100.0	100.0
OYO AS	Norway	100.0	100.0
Pro Monte GSM	Montenegro	100.0	100.0
Europolitan Telenor AB	Sweden	100.0	100.0
Telenor Start AS	Norway	100.0	100.0
Telenor Connexion Holding AB	Sweden	100.0	100.0
Telenor Business Partner Invest AS			
EDB Business Partner ASA	Norway	51.3	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
Telenor Satellite Broadcasting CEE Region s.r.o.	Czech Republic	90.0	90.0
Conax AS	Norway	100.0	100.0
Premium Sports AS	Norway	100.0	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
Ègetvølgy Zrt	Hungary	100.0	100.0
Other significant subsidiaries			
Telenor Sverige AB	Sweden	100.0	100.0
Sonofon AS	Denmark	100.0	100.0
DiGi.Com Bhd	Malaysia	49.0	49.0
Pannon GSM RT	Hungary	100.0	100.0
Telenor d.o.o.	Serbia	100.0	100.0
Telenor Pakistan BV Ltd	Pakistan	100.0	100.0
Total Access Communications Plc. (DTAC)	Thailand	65.5	65.5
Grameenphone Ltd	Bangladesh	62.0	55.8
Unitech Wireless Private Limited [2]	India	-	49.0

[1] At the end of 2009, the companies Telenor Telecom Solutions AS, Telenor Mobil AS, Telenor Business AS and Telenor Privat AS have merged with Telenor Telecom Solutions AS as the acquiring company. The merged company has changed its name to Telenor Norge AS. Telenor Mobile Holding AS has received shares in Telenor Norway AS as merger consideration for shares in Telenor Mobil AS.

[2] Unitech Wireless in India consists of 8 separate companies.

Responsibility Statement

"We confirm that, to the best of our knowledge, the consolidated financial statements for the year ended 31 December 2009 have been prepared in accordance with IFRS as adopted by the EU, and that the financial statements for the parent company for the year ended 31 December 2009 have been prepared in accordance with the Norwegian Accounting Act and simplified IFRS in Norway, give a true and fair view of the Company's and Group's assets, liabilities, financial position and results of operations, and that the Report of the Board of Directors gives a true and fair review of the development, performance and financial position of the Company and the Group, and includes a description of the principle risks and uncertainties that they face."

Fornebu, 23 March 2010

Harald Norvik
Chairman

John Giverholt
Vice-Chairman

Sanjiv Ahuja
Board member

Kjersti Kleven
Board member

Olav Volldal
Board member

Liselott Kilaas
Board member

Dr. Burckhard Bergmann
Board member

Barbara Milian Thoralfsson
Board member

Harald Stavn
Board member

Brit Østby Fredriksen
Board member

Bjørn André Anderssen
Board member

Jon Fredrik Baksaas
President & CEO

Auditor's Report for 2009

Statsautoriserte revisorer
Ernst & Young AS

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Medlemmer av Den norske Revisorforening

To the Annual Shareholders' Meeting of
Telenor ASA

Auditor's report for 2009

We have audited the annual financial statements of Telenor ASA as of 31 December 2009, showing a net income of NOK 3 316 million for the Parent Company and a net income of NOK 10 104 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 net income. The financial statements comprise the financial statements for the Parent Company and the Group. The financial statements of the Parent Company comprise the statements of income, comprehensive income, financial position, cash flows and changes in shareholders' equity as well as the accompanying notes. The financial statements of the Group comprise the statements of income, comprehensive income, financial position, cash flows and changes in equity as well as 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 2009, and the results of its operations, cash flows and 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 2009, and the results of its operations, cash flows and 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 net income is consistent with the financial statements and complies with law and regulations.

Oslo, 23 March 2010
Ernst & Young AS
Erik Mamelund
State Authorised Public Accountant (Norway)
(sign.)

Note: The translation to English has been prepared for information purposes only.

A member firm of Ernst & Young Global Limited

Statement from the Corporate Assembly of Telenor ASA

On 24 March 2010, 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 Statements for Telenor Group and Telenor ASA for 2009 as presented to the Corporate Assembly by transfer of NOK 3,316 million to retained earnings and payment of NOK 2.50 per share as dividend.

Financial Calendar 2010

Wednesday 5 May	Presentation of results for the 1st quarter 2010
Wednesday 19 May	Annual General Meeting 2010
Wednesday 21 July	Presentation of results for the 2nd quarter 2010
Wednesday 27 October	Presentation of results for the 3rd quarter 2010

telenor
group

telenor	Norway
telenor	Denmark
telenor	Sweden
pannon	Hungary
promonte	Montenegro
telenor	Serbia
KYIVSTAR	Ukraine
VimpelCom	Russia
grameenphone	Bangladesh
dtac	Thailand
telenor	Pakistan
uninor	India
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