telenor group

Annual Report 2014

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Dear shareholder,

Telenor Group's performance in 2014 confirms our position as one of Europe's fastest growing telcos, with organic revenue growth of 5% during the final quarter and 3% for the full year. Telenor reported revenues and earnings in line with our guidance for the year. During 2014, we added 20 million new mobile subscribers, taking the total number of customers to 186 million. Telenor had a solid operating cash flow of NOK 21 billion, a strong balance sheet and we generated another year of competitive shareholder remuneration.

The mobile industry is in the midst of transformation. We have witnessed the move from fixed communication to mobile, a shift that is redefining both the telecom industry and society at large, and now we are traversing through times of digital disruption. Competition continues to emerge from new players, the agile internet companies that rise quickly and attract the masses. That coupled with the already intense competition within the industry makes for an exciting and challenging playing field. Mobile operators are confronted with the question of what type of company they should become. The world is going digital and we both enable and drive it.

Telenor's answer to this is and will continue to be very clear. We will focus on what is important to our customers. Our position and relationship with the customer is key, and we continue to place great importance on our retail position. The customer shall be at the center of everything we do. Telenor has three clear strategic ambitions: Internet for All, Loved by Customers, and Efficient Operations.

We strive to connect our more than 186 million mobile customers to the services they want and need. To meet this growing demand, we need to continue the significant investments in our networks and infrastructure. With the foundation of strong network capacity, we can build and add attractive services that make our customers' lives easier and create opportunities. We see new emerging services doing just that, including photo storage Capture in Norway and financial service Telenor Banka in Serbia.

We also entered into an expanded joint venture with Naspers Ltd., Schibsted ASA and Singapore Holdings Ltd. on online classifieds in key markets, including Thailand and Bangladesh. By exploring new services on our own and also partnering with others, Telenor is transforming itself into something more than a provider of connectivity.

Perhaps this year's greatest transformation happened in Myanmar, where millions of people discovered the power of mobile connectivity. It is here, in this relatively untapped market, that we can truly see the enormous impact of a mobile phone and how it can empower societies. Myanmar has skipped the traditional development path seen in more mature markets and is leapfrogging directly into the digital age.

The internet is mobile, and with it comes both economic and social possibilities with tremendous development potential. At the same time we must be aware of the possible challenges related to the increased use of mobile and internet services. Issues related to privacy, cyber-security and political monitoring are all high on the global agenda. These are complex issues that need to be handled by our industry and society at large.

In Norway, the rising number of 4G-enabled handsets, along with our investments in network expansion have resulted in strong mobile service revenue growth. For the first time there are more 4G phones in Telenor's Norwegian network than 3G phones, and our customers have more than doubled their data use in the past year.

In Thailand, 2014 was a challenging year for us, with intense competition. However, dtac has taken corrective measures to strengthen its market position and return to growth, and we are seeing early signs of improvement following the introduction of a cluster-based operating model, attractive market offerings and a network improvement programme.

Our investment in VimpelCom Ltd. has been under pressure in 2014. VimpelCom's performance was negatively impacted by both the geopolitical crisis in the Ukraine and the sharp decline in the ruble, as well as operational challenges in its key markets. As a minority shareholder in VimpelCom, we take the investigation into VimpelCom's investments in Uzbekistan very seriously. We continue to cooperate with the investigating authorities as a witness. During my tenure as CEO of Telenor, I have always emphasised that we run our business in an ethical and responsible way. This has been, and is, the Telenor Way. It is our trademark and our business culture.

We have the capabilities to continue on the path of profitability and transformation, and we will do so in the Telenor Way of doing business. Our vision, mission, values and ethical foundation, as well as our people, are at the core of everything we do, in all of our markets. It's what enables us to tackle oncoming industry and socio-economic challenges. And it's also what keeps us agile, urges us to take new steps and capture new opportunities to fuel further growth.

Jon Fredrik Baksaas
President & CEO of Telenor Group


CALVIN

Report from the Board of Directors 2014

From left: **Svein Aaser** / Chairman **Jon Erik Reinhardsen** / Board member **Brit Østby Fredriksen** / Board member, employee representative **Burckhard Bergmann** / Board member **Frank Dangeard** / Deputy Chairman

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The telecom industry is currently in transition. The move from voice to data is on, which is resulting in significant changes to our ecosystem. Through this journey, Telenor Group is committed to the customers and their needs. Telenor continues to prove its ability to launch new and relevant services, stay agile and remain innovative. In 2014, Telenor experienced growth and solid financial results, and the company will keep its focus on growing profitability in the year to come,

Svein Aaser, Chairman of the Board

From left: **Sally Davis** / Board member **Bjørn Andre Anderssen** / Board member, employee representative **Marit Vaagen**/ Board member **Harald Stavn** / Board member, employee representative **Barbara Milian Thoralfsson** / Board member **Dag J. Opedal** / Board member

Key figures 2014

- 3% organic revenue growth
- 20 million new subscribers, taking the total to 186 [1)] million
- Revenues of NOK106.5 billion
- EBITDA before other income and other expenses of NOK37.7 billion
- Operating cash flow of NOK20.8 billion
- Proposed dividend NOK7.30 per share, of which NOK3.80 shall be paid in June and NOK3.50 in November

2014 was a year of delivering connectivity and new services across Europe and Asia: Telenor Group connected its first customers in Myanmar in September, and opened its first wholly-owned financial institution, Telenor Banka, in Serbia. The company also agreed to merge its mobile operations with TeliaSonera AB in Denmark, and entered into an expanded joint venture with Naspers Ltd., Schibsted ASA and Singapore Holdings Ltd. on online classifieds.

Making a local impact

Telecommunications continues to play an increasingly important role in people's lives. As a result, expectations to Telenor Group's business and the industry at large are increasing. Telenor sees business opportunities in delivering vital infrastructure and services, in areas such as mobile financial services and mobile healthcare. Such services are made possible through mobile connectivity and the relationship with customers, and they are based on local needs.

Telenor views these types of services that drive local impact as enablers to its overall corporate strategy - Internet for All, Loved by Customers and Operational Efficiency - and as a means of bringing positive change to the societies where it operates.

Vital for society

Due to the growing reliance on telecommunications around the world, it is a top priority for Telenor to deliver on its core business. Telenor is focused on maintaining and upgrading its networks to ensure reliability and the best quality for its customers.

Telenor provides infrastructure that is increasingly critical to society. This is shown especially during natural disasters, such as flooding in Serbia, storms in Norway and monsoons in Pakistan, when the vulnerability of society is exposed if communications fail.

Connecting Myanmar

Telenor Group is committed to providing accessible and affordable communications to the people of Myanmar. Myanmar has leapfrogged from limited connectivity to 2G and 3G within one year. As telecom services become available throughout the country and to the mass market, other industries may rise and societal advancements in education, healthcare and increasing living standards may follow.

1) Including Denmark

Telenor Group is able to contribute to the development by providing infrastructure that will drive connectivity and new opportunities for Myanmar. Telenor will steadily introduce products and services in Myanmar that will include everyone in the country's digital future. At the end of 2014, Telenor Myanmar had 3.4 million mobile subscribers.

Secured spectrum

In other markets, Telenor continues to seek new spectrum in order to provide better connectivity and services. Telenor's business and success depends largely on the supply of spectrum made available for mobile services.

In April 2014, Telenor Pakistan was granted 3G spectrum in the country's first-ever next-generation auction conducted by the Pakistan Telecommunication Authority, becoming the fourth of Telenor's six operations in Asia to hold 3G network infrastructure. In addition, Telenor's Indian operation (now 100 per cent owned by Telenor Group) confirmed that it successfully acquired additional spectrum in the 1800 megahertz (MHz) band in four of its six existing circles in February 2014. This has strengthened its competitive advantage as a cost efficient operator and enabled the company to offer affordable mobile services to even more customers. In Europe, Telenor Hungary acquired additional spectrum in September 2014.

The Norwegian Post and Telecommunications Authority announced in December 2013 that Telenor's bid for the 800 megahertz frequency band had been accepted. Throughout 2014, Telenor focused on improving infrastructure in its home market of Norway, with greater indoor coverage in rural areas of the country.

Innovation

Providing people with affordable smartphones and internet connectivity is an important catalyst for growth and development, as well as deploying scalable and commercial models for financial services, health, agriculture and education.

Telenor merged its Strategy and Digital units during 2014, bringing digital development even closer to its core. Telenor's digital arm aims to develop globally scalable solutions in the areas of communication services, cloud services, e-commerce and the Internet of Things (which offers advanced connectivity of devices, systems, and services). It also enables global distribution of its own and third-party services and supports new ventures within digital entrepreneurship.

Mobile financial services

Based on the experience from Easypaisa in Pakistan (the venture between Telenor Pakistan and Tameer Microfinance Bank), Telenor Group launched mobile financial services in Thailand (Jaew) and Telenor Banka in Serbia in 2014. Mobicash in Bangladesh entered into partnerships with six banks to register and serve bank customers.

Easypaisa reached 12 million customers and launched a combined savings and insurance product and ATM cards, moving beyond person-to-person money transfer. In Norway, Telenor is in partnership with local banks driving the mobile wallet and cashless payment Valyou. Towards the end of the year, Telenor also launched financial services via its Telenor MyCard and MyWallet offering in Hungary.

Own services and partnerships

In 2014, the new cloud storage service Capture was launched in Norway, Serbia and Montenegro, and it will be also rolled out in other Telenor markets. Video conferencing service appear.in is the fastest growing global service in Telenor with users in 196 countries.

Building on its entry into online classifieds in 2013, Telenor joined Naspers Ltd., Schibsted ASA and Singapore Press Holdings Ltd. at the end of the year in establishing joint ventures for the development of their online classifieds platforms in four key markets - Brazil, Indonesia, Thailand and Bangladesh.

Telenor Connexion, provider of connected business solutions, continued to deliver strong results within the Internet of Things segment in 2014, and Telenor Group has continued to collaborate with its global strategic partners such as Facebook, Opera, Google, Wikipedia and Twitter.

Research

Telenor Group's research unit has strengthened its focus on consumer and market dynamics, big data, service and organisational innovation, smart future networks, identity, and digital services.

A key ambition in Telenor is to increase both customer satisfaction and customer loyalty. Through Telenor Research, the company develops insight and competence on current and future customer behaviour and preferences. Research by Telenor on the contested issue around «net neutrality» has been important in the public debate, while further research on service innovation has led to a full roll-out of customer journey mapping and service design.

In 2014, Telenor Research finalised a four-year project with several external partners on near field communication (NFC) ecosystems. In addition, Telenor Research is now a member of several new research consortia in the EU-financed Horizon 2020 program on 5G; research needed to understand how future network technologies will affect Telenor and the mobile industry at large.

Through an open innovation model, Telenor Research is collaborating with the Harvard School of Public Health, Flowminder and UN Global Pulse to use telecom data for social good. The aim is to better understand how to meet societal development needs. During 2014, work was done on using telecom data in understanding country-wide spreading of infectious diseases, as well as investigating human movement during and post natural disasters.

During 2014, Telenor Research also continued to build relationships with Norwegian academia, such as NHH, NTNU and the University of Oslo. Research is also conducted through extended partnership programmes with several international institutions, including MIT, Harvard, Northeastern and Cambridge, as well as the Institute on Asian Consumer Insight.

Innovation is crucial to the evolution of Telenor's business models and to improve operations in today's data and customer-centric age. In 2014, Telenor spent NOK 3.1 billion on innovation, of which NOK 0.5 billion were costs related to research and development. In comparison, the total spend on innovation was NOK 2.8 billion in 2013, of which 0.4 billion were costs related to research and development.

Responsible business practices

To successfully navigate in the changing and often challenging environment around Telenor and to build an organisation that will be able to capitalise on the opportunities, the company has defined a strong platform for future growth. This is summarised in the Telenor Way, which is comprised of the company's vision, its mission, values, leadership attitudes and code of conduct. It defines the company's aspirations and sets the standard for how Telenor does business.

This year, Telenor launched a revitalised Telenor Way and a renewed effort to promote the Telenor Way in all of its business units. This was done through working sessions, leadership dialogue and employee events.

Telenor's culture and the Telenor Way are making its most visible impact in Telenor's newest markets, namely Myanmar and Bulgaria. In 2014, GLOBUL completed its rebranding to Telenor, with a new look, feel and way of working. Walls were literally torn down in the Telenor Bulgaria building, a visible way of marking the culture of Telenor. From their first day on the job, all Telenor Myanmar employees were on-boarded in the Telenor Way of working, educating them not only in the company's vision and mission, but also in ethical conduct and maintaining an open and transparent culture.

Telenor also aims to address the possible negative impacts of the increasing use of the internet. The initiative «Safe Internet» is a top priority for Telenor and the company actively runs projects in all of its business units to deliver safer experiences for children and young adults. This is mostly done by Telenor bringing the safe internet messaging and education directly to children. Through its experiences with safe internet and outreach programmes in Norway, Malaysia, Serbia, Sweden and Montenegro, Telenor believes that building alliances with capable organisations and local government is crucial.

Telenor will also continue to focus on customer privacy going forward. All customer data are handled confidentially and in accordance with laws, regulations and our own standards and policies, in order to prevent unauthorised access or use that is beyond what Telenor has agreed with the customer. This responsibility also involves respecting human rights, and working to mitigate potential negative impacts on rights such as privacy and freedom of expression. The company's privacy commitments apply to all of Telenor Group's services, and to all kinds of personal data for which Telenor Group is responsible for processing. Telenor also engages with stakeholders through e.g. the Telecommunications Industry Dialogue on Freedom of Expression and Privacy on challenges relating to authorities' access to customer information.

Internet for All opportunity in Asia and Europe

One of Telenor Group's strategic ambitions is to accommodate the customers' move from a voice-centric past to an internet-centric future. This change in consumer behaviour is both an opportunity for growth and a challenge due to social and security-related risks that come with increased connectivity and changing customer expectations.

Across all of Telenor Group's business units, Internet for All is a real and pragmatic ambition that drives the company's daily activities. Telenor enables use of the mobile internet with modern networks, stimulates use by educating consumers about the benefits, and monetises use with pricing mechanisms that are designed for customer understanding.

In Malaysia, Digi demonstrates how Internet for All can transform the core business model of a mobile operator by claiming an early and clear internet position in its market. Among its roughly 11 million customers, some 47 per cent are smartphone users and 53 per cent are internet users.

dtac in Thailand serves a population with a large appetite for data services. In 2015, smartphone penetration is expected to pass 50 per cent, up from 37 per cent in 2014 [2)]. In response, dtac aims to deliver the best internet network in metropolitan Bangkok and 30 major cities by expanding its 3G and 4G network. By working closely with major content partners such as Facebook and LINE, dtac targets even greater use of internet services.

In early 2014, Uninor in India launched an Internet for All offer aimed at providing affordable internet services to large and often unconnected populations in its circles. With new bundling and pricing offers of popular services such as WhatsApp and Facebook, Uninor is able to attract new customer segments who want to experience the internet over their 2G network.

In 2014, the rollout of 3G services gained momentum in Bangladesh. Of Grameenphone's customer base of 50 million, 20 per cent are active data users. The company works to stimulate further adoption by launching internet packages and affordable handsets to the country's young population. The average revenue per user is higher among data users than among non-data users.

In Telenor's European markets including Scandinavia, the company is focused on securing spectrum and upgrading networks, increase smartphone penetration, stimulating usage through selected third-party and own developed services and growing profitability through data centric price plans.

Efficient Operations

Telenor Group continues to focus on increasing efficiency and improving how customer-facing and operational processes are run. A better cost position will provide the company with the strength and capacity to invest in a better customer experience and in turn, improve growth and value creation.

In order to drive profitable data growth, Telenor will continue to invest in networks, provide and develop relevant offerings and healthy pricing, as well as reduce legacy cost by modernising products, processes and IT systems. Telenor is progressing on its cost efficiency agenda and targets gross savings of NOK 5 billion in the period 2013 to 2015. Total operating expenses were NOK 40 billion in 2014.

The migration to the new 3G licence in Thailand continues to drive regulatory cost savings, while the completion of the network modernisation in Bangladesh has resulted in reduced operations and maintenance costs for Grameenphone in 2014. As in previous years, Telenor aims to further reduce energy costs in its networks, as these represent around 80% of Telenor's total energy consumption.

In its less developed markets, Telenor remains committed to rolling out services and networks as cost efficiently as possible. In its mature market portfolio the company is focused on simplifying products and offerings, as well as on redesigning processes and IT-systems. New data demand results in new requirements to networks, and Telenor is employing networks that are higher-performing and more efficient.

Telenor's cluster approach, which was formed in 2011 in India, is now shared across many of the company's markets. The model is a granular division of country geographies into many small territories. It devolves daily execution allowing operational expenditure and capital expenditure to be deployed into small targeted areas. The approach aims to make it easier to follow up and improve sales; increase utilisation rates of base stations, implement local feedback of quality-of-service issues, as well as requests for capacity and coverage expansion. The highly localised model allows Telenor to collect information and adjust performance based on an understanding of specific local issues.

The company also continues to utilise network sharing to improve cost and quality positions. Extensive network sharing agreements are already in place in Sweden and Denmark. Towards the end of last year, Telenor and TeliaSonera entered into an agreement to merge their Danish operations into a new joint venture, building on the already existent network sharing partnership. The joint venture will result in cost savings and will thereby enable increased investments in networks to benefit customers.

Supporting local businesses and running global operations

Telenor Group drives industrialisation and operational excellence by leveraging the company's global footprint.

[2)] IDC figures

Telenor is transforming its IT structure to become an enabler for superior customer experiences. Improving how Telenor runs IT is important in order to reduce cost and improve agility.

Telenor aims to have cost efficient operations with operational synergies across borders through performance management; efficiency improvements across its business units; and global activities such as Global Shared Services, Global Sourcing, Global Traffic, Global Backend and Telenor Common Operation.

Last year, Telenor through Global Sourcing achieved significant operational savings by driving projects in the business units, such as the network swap in Bulgaria, roll-out and launch in Myanmar and implementation of the TV platform in Telenor Sweden.

In Europe, Telenor has established Telenor Common Operation, which provides network and IT operation, maintenance and data center services to Telenor in Hungary, Montenegro, Serbia and Denmark, as well as to Telenor Global Services.

In 2014, Telenor completed the implementation of one common system for human capital management for all employees, in addition to implementing a new operating model that has transferred business support functions to a global vendor in Asia. A Global Traffic unit was established in May to improve the Group's value creation in international traffic and roaming in the Telenor Group.

New capability and methodology building was stepped up in all markets in 2014. A Net Promoter System has been implemented uniformly across all markets, giving the company a better foundation for sharing best practices in customer experience management.

Higher growth relies on the ability to win new and retain existing mobile subscribers, and to strengthen the ties between Telenor and its customers – delivering what they truly value. Solid insights are needed to create more targeted product and price packages that aim to improve the customer experience and retention, and drive cost efficiency.

Last year Telenor started to deploy service design methodology and to bring the customer voice to the core of all developments. A competence hub was established in Asia to exploit and deploy insight-driven, customer-oriented «Big Data» capabilities.

People Development

By year-end 2014, Telenor Group employed about 35,000 people across 13 markets. This workforce represents great diversity, in regards to nationality, education, gender, age and cultural background. Some 25 per cent of Telenor ASA's employees are non-Norwegian, 36 per cent of the total workforce is female and the share of women in managerial positions is 26 per cent, up from 21 per cent last year. The share of women in the Board of Directors remains at 36 per cent. In 2014, the sickness absence rate for the whole Telenor Group was 1.5 per cent.

To support Telenor's business and organisational ambitions going forward, Telenor's aim is to further develop a differentiated culture, ensure unrivalled competence and develop an adaptable organisation.

Developing leadership and expert talents is prioritised by Telenor and is systematically implemented. Concrete development programmes with competency hubs have been set up in Telenor Pakistan; and regional hubs have been established for Digital Distribution and Customer Insights. Telenor's own development academy added more programmes to cater for development needs of leaders and experts. In 2014, Telenor also started offering a Women Leadership Programme, targeting female students in Norway, to nurture future female leaders.

Telenor continues its focus on improving adaptability and agility of the organisation to foster innovation and future growth. The approach has been to improve awareness, develop competence and platforms, and ensure the right environment across markets. Telenor's change management methodology and toolbox was developed and comprehensive training was conducted to enable and ensure consistency across group.

For a global company, integrated talent mobility (skills, experiences, placements) is key for sustainable business success. Due to extensive internal mobility in Telenor, Telenor GO, (a mobility management company) has been established with an office in Singapore. Starting in October 2014, the ambition is to make it fully operational by early 2015.

Telenor continues to operate its Open Mind program, established in 1996, making it easier for people with physical disabilities or immigrants with higher education to enter employment, by offering comprehensive internship programs with active coaching and mentoring.

Employee engagement continues to be a key focus, following the Employee

Engagement Index (EEI) ambitions for 2014 to 2016. Steady EEI growth since 2012 amidst group-wide organisation development initiatives show that the focus and effort give results.

Telenor values and promotes employee involvement and interaction. Significant steps were taken with Digi to finalise a collective bargaining agreement with its Union, and Telenor Bulgaria became a member of the Telenor Works Council Europe, a forum where management employee representatives can share information on significant developments in the company.

Financial information

Revenues in 2014 were NOK 106.5 billion, a reported growth of 7.5% compared to NOK 99.1 billion in 2013. The organic revenue growth of 3% was the result of strong performance in the Norwegian operation, improved growth in India and continued positive development in Bangladesh and Malaysia. The reported revenue growth was higher than the organic revenue growth, due to the depreciation of the Norwegian Krone towards most of the business units' reporting currencies, the inclusion of the acquired mobile business in Bulgaria and the internet and cable business in Sweden. Positive currency effects on revenues amounted to NOK 2.3 billion.

EBITDA [3] before other income and expenses increased by NOK 2.9 billion to NOK 37.7 billion, while the corresponding EBITDA margin of 35.4% improved slightly from 2013 driven by positive contribution from India, Bangladesh and Pakistan in addition to the full-year effect of the inclusion of the Bulgarian operation.

The operating profit was NOK 25.0 billion compared to NOK 21.1 billion in

Norway – creating value from increasing data usage

Norway is a technologically advanced country and Telenor Norway has taken an active role in this development by building critical network infrastructure and introducing new products and services (e.g. smart technology, health care products). Moreover, recent events in Norway have revealed that the country has become vulnerable to extreme weather and that there is a need for robust infrastructure combined with emergency preparedness.

One third of Norwegians work outside the office, hence capacity and coverage is vital. The company has equipped 2500 base stations across Norway with 4G coverage over the past two years, giving more than 80 per cent of the population access to 4G. Data traffic in Telenor Norway's mobile network has increased by 80 per cent in the past year and for the first time ever there are more 4G phones in Telenor's Norwegian network than 3G phones. Similarly, data traffic in the fixed network increased by 50 per cent. The majority of data traffic still occurs over the fixed network, with traffic over mobile network accounting for 2-3 per cent of the total data traffic. It remains important for Telenor Norway to strengthen its fixed position and modernise its infrastructure, while retaining a strong mobile position.

Telenor Norway will continue to invest in fixed and mobile network infrastructure to meet high customer demands and expectations for data capacity and coverage. The acquisition of 800 Mhz spectrum - to increase coverage of 4G together with data-centric mobile pricing plans - has been a successful way to capture growth and increase revenue. The planned work to reduce operational expenses and modernise the infrastructure is proceeding as planned. These efficiency improvements will benefit the users and future investments. Furthermore, Telenor Norway will work strategically to reduce the digital gap in society by helping customers get online and become confident in using technical devices such as tablets and smartphones.

The 4G developments, increased focus on fibre and the successful upselling from ADSL to VDSL demonstrate how Telenor Norway continues to deliver high quality on mobile and fixed network solutions. To ensure freedom of choice for customers Telenor Norway announced a decision to de-bundle the sale of broadband access and TV in the near future.

New fibre market regulation was introduced at the end of 2014, and it was decided that Telenor Norway has to open for access to its fibre network.

[3] See definition and reconciliation of EBITDA in note 5 to the consolidated financial statements

2013. Profit before taxes was NOK 19.5 billion compared to NOK 17.6 billion in 2013. Share of net income of associated companies in 2014 was NOK -3.8 billion compared to NOK -1.2 billion in 2013. Net financial expenses decreased slightly to NOK 1.7 billion from NOK 1.9 billion in 2013. Income taxes in 2014 were NOK 6.6 billion, up from NOK 5.7 billion in 2013. Net income to shareholders of Telenor ASA in 2014 was NOK 9.1 billion, or NOK 6.03 per share. The corresponding figure for 2013 was a net income of NOK 8.7 billion, or NOK 5.74 per share.

Total investments in 2014 amounted to NOK 24.0 billion, of which NOK 22.5 billion were capital expenditure (capex) and NOK 1.5 billion were investments in businesses. The total capex increased by NOK 5.9 billion compared to 2013. When excluding investments in new spectrum and licences in 2014 of NOK 5.7 billion in total, capex increased by NOK 2.6 billion. Capital expenditure as a proportion of revenues, excluding licences and spectrum, increased from 14.3% in 2013 to 15.8% in 2014.

Net cash inflow from operating activities during 2014 was NOK 33.9 billion, a decrease of NOK 3.1 billion compared to 2013. This is mainly explained by a NOK 8 billion reduction in dividends received from VimpelCom Ltd. This effect was partially offset by higher EBITDA before other income and other expenses of NOK 2.9 billion, improved working capital by NOK 1.8 billion and lower income tax paid of NOK 0.3 billion.

Net cash outflow to investing activities during 2014 was NOK 21 billion, an increase of NOK 0.4 billion compared to 2013. The increase is mainly explained by higher investments in network assets and licences of NOK 5.1 billion, acquisition of Tele2's fibre and cable business and investments in online classifieds joint ventures of NOK 1.4 billion. Those effects are partly offset by the acquisition of Globul in Bulgaria of NOK 4.5 billion and investment in online classifieds joint ventures of NOK 1.5 billion in 2013.

Net cash outflow to financing activities during 2014 was NOK 13.9 billion. This is mainly explained by dividends paid to shareholders in Telenor ASA of NOK 10.6 billion and to non-controlling interest of NOK 3.4 billion, share buyback of NOK 1 billion, partially offset by net proceeds from borrowings of NOK 1.1 billion.

Cash and cash equivalents decreased by NOK 0.1 billion during 2014 to NOK 11.9 billion as of 31 December 2014.

At the end of 2014, total assets in the consolidated statement of financial position amounted to NOK 193.8 billion, with an equity ratio (including non-controlling interests) of 35.3% compared to NOK 181.0 billion and 43%, respectively, at the end of 2013. Total non-current liabilities at the end of 2014 were NOK 72.0 billion compared to NOK 59.6 billion at the end of 2013. Net interest-bearing liabilities increased from NOK 39.4 billion at the end of 2013 to NOK 47.1 billion by the end of 2014. Dividends of NOK 10.6 billion were paid out to shareholders of Telenor ASA in 2014. In the Board's view, Telenor Group has a satisfactory financial position. In accordance with section 3-3a of the Norwegian Accounting Act, the Board confirms that the prerequisites for the going concern assumption exist and that the financial statements have been prepared based on a going concern basis.

Telenor's annual report for 2013 contained a financial outlook for 2014 not including the operation in Myanmar, which was later specified and updated in the quarterly reports. The full year results exceeded the outlook with organic revenue growth of 3%, EBITDA margin before other items of 35% and capex to sales of 14.5%.

Telenor Group operations

Telenor Group's operations are situated in seven European countries and six countries in Asia stretching from Pakistan in the west to Malaysia in the east. In addition, Telenor Group also holds an economic stake of 33% in VimpelCom Ltd. The operations in Norway and Sweden offer fixed telecommunication services as well. The Group's core business also includes Telenor Broadcast, which has a leading position in the Nordic market for TV services and satellite broadcasting.

Telenor Denmark is classified as held for sale and presented as discontinued operation following the proposed joint venture with TeliaSonera currently subject to approval by the European Commission.

Please note that all comments below are based on the development in local currency for 2014 compared to 2013, unless otherwise stated. EBITDA is EBITDA before other income and other expenses, unless otherwise stated.

Norway

The Norwegian mobile market has throughout 2014 become data centric, with voice and messaging being complimentary for the majority of the customers. Competition now revolves around 4G network coverage and data speed, and data buckets and value-added services included in mobile tariffs. The customer base remained stable and by the end of the year, the number of mobile subscriptions was slightly above 3.2 million. The share of active data users increased to above 69% and the median data usage more than doubled compared to the previous year, following expansion of the 4G network and the number of 4G mobile phones surpassing 3G phones.

Total revenues increased by 4%. Revenues from the mobile operation increased by 8%, mainly as a result of strong growth in data usage and customers choosing subscriptions with larger data buckets. Fixed revenues remained unchanged as increased revenues from internet, TV and data services offset the continuing decline in fixed telephony and wholesale revenues. The EBITDA margin remained stable at 43%, as the growth in mobile service revenues offset a declining contribution from fixed telephony and increased operating expenditure. In 2014, Telenor Norway invested more than NOK 4.2 billion in infrastructure for fixed and mobile services. 4G population coverage increased to 84%. Throughout the year, Telenor Norway increased the total fibre footprint and customer base to a total of 109.000 subscribers.

Sweden

Telenor Sweden continued to promote data centric and shareable mobile subscriptions in the market in 2014. Sweden is one of the most mature telecommunications markets in the world and the smartphone penetration surpassed 80%, while the median data consumption for a smartphone user is close to 1 GB per month. In January 2014, Telenor Sweden completed the acquisition of Tele2's residential fibre and cable TV business, and thus significantly strengthened the position as one of the leading providers of broadband and digital TV services in Sweden. Revenues in local currency increased by 5%. Adjusted for the acquisition of Tele2's fixed business, revenues were stable. Revenues from the mobile operation increased by 2% driven by higher subscription and traffic revenues. Revenues from fixed operations increased by 16%, but declined 5% organically due to a continued reduction in the number of telephony and DSL subscriptions. The EBITDA margin was stable at 30% in 2014. Adjusted for the acquisition of the fixed business, Telenor Sweden improved the EBITDA margin by 1 percentage point due to improved gross profit and improved cost efficiency.

Capital expenditure increased by 9% as a result of continued IS/IT investment, integration of the acquired fixed business, and continued high activity related to the 3G swap and improvement of 4G capacity and coverage. In Sweden, Telenor and Tele2 have a network and spectrum sharing agreement for 2G and 4G through the infrastructure joint operation Net4Mobility. For the 3G network, Telenor has a sharing agreement with Hi3G Access through the joint operation 3GIS.

Broadcast

In the Nordic market for TV services, Telenor Broadcast maintained its leading position in 2014. Adjusted for the divestment of Conax in the first quarter of 2014, revenues increased by 1%. EBITDA before other income and other expenses increased by 2%, and the EBITDA margin remained stable at 31%. Capital expenditure decreased mainly due to lower digital audio broadcasting (DAB) network investments in Norkring in Norway, partly countered by capex related to ground equipment preparations for the launch of the satellite Thor 7.

Hungary

After most macroeconomic indicators hit their lowest point in 2012, the trends have largely turned in 2013-14, and the economy has started to grow. At the end of 2014, Telenor Hungary had 3.3 million mobile subscriptions and 39% of Telenor's customers were smartphone users. Telenor experienced a 2% revenue growth in local currency, mainly due to higher sale of mobile phones. The EBITDA margin in 2014 was 32%, a 2 percentage points decline compared to 2013. The decrease was mainly related to increased subsidies for mobile phones and higher operating expenses. The capital expenditure excluding licences increased by 21% compared to 2013, with the major part relating to rollout of 4G network. NOK 860 million was paid for new spectrum in the 800 MHz, 900 MHz and 2600 MHz frequency bands. The new licences will be valid until 2034.

Bulgaria

In November 2014, the Bulgarian operation was re-branded from Globul to Telenor, and new and simplified subscriptions were launched. At the end of 2014, Telenor Bulgaria had 3.9 million mobile subscriptions, of which 31% were smartphone users. Revenues for 2014 in local currency decreased by 4%, mainly driven by reduced sale of mobile phones. Telenor is estimated to have kept its revenue market share in 2014 despite a very competitive market. The EBITDA margin increased by 4 percentage points to 38% due to an improved gross margin and good progress on efficiency programmes.

Montenegro & Serbia

In 2014, both the Serbian and Montenegrin economy continued with challenging macroeconomic conditions. Competition in the mobile market focused on attractive handset subscriptions in addition to subsidising subscription fees. At the end of 2013, Telenor in Serbia and Montenegro had in total 3.6 million mobile subscriptions, with a share of smartphone users in Montenegro and Serbia of respectively 37% and 44%. Telenor is estimated to have slightly increased its market share in both markets with a solid subscriber base and continued growth in the share of contract subscriptions. Revenue in local currency decreased by 2%, driven by lower average revenue per user and lower subscription base in 2014 compared to 2013. The EBITDA margin decreased by 2 percentage point to 37%, mainly driven by lower revenues and startup costs in Telenor Banka.

dtac - Thailand

Thailand experienced political turmoil from November 2013 resulting in an overthrow of the elected government in May 2014, impacting GDP growth negatively through lower consumer spending and confidence. Through 2014 all three operators rolled out network utilising the 2.1GHz frequency band to support migration of customers from the old concession frequencies to the new licenced frequency bands simultaneously reducing regulatory costs. The strong demand for data services among the Thai population resulted in 50% of dtac's 28 million subscribers being active data users by the end of the year. Revenues in local currency decreased by 4% driven by reduced subscription revenues and lower interconnect rates, partly offset by increased revenues from sale of mobile phones. The EBITDA margin was 34%, a 2 percentage point improvement from 2013 driven mainly by lower regulatory costs partly offset by increased sales of subsidised mobile phones. Capital expenditure was stable compared to 2013and related to roll-out of the 2.1GHz network providing 3G and 4G services.

Digi - Malaysia

The Malaysian market is characterised by growing demand for smartphones and mobile data services. Digi has further strengthened its network capabilities with higher transmission capacities and extended high speed coverage. 3G coverage is on par with competition and 4G is being rolled out in geographies with strong demand and adequate device availability. By year-end, Digi's mobile subscriber base reached 11.4 million, of which 56% of the subscribers were active internet users. Revenues in local currency increased by 4%, driven by high demand for mobile internet and handset sales as well as a larger subscription base. The EBITDA margin remained stable at 45% following healthy service revenue growth, lower traffic costs and efficiency measures offsetting higher handset costs and a moderate increase in operating expenditures. Capital expenditure was mainly related to expansion of network coverage and capacity, backhaul transmission and modernisation of IT systems.

Grameenphone - Bangladesh

2014 was the year when Grameenphone crossed the 50 million subscription mark. With real mobile penetration estimated at 46%, there is still large untapped potential for future growth of telecom in Bangladesh by increasing the rural coverage. After the successful commercial launch of 3G services, as the first operator in Bangladesh in October last year, several initiatives to drive data growth have been launched including providing affordable 3G phones, content services and building internet awareness. 21% of Grameenphone subscribers are now active data users with an estimated smartphone penetration of around 8%. Total revenues in local currency increased by 6% and the subscription base grew by 9%. The EBITDA margin improved by 2 percentage points to 53%. Capital expenditure, excluding licences and spectrum, increased by 19% following the continued roll-out of 3G coverage, expanding the 3G population coverage to 50%.

Pakistan

Total revenues in local currency increased by 7% driven by continued growth in subscriptions and usage, in addition to strong growth in mobile financial services and incoming international traffic. After securing the 3G licence in April, Telenor Pakistan commercially launched 3G services on 1 June 2014. By end of 2014 the 3G coverage has been expanded to 66 cities and 25% of Telenor Pakistan subscribers are now active data users. Revenues from mobile financial services constituted 9% of Telenor Pakistan total revenues. The mobile financial service offering includes a broad range of services ranging from money transfers, government disbursement programmes, ATM cards, insurance products and mobile accounts, aiming to support the large un-banked population. The EBITDA margin improved by 1 percentage points to 39%. Capital expenditure increased due to massive roll-out of 3G network during the year. At year-end, Telenor Pakistan had 36.5 million whereof 9 million are active data users and the smartphone penetration is estimated around 10%.

India

During 2014, Telewings increased its footprint by adding 5000 new network sites, increasing the population coverage from 42% to approximately 50%. Revenues increased by 38% in local currency and the subscriber base increased by 8.5 million. At the end of

2014, Telewings had 36.7 million subscriptions. The launch of Facebook and WhatsApp has contributed to Telewings reaching 22% active internet penetration. The EBITDA loss of NOK 422 million represents an improvement of NOK 163 million compared to 2013. Capital expenditure, excluding licences and spectrum, increased compared to 2013 to cater for the strong subscription growth and the uptake of data services.

Telewings participated in a spectrum auction in February 2014 and secured additional spectrum in the 1800 MHz band in four of its existing circles and startup spectrum in Assam for a total of NOK 0.8 billion. Operating profit was positively influenced by an offset of the initial licence fee of INR 16.6 billion (NOK 1.7 billion) paid by Unitech Wireless in 2008.

Telenor Myanmar

On 5 February 2014, Telenor was awarded a nationwide telecommunications licence in Myanmar on the 900 MHz and 2100 MHz spectrum following an extensive consultation process with the Government of Myanmar and international organisations. Telenor launched commercially on 27 September, less than 8 months after the licence award. At the end of the year, Telenor had launched services in the three biggest cities, Yangon, Mandalay and Nay Pyi Taw with a total 1,054 sites on air.

Telenor Myanmar enjoys a strong demand for its services and recorded 3.4 million subscriptions at the end of 2014, after only 3 months in operation. The EBITDA loss and the capex for the full year reflect the start-up and build-up phase of the company, and the capex also includes the licence fee of USD 500 million.

For supplementary segment information, reference is made to note 5 to the consolidated financial statements.

VimpelCom

Telenor holds a 33.05% economic stake in VimpelCom Ltd. («VimpelCom»). As this is a minority stake without operational control, VimpelCom is included as an associated company in Telenor's financial results. In 2014, VimpelCom's financial results contributed a loss of NOK 2.9 billion to the Telenor's financial results. In addition to currently weak results, the investment also presents challenges and risks.

Since 2013, Telenor's economic and voting interest has remained unchanged at 33.05% and 42.95% respectively. On 15 October 2013, Telenor entered the conversion window for its 305 million preferred shares, which remains open until mid-April 2016. During 2014, Telenor received NOK 145 million (USD 20 million) in dividends from VimpelCom. Telenor's share of VimpelCom recognised in the statement of financial position as of 31 December 2014 corresponds to USD 5.08 per share after taking estimated translation differences for the fourth quarter of 2014 into consideration. The share price as of 31 December 2014 was USD 4.18 per share, compared to USD 12.94 per share as of 31 December 2013. The development in the market value during 2014 reflects the geopolitical uncertainty and heightened risks related to the Russian and Ukrainian economies.

VimpelCom Ltd.'s Supervisory Board consists of nine members, of which three are nominated by Telenor Group including EVP and Head of Europe Kjell-Morten Johnsen and Head of Russia Ole Bjørn Sjulstad. Telenor's CEO and President Jon Fredrik Baksaas resigned from VimpelCom Ltd.'s Supervisory Board on 8 December 2014. Within the rules of VimpelCom's bye-laws he seconds his vote to Kjell Morten Johnsen and from February 2015 Morten Karlsen Sørby will act as alternate for Jon Fredrik Baksaas until VimpelCom's AGM in 2015.

On 12 March 2014, VimpelCom Ltd. announced that it is under investigation by both the U.S. Securities and Exchange Commission and Dutch authorities related to its operations in Uzbekistan, including relations with Takilant. On 18 March 2014, VimpelCom Ltd reported that it is also under investigation by the U.S. Department of Justice related to the same issues. VimpelCom Ltd. further reported that there can be no assurance that such investigations will not be broader in scope than they currently appear, or that new investigations will not be commenced in these or other jurisdictions, or that there will not be litigation commenced against VimpelCom. For further information reported by VimpelCom Ltd., see VimpelCom Ltd.'s Form 20-F on: www.vimpelcom.com/#Investor-relations/Reports--results/20-F.

As a minority shareholder, Telenor is a witness in the ongoing investigations. Telenor will continue to cooperate with the investigating authorities and awaits the outcome of the investigations.

Telenor takes the ongoing investigations of VimpelCom Ltd. very seriously. The Board of Telenor has appointed an ad hoc sub-committee of the Board related to the ongoing investigations of VimpelCom Ltd. Telenor is a minority shareholder without operational control in VimpelCom Ltd. Telenor will continue to use the range of means available to Telenor as a shareholder in VimpelCom Ltd. to follow up on Telenor's expectations on VimpelCom's corporate governance and ethical and responsible business practice.

The investigations of VimpelCom Ltd. and Telenor's role have raised media attention and also prompted an invitation in December 2014 to an open hearing before the Norwegian Parliamentary Committee for Scrutiny and Constitutional Affairs. Telenor provides information and regular updates relating to the ongoing VimpelCom investigations on telenor.com: www.telenor.com/media/in-focus/vimpelcom-ltd/vimpelcom-investigation.

Further information on the formation of VimeplCom Ltd. together with historical background is publicly available at: www.telenor.com/media/in-focus/vimpelcom-ltd/historical-background.

Sustainability

Since 2013, large companies are in accordance with the Norwegian Accounting Act required to report on corporate social responsibility. Companies are to report on what they do to integrate human rights, employee rights and social conditions, the protection of the external environment and combating of corruption into their business strategies, day-to-day operations and relationships with their stakeholders.

The statement on how Telenor is delivering on its social responsibility can be found in a separate and more detailed section of the Annual Report for 2014, see pages 126-135.

Risk Factors

When operating across multiple markets, Telenor Group is exposed to a range of financial, regulatory, operational, industry and reputational risks that may adversely affect the business. See also note 3 for critical accounting judgments and key sources of estimation uncertainty, note 28 for managing capital and financial risk management and note 33 for legal disputes and contingencies.

Financial Risk

Financial risks are continuously monitored and analysed. Financial risk includes credit risks, liquidity risks, currency risks and interest rate risks. Measures are taken to mitigate these risks and reduce the probability for financial losses.

Telenor Group is exposed to credit risk mainly related to accounts receivable, deposits with financial institutions, financial derivatives and investment in Government debt securities. In 2014, Telenor Group had no credit losses due to defaults of financial institutions or Government securities.

Financial flexibility is a key priority for Telenor Group. The liquidity risk is low and financial flexibility is maintained through a diversified set of funding sources. As of 31 December 2014, Telenor's net debt/EBITDA ratio was 1.2. This is well within the cap of 2.0x as stated in the Group's financial policy.

69% of the Group's revenues are derived from operations with a functional currency other than the Norwegian Krone. Currency fluctuations affect the value of investment in foreign operations when translating financial statements into Norwegian Kroner. Telenor Group seeks to hedge its net investment in foreign operations by allocating currency debt on the basis of relevant market values and market capabilities. The most significant debt currencies for Telenor Group are Euro, US dollar, Swedish Krona, Thai Baht and Malaysian Ringgit.

Exchange rate risk exists when Telenor ASA or any of its subsidiaries enter into transactions in foreign currencies. Committed cash flows in foreign currencies equivalent to NOK 50 million or more are hedged if feasible.

Telenor Group is exposed to fluctuations in interest rates through funding and liquidity management activities. The Group's treasury policy states that the interest rate duration on the debt portfolio shall be in the interval from 0 to 5 years. The duration was 1.9 years as of 31 December 2014. The risk is managed using both fixed and floating rate debt, as well as interest rate derivatives.

Regulatory Risk

Telenor Group's operations are subject to extensive regulatory requirements. Unfavourable regulatory developments and regulatory uncertainty could adversely affect the Group's results and business prospects, see also note 35 to Consolidated Financial Statements.

In several of the countries where Telenor Group operates, government has imposed sector specific taxes and levies, as a measure to improve state finances. The introduction of, or increase in, sector specific taxes and levies may adversely impact the Group's business.

Telenor Group depends on licences, access to spectrum and numbering resources in order to provide telecommunications services. Spectrum processes, including renewal of existing spectrum licences in some markets, are expected over the next 1–3 years. If the

Group is not successful in acquiring and retaining 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 most of the countries where the Group operates, the wholesale market (e.g. copper and fibre access, MTR, site sharing etc.) is to some extent regulated. Changes to terms and conditions for wholesale access (including regulated prices) may negatively impact the Group's business. Furthermore, the transition from voice to data services is influenced by a number of regulatory levers, e.g. MTR levels and net neutrality provisions.

Several governments and regulators have taken an increased interest in regulating cross-border data transfer, which might negatively influence our operations. Similarly, increased consumer and regulatory interest in privacy and data retention could negatively impact our operations.

In the EU, a legislative process is underway to eliminate roaming fees and set rules on net neutrality. Depending on how these elements are implemented they may negatively affect the Telenor operations in Europe.

In Pakistan, the government has required the industry within 90 days effective from January 12 to verify all SIM cards currently un-verified through the biometrical verification system implemented in 2014. The SIM verification requirement could have a significant operational and financial impact on Telenor Pakistan.

In Myanmar, investment frameworks are still in development and weak institutional capacity remains a challenge. Further, not meeting the licence obligations in the mobile licence constitutes a risk.

In Thailand following the overthrow of the elected government in May 2014 , the laws governing the telecommunications sector are being revised by the new government. Changes to existing laws and regulations could have a negative impact on dtac's operations. In addition the Foreign Dominance regulations constitute a risk despite the matter being subject to discussion at the Council for Trade in Services (WTO) in Geneva.

Further, CAT Telecom Public Company Limited and dtac have a number of disputes and disagreements over understanding and reach of the concession agreements, agreements which give CAT ownership to certain network assets and infrastructure and are set to expire in September 2018. This also includes how the new 3G regime is to be understood in relation to the concession agreements. dtac is of the opinion that the company is operating in accordance with applicable laws and regulations and refutes any allegations from CAT that dtac is operating in violation of concession agreements. dtac has a dispute with TOT Public Company Limited related to payment of access charges to TOT. dtac is of the opinion that the Interconnection Charge regime in force since May 2006, replaces the previous access charge regime, and that the claim from TOT is without merit.

Operational Risk

The introduction of new business models and technologies in the telecom sector may lead to structural changes and different competitive dynamics within the industry. Failure to anticipate and respond to industry dynamics, and to drive a change agenda to meet mature and developing demands in the marketplace, has the potential to impact the Group's position in the value chain, service offerings and customer relationships. This may adversely impact the Group's results of operations.

Telenor Group's portfolio of companies competes on several dimensions, e.g. product portfolio, price, network quality, network coverage, reliability, sales, distribution and service differentiation. Revenue growth is partly dependent on the development and deployment of new products, services, technologies and applications. If such new releases are not technically or commercially successful, or if limitations in existing or new services and products affect the customer experience, Telenor Group's ability to attract or retain customers may be impaired.

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 IT system failures could damage the Group's reputation and ability to attract and retain subscribers. Telenor Group depends on key suppliers and third-party providers for supply and maintenance of equipment and services that the company needs to develop its network and operate its business. Problems that manifest in relation to the supply chain, may adversely affect the Group's business and results of operations.

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 operating or competing effectively and temporarily or permanently reduce the Group's cash flow from these companies. In addition, local partners or other co-shareholders may pose a sustainability risk to the Group should the Group's Code of Conduct not be adhered to.

Across Telenor Group's portfolio of operations there is depth of experience and knowledge on a broad range of market-related, technical and partner engagement matters that have direct relevance beyond individual business units. Inability to leverage this asset across the Group may contribute to sub-optimisation.

Telenor Group handles substantial volumes of confidential information. Loss, mismanagement or unauthorised disclosure of such information, e.g. through cybersecurity attacks, could adversely affect the Group's business and reputation.

Concern has been expressed that electromagnetic signals from mobile handsets and base stations may pose health risks. Any substantiation of such claims may adversely affect the Group's business and results of operations.

The growing scale of Telenor Group's international operations brings with it the potential for exposure to fraud and corruption, both internally and among external stakeholders who may have a differing set of business values from those under which Telenor Group operates. Failure to adhere to the values that Telenor Group commits to in our global operations may damage customer perception of the Telenor brand, as well as adversely impact the Group's results of operations.

Telenor Group operates in countries where there is a history of political instability and violence. Any recurrence or escalation of such events, including social unrest, terrorist attacks and war, may prevent the Group from operating its business effectively. Telenor Group actively monitors the environments in the countries where it operates and takes additional steps to protect its employees, assets and overall business when necessary. Crisis Management is practiced in Telenor, and the company prioritises the safety of its employees in the event of an emergency.

Social and environmental risk

With the wide international endorsement of the UN Guiding Principles on Business and Human Rights and the human rights chapter of the OECD Guidelines for Multinational Enterprises we expect growing attention on the responsibility of businesses to respect human rights. From a Telenor perspective, the main challenges related to respecting human rights are two-pronged. The first is related to challenges to privacy and freedom of expression and potential authority misuse of access to telecom data and networks. We see that while telecommunications enable the exchange of ideas and expression of opinions, occasions where governments request access to our data and networks may sometimes present human rights risks. Second relates to entering into new markets, like Myanmar, where respect for human rights in a business context can be challenging. In both cases, Telenor believes active engagement with stakeholders is important to understanding and mitigating risks.

Across all Telenor's markets children and young people are accessing online content at an increasingly rapid pace. At Telenor we are confident that this access enriches the lives of children, enabling them to share, engage, learn and be entertained. Children will explore, and there are real risks associated with their ICT use.

The ICT industry has a complex supply chain, with products and equipment supplied, manufactured and assembled by multiple companies across international borders. Telenor strives for high standards and continuous improvement in our own operations and throughout the entire supply chain. It is increasingly important for our business units to be vigilant and systematic in their efforts to engage with their supply chains to ensure responsible business conduct where there are risks for breach of internationally recognised standards related to human rights, health and safety, labour rights, environment and anti-corruption.

In terms of climate-related regulatory risks, Telenor may face higher operational costs related to carbon taxes, rising energy prices and internationally binding agreements. However, the risk for the mobile industry in short to medium term is moderate due to low direct carbon emissions from its operations.

Climate-related physical risks include extreme weather conditions and higher sea levels. These types of events may cause disruptions or catastrophic damage to infrastructure, such as network base stations and electrical power lines. Telenor's Asian operations are exposed to risks related to infrastructure, including threats of flooding, tropical cyclones and rising sea levels. Telenor's Nordic operations face risk to infrastructure due to increased frequency of storms and more extreme winter weather conditions.

Electronic waste contains toxic materials that may present health hazards and run the risk of environmental damage through land contamination or water and air pollution. It is important for Telenor to reuse and recycle network equipment and to ensure that these processes are conducted according to internationally recognised standards and regulations.

Risk management

Telenor's risk management objective is to earn competitive returns from its various business activities at acceptable risk levels and without compromising its vision, values and codes and conducts. Risk management is integrated within the Group's annual strategy planning process, and key risks highlighted therein by business units are tracked through various Group review processes. Business units report their strategic risk matrix in their annual strategy plan, based on a thorough risk assessment process. Group Strategy aggregates risks from the business unit strategy plans, analyses other significant risks across the group and presents Telenor's strategic risks to the Group Executive Management, the Audit Committee and ultimately to the Board of Directors. Each business unit is responsible for updating their company level risk register on a regular basis. Business units provide quarterly updates to strategic risks reported in the strategy plan and also report key strategic risks that have emerged, including the status of actions to mitigate the risks. Business units are required to align risk management processes closely with existing business and management processes locally. All managers are required to assume responsibility for risk management within their areas of responsibility and ensure that risk management is embedded in day to day business processes.

Shares and Shareholder issues

The Telenor share is listed on the Oslo Stock Exchange (OSE). Including reinvested dividends, the total return of the Telenor share was 10% in 2014, whereas the benchmark index STOXX Europe 600 Telecommunications Index Gross Return (SXKGR) increased by 17%. The Oslo Stock Exchange Benchmark Index (OSEBX) increased by 5%. The Telenor share closed at NOK 151.50 at year-end 2014, corresponding to an equity value of NOK 227 billion.

At year-end, Telenor's share capital was NOK 9,008,748,180, divided into 1,501,458,030 shares. The share capital was reduced by NOK 90,797,446 in 2014. This was done by cancelling 6,981,748 own shares and by redeeming 8,184,493 shares held by the Kingdom of Norway through the Ministry of Trade and Fisheries.

The company had approximately 37,200 shareholders at year-end, a decline of around 12% from the previous year. The 20 largest shareholders held 74% of the registered shares. Norwegian institutional investors, including the Norwegian state, held 63% of the total issued share capital at year-end. North American institutional investors owned 11%, while UK institutional investors and other European institutional investors held 6% and 11% of the shares, respectively. Telenor does not hold any treasury shares as of 31 December 2014.

Through active communication with the capital market and shareholders in 2014, Telenor ensured that significant information required for an external evaluation of the Telenor Group's securities was published in accordance with applicable rules and guidelines.

Corporate Governance

Corporate Governance Report

Telenor ASA is a publicly limited liability company established under Norwegian law. The Telenor shares are listed on the Oslo Stock Exchange. As an issuer of shares, Telenor complies and operates in accordance with rules governing the Norwegian stock exchange, including the at any time applicable rules on Continuing Obligations of Listed Companies as approved by Oslo Børs ASA, with reference to the Norwegian Code of Practice for Corporate Governance (the «Code of Practice») issued by the Norwegian Corporate Governance Board (NCGB). The details of Telenor Group's corporate governance principles and practices, pursuant to Section 3-3b of the Norwegian Accounting Act, and how Telenor operates in accordance with the NCBG's Code of Practice, including any deviations, is explained in the Board of Director's separate yearly «Report on Corporate Governance». The report is publicly disclosed on Telenor's web page www.telenor.com/about-us/corporate-governance/governance-in-telenor.

Telenor's Principles for Corporate Governance

Telenor Group's corporate governance principles and practices is the framework by which the Telenor Group governs and controls its business. Maintaining a high standard of corporate governance across the

Telenor Group, in line with Norwegian and international generally accepted rules and recommendations, is of high importance for the Board. The Board believes that sound corporate governance is a key success factor when conducting business in a global, highly competitive and changing market. It is also essential for ensuring the greatest possible value creation over time in the best interests of Telenor's shareholders, employees and other stakeholders. Telenor's principles for Corporate Governance are subject to regular discussions and annual review by the Board of Directors.

Transparency and trustful cooperation between all parties and stakeholders involved in the Telenor Group is prerequisite for good business ethics and corporate governance. The Board of Directors has a strong focus on implementing a high ethical standard across the Telenor Group. The Telenor Code of Conduct sets out rules and guidelines on how Board members, managers, employees and anyone acting for or on behalf of Telenor are expected to conduct business. Good corporate governance principles are reflected in Telenor's values: Make it easy. Keep promises. Be respectful. Be inspiring. By applying our values in what we do as an organisation, we create value and maintain a healthy corporate culture.

To ensure operationalisation of good and efficient corporate governance, Telenor has adapted a governance framework, including the Telenor Code of Conduct and a set of policies and manuals, processes and systems on monitoring and reporting. The governance framework is a key management tool. The governing documents are adapted and implemented in all subsidiaries where Telenor has operational control. In companies where Telenor does not have operational control, board members nominated by Telenor shall actively promote adoption of relevant governing documents and Telenor is continuously working on how to achieve these goals in these companies.

Telenor works continuously to improve its governance regime, and to ensure that documents, training and control mechanisms are current and adequate. To support this, Telenor has implemented a Governance Work Programme – an annual process divided into three phases: Development and approval; distribution and implementation; and monitoring and reporting.

The Board will continue its focus on maintaining and further developing Telenor's strong ethical platform and corporate governance standard as one key factor for Telenor's business integrity and continuing strong performance.

Composition and work of the Board of directors

Role and Responsibility of the Board

The Board of Directors of Telenor ASA is responsible for the administration of the Telenor Group and for safeguarding the proper organisation of the business. The Board of Directors shall supervise the day-to-day management and Telenor's business in general. The Board shall, to the degree necessary, approve strategies, business plans and rolling forecasts for the activities of the company and its subsidiaries. The Telenor Group strategy (2015-2017) is available at www.telenor.com/about-us/our-strategy.

The Board of Directors issues instructions for its own work as well as for the Chief Executive Officer, with particular emphasis on clear internal allocation of responsibilities and duties. The Board place emphasis on gaining valuable insights and being well informed on relevant technological, regulatory and market developments. During 2014, the Board conducted a Board visit to Telenor's operations in Sweden.

The Board systematically evaluates its performance, activities and expertise by undertaking a yearly self-assessment. External resources are used to facilitate the self-assessment and the evaluation of the self-assessment, as recommended by the NCBG's Norwegian Code of Practice for Corporate Governance. The Board's self-assessment is presented to the Nomination Committee.

Composition of the Board

Telenor's Board of Directors shall have a diverse composition and competence tailored to meet the company's needs. By year-end 2014, Telenor's Board of Directors consisted of eleven Board Members, of which three are employee-elected members as required by Norwegian company law. None of the Board members, apart from the employee representatives, are employees of Telenor or have carried out work for Telenor. The management is not represented on the Board, and all shareholder representatives on the Board are independent. Information regarding the background, education and other board positions of each Board Member is available on www.telenor.com/ about-us/corporate-governance/board-of-directors.

Telenor's Corporate Assembly, a distinctly Norwegian body pursuant to Norwegian law, elects members to the Board and the Chairman of the Board.

Other tasks of the Corporate Assembly are to supervise the Board of Directors' and the CEO's management of the company. In May 2014, the Corporate Assembly elected Jon Erik Reinhardsen as new member of the Board for a period of up to two years, replacing Hallvard Bakke.

The Board of Directors held 15 Board meetings in 2014. The average attendance at these Board meetings was 98%.

Working Committees of the Board

The Board of Directors has appointed three preparatory working committees of the Board: The Governance and Remuneration Committee, the Ethics and Sustainability Committee and the Audit Committee. Telenor ASA's Board decided in the autumn of 2014 to appoint an ad hoc sub-committee of the Board to search systematically for a successor to the current President and Chief Executive Officer, who prolonged his contract throughout 2015. In addition, Telenor ASA Board appointed as described in December 2014 an ad hoc sub-committee of the Board related to the ongoing VimpelCom investigations.

The Board Committees report to the Board of Directors 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.

The Governance and Remuneration Committee

The Governance and Remuneration Committee is composed of the following four members of the Board: Svein Aaser (Chairman of the Committee), Burckhard Bergmann, Sally Davis and Bjørn André Anderssen (employee representative). The Committee held seven meetings in 2014. The average attendance at the Committee meetings was 100%.

The Committee oversees that Telenor sets generally accepted high standards of Corporate Governance and maintains a corporate culture that encourages good corporate governance. It is also the task of the Committee to ensure that Telenor has relevant management and control bodies and processes and to oversee the Group CEO authority and responsibility. The Committee shall also provide support to the Board on matters relating to long term development of culture and leadership. Further, the Committee considers Telenor's remuneration policy and programs, including bonus programs and share-based schemes, and presents recommendations to the Board of Directors for decision. The Committee annually evaluates the President and CEO's total remuneration and presents recommendations to the Board of Directors for decision.

During 2014, the Committee has had a particularly focus on implementation of executive bonus plans, succession planning, culture and development of governance processes. Succession planning was discussed based on detailed evaluation about the performance and potential of executive management in the whole Group. The process has contributed to a robust leadership pipeline in Telenor Group. Based on a group wide cultural survey the Committee discussed how the Telenor Way could be strengthened across all business units. The Committee also discussed corporate governance improvements based on a benchmarking of governance processes with other multinational companies.

In 2015, the Committee will focus particularly on assessing the Employee Share Program, development of Telenor culture and review of governance processes.

The Ethics and Sustainability Committee

The Ethics and Sustainability Committee is composed of four members of the Board. At year-end 2014, the members were Frank Dangeard (Chairman of the Committee), Marit Vaagen, Jon Erik Reinhardsen and Brit Østby Fredriksen (employee representative). The Ethics and Sustainability Committee held seven meetings in 2014. The average attendance at these Committee meetings was 96%.

The Committee supports the Board in fulfilling its responsibilities with respect to ethics and compliance as stated in law, code of practices and Telenor Group's Code of Conduct and accompanying governing documents. The Committee also supports the Board in fulfilling its responsibilities with respect to Employees, in terms of Personnel Security, Occupational Health & Safety (OHS) and Labour Rights. The Committee shall also oversee Telenor's efforts on Sustainability, described as the company's responsibility for the manner in which its activities affect the society and the environment. This includes responsible business practices internally and for the supply chain, as well as ensuring a positive impact on society. In addition the Committee oversees policies, processes and practices related to IT-security, network integrity, physical security and related areas. For each of the four said areas the Committee shall review strategies and policies, oversee implementation and organisational capabilities, and consider Group non-financial KPIs. The Committee may also address other issues it deems relevant for fulfilling its obligations, hereunder issues affecting Telenor's reputation. The Committee shall also oversee Telenor Group's external non-financial reporting, including non-financial information in the annual report, and oversee that Telenor's reporting practices are aligned with and meet stakeholder expectations and relevant regulations.

During 2014, the Committee has had a particular focus on Anti-Corruption, the Ethics & Compliance function, Internal Audit, Social Media and Sustainability Reporting, as well as a continued focus on ethics & sustainability in relation to Telenor's entry into, and newly established operations in Myanmar and Telenor's investment in VimpelCom Ltd.

The Audit Committee

The Audit Committee is composed of the following three members of the Board: Dag J. Opedal (Chairman of the Committee), Barbara Milian Thoralfsson and Harald Stavn (employee representative). The Committee held six meetings in 2014. The average attendance at these Committee meetings was 94%.

The Committee supports the Board in fulfilling its responsibilities with respect to financial reporting, internal control over financial reporting and auditing matters. The Committee oversees the procedures to identify financial and operational risks as well as understand and assess risk exposures and mitigating actions. The Committee also supports the Board in fulfilling its responsibilities with respect to ethics and compliance, related to accounting and auditing matters according to the Code of Conduct and accompanying governing documents.

In addition to fulfilling its responsibilities as described above, the Audit Committee had a particular focus on strategic risk and financial priorities and ambitions for the period 2015-2017.

The VimpelCom ad hoc Committee

The Board of Directors decided in December 2014 to appoint an ad hoc sub-committee of the Board related to the ongoing investigations into VimpelCom. The Committee consists of Frank Dangeard (chairman of the Ethics and Sustainability Committee), Dag J. Opedal (chairman of the Audit Committee) and Burckhard Bergmann (member of the Governance and Remuneration Committee).

The VimpelCom Committee shall, inter alia, follow up and keep itself informed on relevant issues relating to the ongoing investigation of VimpelCom Ltd., Telenor management's actions and handling of the ongoing investment in VimpelCom Ltd and any other measure or issue which the Committee deems appropriate in connection with the ongoing investigations. The VimpelCom Committee shall report regularly to the Board of Directors and may present proposals for resolutions to the Board.

The VimpelCom Committee held two meetings after its appointment in December 2014. The average attendance at these Committee meetings was 100%.

CEO Succession ad hoc Committee

The Board of Directors decided in the autumn of 2014 to appoint an ad hoc sub-committee of the Board to search systematically for a successor to the current President and Chief Executive Officer, who prolonged his contract throughout 2015. The Committee consists of Svein Aaser (chairman of the committee), Frank Dangeard (chairman of the Ethics and Sustainability Committee), Marit Vaagen (member of the Ethics and Sustainability Committee) and Bjørn Andre Anderssen (employee representative).

Events after the reporting period

Evry ASA

On 2 March 2015, Lyngen Bidco AS, indirectly controlled by private equity funds advised by Apax Partners LLP, waived the condition of receiving 90% of the shares and voting rights in Evry ASA. Lyngen Bidco AS had on the 2 March received approximately 88% acceptance of the shares and voting rights in Evry ASA. The closing and settlement of the transaction took place 16 March 2015.

Outlook for 2015

Based on the current Group structure (including Myanmar) Telenor expects mid-single digit organic revenue growth, EBITDA margin before other income and other expenses in the range of 33-35%, and capital expenditures as a proportion of revenues, excluding licences, spectrum and the broadcasting satellite, in line with 2014 level.

Capital expenditure related to the broadcasting satellite is expected to be NOK 1.4 billion.

Annual results and allocation

Telenor ASA's net income for the year 2014 was NOK 11,405 million, after receipt of a group contribution of NOK 17,755 million. The Board proposes the following allocation:

Transferred to retained earnings: NOK 11,405 million.

After this allocation, Telenor ASA's equity, after deduction of share capital, is 48,406 million. Telenor's policy is to distribute dividend to its shareholders equal to 50-80% of normalised net income and aim for a year-on-year growth in the dividend per share. To maintain a strong financial position to ensure access to funding, Telenor's main priority is to keep reported net debt/EBITDA below 2.0x. As of 31 December 2014 the reported net debt ratio was 1.18x (1.15x as of 31 December 2013).

Dividends for 2014

The Telenor Board of Directors will propose a dividend of NOK 3.80 per share (NOK 5.7 billion) to be resolved by the general meeting in May 2015, and paid out in June 2015. In addition, the Board will ask the general meeting for an authority to resolve further dividends, pursuant to which the Board plans to resolve a dividend of NOK 3.50 per share (NOK 5.3 billion) to be paid in November 2015. In total this will bring the ordinary dividend for the fiscal year 2014 to NOK 7.30 per share (NOK 11.0 billion).

The move to semi-annual dividends align Telenor's competitive shareholder remuneration with the company's cash flow profile throughout the year, thereby optimising funding flexibility and cash management in the Group.

Fornebu, 17 March 2015

Svein Aaser
Chairman

Frank Dangeard
Deputy Chairman

Jon Erik Reinhardsen
Board member

Marit Vaagen
Board member

Dr. Burckhard Bergmann
Board member

Sally Davis
Board member

Dag J. Opedal
Board member

Barbara Milian Thoralfsson
Board member

Bjørn André Anderssen
Board member

Brit Østby Fredriksen
Board member

Harald Stavn
Board member

Jon Fredrik Baksaas
President & CEO

Consolidated Income Statement

Telenor Group 1 January – 31 December

NOK in millions, except earnings per share	Note	**2014**	2013
Revenues	6	**106 540**	99 138
Operating expenses			
Cost of materials and traffic charges	7	(28 822)	(26 575)
Salaries and personnel costs	8	(10 468)	(9 889)
Other operating expenses	9	(29 569)	(27 906)
Other income	10	3 089	182
Other expenses	10	(946)	(742)
Depreciation and amortisation	17, 18	(14 754)	(12 965)
Impairment losses	15, 17, 18	(34)	(151)
Operating profit		**25 034**	21 092
Share of net income (loss) from associated companies and joint ventures	19	(3 796)	(1 226)
Gains (losses) on disposal of associated companies	19	(61)	(359)
Financial income and expenses			
Financial income	12	476	541
Financial expenses	12	(2 188)	(2 460)
Net currency gains (losses)	12	(160)	(499)
Net change in fair value of financial instruments	12	128	472
Net gains (losses and impairment) of financial assets and liabilities	12	40	39
Net financial income (expenses)		**(1 704)**	(1 907)
Profit before taxes		**19 473**	17 599
Income taxes	13	(6 614)	(5 669)
Profit (loss) from continuing operations		**12 859**	11 930
Profit (loss) from discontinued operations	4	(100)	193
Net income		**12 759**	12 123
Net income attributable to:			
Non-controlling interests		3 682	3 375
Equity holders of Telenor ASA		9 077	8 748
Earnings per share in NOK			
Basic from continuing operations	14	6.10	5.62
Diluted from continuing operations	14	6.10	5.61
Earnings per share in NOK			
Basic from net income	14	6.03	5.74
Diluted from net income	14	6.03	5.74

Consolidated Statement of Comprehensive Income

Telenor Group 1 January – 31 December

NOK in millions	Note	2014	2013
Net income		**12 759**	12 123
Other comprehensive income (loss)			
Translation differences on net investments in foreign operations	23	10 867	7 688
Income taxes		(86)	125
Amount reclassified from equity to income statement on disposal	23	(83)	55
Net gain (loss) on hedge of net investments	23, 28	(5 271)	(4 030)
Income taxes		1 423	1 130
Amount reclassified from equity to income statement on disposal	23	-	(7)
Net gain on available-for-sale investments	23	45	18
Amount reclassified from equity to income statement on disposal	23	(17)	-
Share of other comprehensive income (loss) from associated companies	23	(11 103)	192
Amount reclassified from equity to income statement on disposal	23	24	240
Items that may be reclassified subsequently to income statement		**(4 200)**	5 410
Remeasurement of defined benefit pension plans	23, 25	(931)	(1 246)
Income taxes		234	337
Items that will not be reclassified to income statement		**(697)**	(908)
Other comprehensive income (loss), net of taxes		**(4 897)**	4 502
Total comprehensive income (loss)		**7 862**	16 626
Total comprehensive income (loss) attributable to:			
Non-controlling interests		4 441	3 566
Equity holders of Telenor ASA		3 421	13 059

Consolidated Statement of Financial Position

Telenor Group as of 31 December

NOK in millions	Note	**2014**	2013
ASSETS			
Deferred tax assets	13	3 411	3 585
Goodwill	15, 16	22 493	21 442
Intangible assets	17	39 024	32 271
Property, plant and equipment	18	56 368	49 547
Associated companies and joint ventures	19	24 140	34 600
Other non-current assets	21	6 054	4 696
Total non-current assets		**151 489**	146 141
Prepaid taxes		224	531
Inventories		1 907	1 587
Trade and other receivables	20	19 816	19 701
Other current financial assets	21	1 089	1 027
Assets classified as held for sale	4	7 321	6
Cash and cash equivalents	22	11 909	11 978
Total current assets		**42 266**	34 830
Total assets		**193 755**	180 971
EQUITY AND LIABILITIES			
Equity attributable to equity holders of Telenor ASA	23	63 755	73 365
Non-controlling interests	23	4 750	3 672
Total equity		**68 505**	77 037
Liabilities			
Non-current interest-bearing liabilities	27	60 814	51 001
Non-current non-interest-bearing liabilities	26	1 981	834
Deferred tax liabilities	13	2 505	2 127
Pension obligations	25	3 568	2 736
Provisions and obligations	24	3 113	2 874
Total non-current liabilities		**71 981**	59 572
Current interest-bearing liabilities	27	7 387	7 291
Trade and other payables	26	37 216	31 706
Current tax payables		2 676	2 566
Current non-interest-bearing liabilities	26	2 411	1 485
Provisions and obligations	24	1 635	1 315
Liabilities classified as held for sale	4	1 944	-
Total current liabilities		**53 269**	44 362
Total equity and liabilities		**193 755**	180 971

Fornebu, 17 March 2015

Svein Aaser
Chairman

Frank Dangeard
Deputy Chairman

Jon Erik Reinhardsen
Board member

Marit Vaagen
Board member

Dr. Burckhard Bergmann
Board member

Sally Davis
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Board member

Bjørn André Anderssen
Board member

Brit Østby Fredriksen
Board member

Harald Stavn
Board member

Jon Fredrik Baksaas
President & CEO

Consolidated Statement of Cash Flows

Telenor Group 1 January – 31 December

NOK in millions	Note	2014	2013
Profit before taxes from continuing operations		19 473	17 599
Profit before taxes from discontinued operations	4	(117)	226
Profit before taxes		**19 356**	17 825
Income taxes paid		(4 509)	(4 831)
Net (gain) loss from disposals, impairments and change in fair value of financial assets and liabilities		(2 996)	(469)
Depreciation, amortisation and impairment losses		15 564	13 882
Share of net income and gain on disposal of associated companies and joint ventures		3 859	1 589
Dividends received from associated companies		219	8 194
Changes in inventories, trade receivables, trade and other payables		647	446
Difference between expensed and paid pensions		(132)	(68)
Net currency losses not relating to operating activities		229	498
Interest received		444	637
Interest paid		(1 528)	(1 621)
Changes in other operating working capital		2 700	907
Net cash flow from operating activities		**33 851**	36 990
Proceeds from sale of property, plant and equipment and intangible assets		117	161
Purchases of property, plant and equipment and intangible assets		(20 693)	(15 612)
Proceeds from disposal of subsidiaries and associated companies, net of cash disposed	22	1 083	107
Purchases of subsidiaries, associated companies and joint ventures, net of cash acquired	22	(1 443)	(5 973)
Proceeds from sale of other investments		1 971	1 210
Purchases of other investments		(2 032)	(507)
Net cash flow from investing activities		**(20 997)**	(20 614)
Proceeds from borrowings		16 969	15 061
Repayments of borrowings		(15 834)	(12 869)
Purchase of treasury shares	23	(1 048)	(3 998)
Repayment of equity and dividends paid to non-controlling interests in subsidiaries	22, 23	(3 386)	(2 723)
Dividends paid to equity holders of Telenor ASA	23	(10 567)	(9 239)
Net cash flow from financing activities		**(13 866)**	(13 768)
Effects of exchange rate changes on cash and cash equivalents		927	567
Net change in cash and cash equivalents		**(85)**	3 175
Cash and cash equivalents as of 1 January		11 978	8 805
Cash and cash equivalents as of 31 December	22	11 893	11 978
Of which cash and cash equivalents in discontinued operations as of 31 December	4	441	-
Cash and cash equivalents in continuing operations as of 31 December	22	**11 452**	11 978

Consolidated Statement of Changes in Equity

Telenor Group – for the years ended 31 December 2013 and 2014

NOK in millions	Attributable to equity holders of Telenor ASA						
	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 2013	9 334	(2 155)	75 956	(9 779)	73 355	3 057	76 412
Net income for the period	-	-	8 748	-	8 748	3 375	12 123
Other comprehensive income (loss) for the period	-	(459)	-	4 770	4 311	191	4 502
Total comprehensive income (loss) for the period	-	(459)	8 748	4 770	13 059	3 566	16 625
Transactions with non-controlling interests	-	222	-	-	222	(209)	13
Equity adjustments in associated companies	-	(26)	-	-	(26)	-	(26)
Dividends	-	-	(9 239)	-	(9 239)	(2 743)	(11 982)
Share buyback	(209)	(3 789)	-	-	(3 998)	-	(3 998)
Share-based payment, exercise of share options and distribution of shares	2	(10)	-	-	(8)	-	(8)
Equity as of 31 December 2013	9 127	(6 217)	75 464	(5 009)	73 365	3 672	77 037
Net income for the period	-	-	9 077	-	9 077	3 682	12 759
Other comprehensive income (loss) for the period	-	(11 744)	-	6 088	(5 656)	758	(4 897)
Total comprehensive income (loss) for the period	-	(11 744)	9 077	6 088	3 421	4 441	7 862
Transactions with non-controlling interests	-	(2)	-	-	(2)	22	20
Equity adjustments in associated companies	-	(1 304)	-	-	(1 304)	-	(1 304)
Dividends	-	-	(10 567)	-	(10 567)	(3 385)	(13 951)
Share buyback	(49)	(999)	-	-	(1 048)	-	(1 048)
Share-based payment, exercise of share options and distribution of shares	-	(112)	-	-	(112)	-	(112)
Equity as of 31 December 2014	9 078	(20 377)	73 974	1 080	63 755	4 750	68 505

[1] See note 23.

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-1360 Fornebu, Norway. Telephone number: +47 678 90 000. Telenor is a telecommunication company and the principal activities of the Company and its subsidiaries (the Group) are described in note 5 Segments.

These consolidated financial statements have been approved for issuance by the Board of Directors on 17 March 2015 and is subject to approval by the Annual General Meeting on 20 May 2015.

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»). 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, except for implementation of new accounting standards as described below.

The following standards and interpretations adopted with effect from 1 January 2014 had no implementation impact on the Group's consolidated financial statements:

- *Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)*
  These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 *Consolidated Financial Statements* and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Group's consolidated financial statements, since none of the entities in the Group qualifies to be an investment entity under IFRS 10.

- *Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32*
  These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and is applied retrospectively. These amendments have no impact on the Group's consolidated financial statements, since none of the entities in the Group has such offsetting arrangements.

- *Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39*
  These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. These amendments have no impact on the Group's consolidated financial statements.

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- *Annual Improvements 2010-2012 Cycle*
  In the 2010-2012 annual improvements cycle, the IASB issued seven amendments to six standards, which included an amendment to IFRS 13 Fair Value Measurement. The amendment to IFRS 13 is effective immediately and, thus, for periods beginning at 1 January 2014, and it clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment to IFRS 13 had no impact on the Group's consolidated financial statements.

- *Annual Improvements 2011-2013 Cycle*
  In the 2011-2013 annual improvements cycle, the IASB issued four amendments to four standards, which included an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment to IFRS 1 is effective immediately and, thus, for periods beginning at 1 January 2014, and clarifies in the Basis for Conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first IFRS financial statements. This amendment to IFRS 1 had no impact on the Group's consolidated financial statements, since the Group is an existing IFRS preparer.

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 9 Financial Instruments* (effective from 1 January 2018, but not approved by the EU). The standard replaces IAS 39. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The adoption of IFRS 9 might have a minor impact on the classification and measurement of the Group's financial assets and hedge accounting. The implications of IFRS 9 on the Group's consolidated financial statements are still under evaluation and will be further analysed.

- *IFRS 15 Revenue from Contracts with Customers* (effective from 1 January 2017, but not approved by the EU). IFRS 15 establish a new five-step model that will apply to revenue arising from contracts with customers. The main implications of IFRS 15 for the Group will be the following:
  - *Allocation based on stand-alone selling prices:* The requirement to allocate the total consideration in a contract between elements in multiple elements arrangements based on the stand-alone selling prices for the goods and services included. The Group's current accounting policy is to cap the revenue of delivered items to the amount that is not contingent on the delivery of additional items or other specified performance criteria.
  - *Incremental cost for obtaining a contract:* Incremental costs for obtaining a contract, such as sales commissions, should be capitalised and amortised over the expected contract period, including renewals.
  - *Contract modification:* IFRS 15 requires in certain circumstances to change the allocation of the consideration received when there is modifications of the contract. Further analysis is needed to assess the impact, if any.

  - *Disclosures:* IFRS 15 adds a number of disclosure requirements in annual and interim reports, e.g. to disaggregate revenues into categories that depict how the nature, amount, timing and uncertainty of revenues and cash flows are affected by economic factors.
  - *Transition methods:* IFRS 15 allows for either a full retrospective approach with adjustments to all periods presented or a modified approach with only the current period adjusted. The latter method requires disclosures that reconcile all financial line items in the year of adoption to the current standards. The method of application is still not concluded upon.

- IAS 19 *Amendment: Employee Contribution* (effective from 1 July 2014). The amendments clarify the accounting for contributions from employees or third parties when the requirements for such contributions are set out in the formal terms of a defined benefit plan. The objective of the amendments is to provide a more straight-forward alternative for accounting when the employee contributions payable in a particular period are linked solely to the employee's service rendered in that period. The potential impact of the standard on the Group's consolidated financial statements is, if any, limited.

- Amendments to IFRS 11 *Joint Arrangements:* Accounting for Acquisitions of Interests (effective from 1 January 2016, but not approved by the EU). The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations accounting. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. These amendments are not expected to have any impact to the Group.

- Amendments to IAS 16 and IAS 38: *Clarification of Acceptable Methods of Depreciation and Amortisation* (effective from 1 January 2016, but not approved by the EU). The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. These amendments are not expected to have any impact to the Group.

- Amendments to IAS 27: *Equity Method in Separate Financial Statements* (effective from 1 January 2016, but not approved by the EU). The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. These amendments will not have any impact on the Group's consolidated financial statements.

- Improvements to IFRSs - 2010-2012 cycle (effective from 1 July 2014, except as stated above). 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 will not have any effect for the Group.

- Improvements to IFRSs – 2011-2013 cycle (effective from 1 July 2014, except as stated above). 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 will not have any effect for the Group.

- Improvements to IFRSs - 2012-2014 cycle (effective from 1 July 2016, but not approved by the EU). Minor changes to 4 IFRS', however these amendments will not have any significant effect for the Group.

- *IFRIC 21 Levies* (effective from 1 January 2015)
  IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21. This interpretation will not have any effect on the Group's consolidated financial statements.

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 liabilities are carried at amortised cost.

The consolidated financial statements are presented in Norwegian Kroner (NOK). Amounts are 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 (the Group). Control is achieved when the company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Control normally exists when the Group has more than 50% of the voting power through ownership or agreements, except where non-controlling 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 as a consequence of de facto control. De facto control is the ability to exercise control through the majority of the votes at the General Meeting and at the Board of Directors meeting, without the legal right to exercise unilateral control. Control may also exist through potentially voting rights, such as options. Such potential voting rights are only considered if they are substantive.

The financial statements of the subsidiaries are prepared for the same reporting periods as the parent company. Consistent accounting policies are used. The results of subsidiaries acquired or disposed of during the year are included in the 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 either of the proportionate fair value of net identifiable assets or of fair value 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. The principle for measuring non-controlling interests is determined separately for each business combination.

A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. Consideration in excess of or lower than carrying amount of non-controlling interests is recognised against the equity attributable to the owners of the parent. If the Group loses control over a subsidiary it derecognises the assets, liabilities, non-controlling interest and reclassify to profit or loss, or transfer directly to retained earnings as appropriate, the amounts recognised in other comprehensive income in relation to the subsidiary. Any investment retained at the date when control is lost is measured at fair value and a gain/loss is recognised.

Foreign currency translation

The consolidated financial statements are presented in NOK, which is Telenor ASA's functional currency. Transactions in foreign currencies are initially recognised 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 using 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 an effective 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 or settlement of the monetary item, at which time they are recognised in the income statement. Tax charges and credits attributable to exchange differences on those borrowings are also recognised 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 is classified as current when it is expected to be realised 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 are classified as non-current. A liability is classified as current when it is expected to be settled in the Group's normal operating cycle, is held primarily for the purpose of being traded, the liability is due to be settled within twelve months after the reporting period or if the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Financial instruments, other than those held for trading, are classified based on maturity, and hedging instruments are classified consistent with the underlying hedged item. Deferred revenues and costs related to connection are classified as current as they relate to the Group's normal operating cycle.

Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through sale rather than continuing use. This also applies for situations where Telenor still continues its operations, but loses control over the operation. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less cost to sell and presented separately as assets held for sale and liabilities held for sale in the statement of financial position.

The criteria for held for sale classification 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. Actions required to complete the sale should indicate that it is unlikely that significant changes to the plan will be made or that the plan to sell will be withdrawn. In addition, the management is committed to the plan, and it is expected that the sale will be completed within a year.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. The equity method is discontinued for associated companies classified as held for sale.

A disposal group qualifies as discontinued operation if it is a cash generating unit that has either been disposed of, or is classified as held for sale, and represent a separate major line of business or geographical area of operations.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the income statement. All consolidation procedures as presented above are still applicable, and only external revenues and expenses are shown as discontinued operations.

Disclosures for the discontinued operation are provided in note 4. All other notes to the financial statements include amounts for continuing operations only, unless otherwise mentioned.

Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. Acquisition costs incurred are expensed and included in operating expenses. When the Group acquires a business, it assesses the identifiable assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and relevant conditions as at the acquisition date.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition 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, and deferred tax assets and liabilities which are recognised at nominal value.

Goodwill arising on acquisition is recognised as an asset measured at the excess of the sum of the consideration transferred, the fair value of any previously held equity interests 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 in the income statement immediately.

Any contingent consideration will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of contingent consideration which is not classified as equity will be recognised in the income statement as financial income or expense. If the contingent consideration is classified as equity, it will not be remeasured and subsequent settlement will be accounted for within equity.

If the business combination is achieved in stages, the fair value of the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through the income statement.

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 arrangement. 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. Investments in associated companies are accounted for using the equity method.

Interests in joint arrangements

A joint arrangement 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 arrangement require the unanimous consent of the parties sharing control. Joint arrangements are classified as joint operations or joint ventures, depending on the rights to the assets and obligations for the liabilities of the parties to the arrangements. If the parties to the joint arrangement have rights to the net assets of the arrangement, the arrangement is a joint venture. If the parties have rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation.

The Group recognises in relation to its interest in a joint operation its assets, including its share of assets held jointly, its liabilities, including its share of liabilities incurred jointly, its revenue and expenses, including its share of expenses incurred jointly. Adjustments are made where necessary to bring the accounting policies in line with those of the Group. The accounting for joint operations structured through separate vehicles reflects the Group's involvement in the assets and liabilities and not the joint operations involvement with other joint operators.

Any goodwill arising on the acquisition of the Group's interest in a joint operation 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 joint operation, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint operation.

Interests in joint ventures are accounted for using the equity method.

Equity method

The results and assets and liabilities of associated companies and joint ventures are accounted for using the equity method of accounting. Under the equity method, investments 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 investees (i.e. total comprehensive income and equity adjustments), less any impairment in the value of the investments. Adjustments are made where necessary to bring the accounting policies in line with those of the Group. Losses 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, are not recognised unless the Group has incurred legal or constructive obligations or made payments on behalf of these associated companies or joint ventures.

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 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 or joint venture of the Group, unrealised profits or losses are eliminated or deferred to the extent of the Group's interest in the relevant associated company.

The share of net result, including amortisation of excess values, impairment losses and reversal of impairment losses is presented as a separate line item in the income statement between operating profit (loss) and financial items. Gains and losses on disposals are presented separately. The share of other comprehensive income is recognised in the Group's comprehensive income. Other equity adjustments in the investees are recognised in the statement of changes in equity.
Financial statements as of the reporting date are for some investments not available before the Group issues its quarterly financial information. In such instances, the share of net income of the investment is recognised in the consolidated financial statements with a one quarter lag. Adjustments are made for the effects of publicly available information on significant transactions or events that occur between the latest interim financial reporting of the investee and the date of the consolidated financial statements of the Group. To ensure consistency in reporting in quarterly and annual reports, the figures in the annual report are not updated in situations where the financial statements for the investee are made available between the issuance of the quarterly report for the fourth quarter and the issuance of the annual report, unless the financial statements of the investee contains information about significant transactions or events.

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 has 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 an impairment loss is recognised. The impairment losses first reduce the carrying amount of any goodwill and then reduce the carrying amount of the other assets of the unit pro-rata. 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 or geographical areas). Goodwill is monitored and tested for the group of cash-generating units combined in markets where the fixed and mobile operations are monitored and reported as one operating segment. The group of cash-generating units is in any case not larger than an operating segment determined in accordance with IFRS 8 Operating Segments.

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. The consideration is discounted with a discount rate reflecting the credit risk when appropriate, normally when credit terms exceed 12 months. Sales related 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 and fees for TV distribution and satellite services.
- Customer equipment is primarily mobile devices/phones.

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 or when the cards are expired or forfeited.

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 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.

Customer equipment
Revenues from sales of customer equipment are normally recognised when the equipment, including the related significant risks and rewards of ownership, is transferred to the buyer and the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. When customer equipments are sold on instalment plans, the receivable is discounted if material, normally when the instalment period is more than 12 months.

Multiple element arrangements
When the Group delivers multiple services and/or equipment as part of one contract or arrangement, the consideration is allocated to the 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 the undelivered items. The consideration is allocated between the elements 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

Discounts are often provided in the form of cash discounts or free products and services delivered by the Group or by external parties. Discounts are recognised on a systematic basis over the period the discount is earned. Cash discounts are recognised as a reduction of revenue. Free products and services given as part of sales transactions are recognised as multiple element arrangements as described above.

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, based on the above, recognised gross in line with general accepted accounting principles within the telecommunications industry.

Revenues from transit traffic are assessed according to the above criteria and are recognised gross or net depending on whether the Group acts as a principal or agent in the transactions.

Licence 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 licence 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. Interest income related to the Groups banking operations are included within revenue, other interest income is included in financial income in the income statement. Dividend income from investments is recognised when the Group's rights to receive payment have been established (declared by the General Meeting or otherwise).

Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grants relate to an expense item, it is normally recognised as a reduction of the expense on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is presented in the statement of financial position by deducting the grant in arriving at the carrying amount of the asset. The grant is recognised in profit or loss over the useful life of a depreciable asset as a reduced depreciation expense.

Pensions

The Group operates various post-employment plans, including both defined benefit and defined contribution plans. The Group's liability recognised in the statement of financial position related to defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

The Group recognise service cost, comprising of current service cost, past service cost and non-routine settlements, as salaries and personnel costs in the income statement. Gains and losses on curtailments, which also form part of service cost, are presented as part of «other income and expenses' in the income statement. Net interest expense is recognised as financial expense in the income statement.

Remeasurements, comprising of actuarial gains and losses and the return on plan assets (excluding net interest) are recognised in the statement of comprehensive income. Remeasurements are not subsequently reclassified to the income statement.

Past service cost are recognised in the income statement on the earlier of the date of the plan amendment or curtailment, and the date that the Group recognises restructuring related costs. 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

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.

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 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 as an expense over the lease term on the same basis as the lease. 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 recognised 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 on a straight line basis over the lease term.

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, available for sale investments (equity securities), cash and cash equivalents, trade payables and other non-interest bearing liabilities, interest-bearing liabilities and derivatives.

The categorisation of the financial instrument for measurement purposes 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: fair value through profit or loss, loans and receivables and available-for-sale. In addition derivatives are used for hedging purposes. Financial assets at fair value through profit or loss consist of assets held for trading and include derivatives not designated for hedging purposes. Loans and receivables consist of unquoted non-derivative assets with fixed or determinable payments. Financial assets classified as available-for-sale consists 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: financial liabilities at fair value through profit or loss and financial liabilities at amortised cost. In addition derivatives are used for hedging purposes. Financial liabilities at fair value through profit or loss consist of liabilities held for trading and include derivatives not designated for hedging purposes. Financial liabilities measured 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 receivables and other current and non-current financial assets include trade receivables, other financial non-current interest-bearing and non-interest-bearing assets (including bonds and commercial papers with original maturity beyond three months and excluding capital contribution to the Telenor Pension Fund, which is a part of the class equity securities). These assets are part of the category loans and receivables and are measured on initial recognition at fair value including directly attributable transaction costs 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, exist. 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 investments, and assets held for trading that are a part of the category financial assets at fair value through profit or loss.

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 directly 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 recognised in the income statement for the period. Equity securities available for sale are considered impaired and an impairment loss is taken to the income statement if the reduction in value is significant 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. 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 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 net investments are recognised in the income statement as financial income or expense. The accounting for fair value hedges and hedges of net investments are described below.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risk and economic 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; as assets when the value is positive and as liabilities when the value is negative, as long as the Group has no intention or legally enforceable right to settle the contracts net.

Hedging

The Group applies hedge accounting for hedges that meet the criteria for hedge accounting. The Group has 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:

Fair value hedges

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.

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. If the hedged item still exists and is not sold, the fair value adjustment to the hedged item attributable to the risk being hedged at de-designation will be amortised in the income statement 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 to a cash flow hedge. Foreign exchange gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised directly in 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 foreign exchange gains or losses recognised in other comprehensive income is reclassified 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, deferred tax is provided for to the extent it is expected that retained earnings will be distributed in the foreseeable future. For undistributed earnings in associated companies, deferred tax is provided for 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 substantially enacted tax rates and regulation as of the end of the reporting period.

The Group treats expenses as tax deductible and income as not taxable based on interpretation of relevant laws and regulations and when it is assessed as probable that such treatment 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 recognised 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 offset 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.

A change in deferred tax assets and liabilities as a result of change in tax rates is recognised in profit or loss, except to the extent that it relates to items that previously was recognised in other comprehensive income or directly in equity.

Inventories

Inventories are valued at the lower of cost or net realisable value for products that will be sold as a separate item. Inventories that will be sold as part of a transaction with several items, which is expected to earn net income, are not considered as an indicator of write down, even though the allocated sales price in the transaction is lower than the cost. Cost is determined using the FIFO or weighted average method, depending on the nature of the inventories.

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, the costs associated with connection fees exceed the revenues and are expensed as incurred.

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 recognised at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated to reduce the cost of assets, other than land which is not depreciated, to their estimated residual value, if any, over their estimated useful lives. The cost to be capitalised as part of the asset, includes direct and incremental costs, borrowing costs for qualifying assets and the initial estimate of the cost of dismantling and removing the item and restoring the site on which it is located. If payment is deferred beyond normal credit term, its cost is the cash price equivalent. 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 as «other income (expense)» in the income statement as part of operating profit or loss.

Estimated useful life, depreciation method and residual value are evaluated at least annually. The straight-line depreciation method is used 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 which the Group does not expect to use for the assets' whole economic lives.

Repair and maintenance is expensed as incurred. If new parts are capitalised, replaced parts are derecognised and any remaining net carrying amount is recognised in operating profit (loss) as loss on disposal.

An exchange of assets is 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 replaced assets is carried forward for the new assets.

Intangible assets

Intangible assets acquired separately are measured initially at cost. The cost to be capitalised as part of the asset, includes direct and incremental costs and, for qualifying assets, borrowing costs. If payment of an intangible asset is deferred beyond normal credit term, its cost is the cash price equivalent. 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 accumulated impairment losses, if any.

Intangible assets with finite lives are amortised over the useful lives. Useful lives and amortisation method for intangible assets with finite useful life are reviewed at least annually. The straight-line amortisation method is used for most intangible assets as this best reflects the consumption of the assets. The amortisation period for customer base is the expected customer relationship and the amortisation method is based on historical experience of churn for the individual businesses.

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 as «other income (expense)» in the income statement as part of operating profit.

Research and development costs

Development expenditures are capitalised only when the criteria for recognition is met, i.e. that it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity, the management has committed itself to complete the asset, the technically feasibility of completing the asset has been demonstrated and that the cost can be measured reliably. 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 recognised 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 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.

Asset 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 recognised 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 two different share-based payments programs to management and employees. Bonus shares in these programs are awarded net after tax and considered to be both equity-settled and cash-settled share-based payments, due to the included tax effect and the provision for social security tax.

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.

Cash-settled share-based payments are measured at fair value of the liability. The liability is remeasured at each reporting date.

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 within the next financial year.

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

Discontinued operation and assets held for sale

On 3 December 2014 Telenor and TeliaSonera entered into an agreement to merge their 100% owned Danish operations into a new joint venture in which the parties will own 50 percent each. The transaction requires approval from the EU Commission. Telenor expect EU clearance and closing of the transaction during 2015. Telenor has presented Telenor Denmark as discontinued operation and assets and liabilities related to the Danish operation are classified as held for sale in the statement of financial position. The criteria for classification as held for sale and discontinued operation are, in the opinion of Telenor, fulfilled based on the following reasons:

- An agreement with TeliaSonera is signed and both Boards are committed to the current conditions in the plan to merge the two companies.
- The actions to complete the transaction are expected to be completed within one year from year end 2014.
- Telenor Denmark is a major line of business for the Group as it has been presented as a separate segment in the past.

There is a risk related to the process with the EU Commission and the clearance and approval of the transaction. However, Telenor assess that the transaction will go through as highly probable.

Consolidation of DiGi

The Group's ownership interest in DiGi is 49.0%. The Group consolidates DiGi.

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 to have the majority of the votes at the General Meeting. As a consequence of this and based on experience from past general meetings, 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 Board of Directors meetings. Consolidation based on de facto control is assessed on an ongoing basis.

Key sources of estimation uncertainty – critical accounting estimates

A critical accounting estimate is one which is both important to the presentation of the Group's financial position and results and requires management's most difficult, subjective or complex judgements, 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 considers reasonable under the circumstances, as well as forecasts as to how these might change in the future.

Revenue recognition

The Group's revenues primarily comprise sale of services, such as subscription and traffic fees, and customer equipment, such as mobile devices. The Group offers multiple element arrangements where the customer can pay the devices by instalments over a given period. The Group estimate the credit risk related to such instalment plans based on historical losses and a change in customer payment behaviour would affect the credit risk and hence the recognised income and receivable in the future. In some arrangements the customer are offered multiple element arrangements with the option to buy a new handset before the original instalment period is over without paying the remaining instalments on the old phone. In such circumstances, the revenue allocated to the handset is based on an estimate of the period until the customer changes its handset with a new one. A change in the estimated period until the customer changes the handset could potentially have a significant effect on the financial statements.

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 obligations and pension plan assets, see note 25

Calculation of net pension obligations (the difference between pension obligations and pension plan assets) are made based on certain key estimates and assumptions. The discount rate is one of the most significant assumptions. The Norwegian Accounting Standards Board reassessed whether there is a deep market for high quality corporate bonds in Norway in 2012 and subsequently changed their guidance that only governmental bonds could be used in Norway as basis for setting the discount rate by accepting Norwegian Covered Bonds (OMF) as basis. Telenor regards OMF as being high quality corporate bonds with sufficient depth in the OMF market. Based on this assessment, Telenor has used OMF as basis for setting the discount rate for the Norwegian defined benefit plans with effect from 01 January 2013. In 2014, the market for OMF has expanded further, both in relation to outstanding volume and turn over.

The macroeconomic developments in Norway at the end of 2014, with the depreciation of the Norwegian Krone and the significant drop in the oil price as the main factors, made it difficult to estimate the future inflation and the future real wage development. In the short term it is expected that the inflation will be held at a normal level, due to the weakened Norwegian Krone, but long term estimates on inflation is more uncertain. Based on an expected lower activity in the Norwegian economy it is also expected that the real wage development will drop significantly in the short term. The assumptions of future salary increase and future increase in the social security base amount used in calculating the net pension liability are based on the underlying assumptions inflation and real wage growth. As a consequence of the uncertainty of these underlying parameters we have made our best effort in estimating these assumptions and reduced these two assumptions with one percentage point each, to 2.5%.

A sensitivity analysis for changes in certain actuarial assumptions and how they influence the pension obligations and the pension costs is included in note 25. The basis for the other assumptions is also described in this note.

Depreciation and amortisation, see note 17 and 18

Depreciation and amortisation expenses are based on management's estimates of residual value, depreciation and amortisation method and the 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 the Group's views on the trends and pace of development may change over time. Critical estimates in the evaluations of useful lives for tangible and intangible assets include, but are not limited to, remaining licence or concession period and expected developments in technology and markets. 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 such as growth rate, maturity of the market, history and expectations for replacements or transfer of assets, climate and quality of components used. A change in estimated useful life is a change in accounting estimate, and depreciation and amortisation plans are adjusted prospectively.

Impairment, see note 15, 16, 17, 18 and 19

The Group has made significant investments in property, plant and equipment, intangible assets, goodwill, associates and other investments. Goodwill, intangible assets with indefinite useful life and intangible assets not yet in use are tested for impairment annually or more often if indicators of impairment exist, whereas other assets are tested for impairment when circumstances indicate there may be a potential impairment. Factors that indicate impairment which trigger 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 the assets or the strategy for the 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 loss of market share; significant unfavourable regulatory and court decisions and significant cost overruns in the development of assets.

In accordance with IAS 36 the recoverable amounts of assets and companies is the higher of value in use and fair value less cost of disposal. Value in use, particularly when discounted cash flow methods are used, must in part be based on management's evaluations, including determining appropriate cash-generating units, determining the discount rate, estimates of future performance, revenue generating capacity of the assets and assumptions of the future market conditions. Recessionary effects and increased macroeconomic risks may impact the estimates of future performance and discount rates used in estimating recoverable amounts of assets.

The use of fair value less cost of disposal requires estimating the fair value of assets and liabilities using the assumptions that market participants would use. This entails considering market participants' views on the particular cash generating unit, technological and industry trends, and the regulatory and macroeconomic environment in which the cash generating unit is operating, as well as the actual performance of the cash generating unit.

Changes in circumstances and in management's and market participants' evaluations and assumptions may give rise to impairment losses in the relevant periods. A significant part of the Group's operations is in countries with emerging markets. The political, regulatory and economical situation in these countries may change rapidly and global financial turmoil and recession may have a significant impact on these countries.

There are significant variations between different markets with respect to growth, mobile penetration, ARPU, market share and similar parameters, resulting in differences in EBITDA margins. The future developments of EBITDA margins are important in the Group's impairment assessments, 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 note 13

Deferred tax assets are recognised to the extent that it is probable that the tax 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 and the existence of taxable temporary differences. The judgements relate primarily to tax losses carried forward in some of the Group's foreign operations. When an entity has a history of recent losses the deferred tax asset arising from unused tax losses is recognised only to the extent that there is convincing evidence that sufficient future taxable profit will be generated. Estimated future taxable profit is not considered as convincing evidence unless the entity has demonstrated the ability of generating significant taxable profit for the current year or there are certain other events providing sufficient evidence of future taxable profit. Uncertainty related to new transactions and events and the interpretation of new tax rules may also affect these judgements.

Associated companies, see note 19

The Group has as of 31 December 2014 an ownership interest of 33.05% in VimpelCom Ltd. (VimpelCom) and accounts for the investment in VimpelCom in accordance with the equity method. Financial statements of VimpelCom as of the reporting date were not available before the Board of Telenor ASA approved its unaudited interim consolidated financial statements for the fourth quarter 2014. VimpelCom is listed (New York Stock Exchange) and the company is not able to provide financial information to one investor without providing equivalent information to all other investors at the same time. As a consequence, the share of net income from VimpelCom has been recognised in the consolidated financial statements of the Group with a one quarter lag. Thus, share of net income from VimpelCom for the year includes share of net income for the period 1 October to 30 September.

VimpelCom does not provide information on a quarterly basis related to other comprehensive income. However, Telenor recognise its share of the estimated translation differences based on VimpelComs reported figures with one quarter lag for 2014.

Adjustments are made for the effects of publicly available information on any significant transactions and events that occur between the latest interim financial reporting from VimpelCom and the date of the Group's consolidated financial statements. Such adjustments require significant judgement. For the fourth quarter of 2014, the Russian Ruble and the Ukrainian Hryvnia depreciated significantly and an estimate of the translation differences has been made based on currency rates as of 31 December 2014 and the reported figures for VimpelCom as of 30 September 2014.

Tax uncertainty, legal proceedings, claim and regulatory discussions, see also note 13 and 33

The Group is subject to various legal proceedings, disputes and claims including regulatory discussions related to the Group's business, licences, tax positions, investments 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 discontinued operations

Acquisitions in 2014

Acquisition of Tele2's cable and fibre business

On 2 January 2014, Telenor acquired 100% of Tele2's Swedish residential fibre and cable TV business for NOK 747 million. The business included 370,000 connected households, with 125,000 fixed broadband subscribers, 75,000 digital TV subscribers and 220,000 analogue TV households. The acquisition strengthens Telenor's position as one of the leading providers of broadband and digital TV services in Sweden.

The purchase price allocation was performed with assistance from third party valuation experts. The fair values of the identifiable assets and liabilities of the business as at the date of acquisition were:

NOK in millions	Fair values as of acquisition date
Customer Base	279
Property, Plant & Equipment	493
Other assets	9
Total assets	**781**
Deferred tax liability	97
Current Liabilities	37
Total liabilities	**134**
Net identifiable assets	648
Goodwill	99
Total consideration for the shares, satisfied by cash	**747**

The goodwill of NOK 99 million comprises the value of expected synergies arising from the acquisition. None of the goodwill is expected to be deductible for income tax purposes.

In 2014, the acquired cable and fibre business contributed NOK 553 million to Revenue and NOK -172 million to Profit before tax of the Group.

Other business combinations

During 2014, Telenor completed other minor business combinations in Norway and Montenegro. The total consideration, paid in cash, was NOK 25 million.

Acqusition in 2013

On 1 August 2013, Telenor acquired 100% of the voting shares of Cosmo Bulgaria Mobile EAD (Globul) and Germanos Telecom Bulgaria EAD (Germanos), two private companies in Bulgaria, for NOK 5.1 billion. The acquisition related transaction cost was NOK 28 million. Globul was the second largest mobile operator in Bulgaria. Germanos, which was a retail network, was a major commercial partner of Globul in Bulgaria. During 2014 Telenor merged these two companies and rebranded Globul and Germanos to Telenor Bulgaria. The acquisition strengthens Telenor's position in Europe.

The purchase price allocation, which was performed with assistance from third-party valuation experts and presented in the annual report 2013, was based on a provisional assessment. There have been no changes to the purchase price allocation during 2014. The fair value of the identifiable assets and liabilities of Telenor Bulgaria as at the date of acquisition were:

NOK in millions	Fair values as of acquisition date
Customer Base	1 573
Licences	491
Other intangible assets	111
Property, Plant & Equipment	1 493
Other assets	737
Bank and cash balances	678
Total assets	**5 083**
Deferred tax liability	186
Non-Current Liabilities	1 095
Current Liabilities	707
Total liabilities	**1 988**
Net identifiable assets	3 095
Goodwill	2 042
Total consideration for the shares, satisfied by cash	**5 137**

The goodwill of NOK 2.0 billion comprises the value of expected synergies arising from the acquisition, including modernisation of the network. None of the goodwill recognised is expected to be deductible for income tax purposes.

For the period between the date of acquisition and 31 December 2013, Telenor Bulgaria contributed NOK 1,151 million to Revenue and NOK -87 million to Profit before tax of the Group. If the business combination had taken place at the beginning of the year, Revenue would have been NOK 100,618 million and Profit before tax for the Group would have been NOK 17,456 million.

Other business combinations

During 2013, Telenor completed several other minor business combinations in Norway and Serbia. The total consideration, paid in cash, was NOK 215 million. Goodwill attributable to these acquisitions was NOK 11 million.

Discontinued operations

Joint Arrangement agreement in Denmark

On 3 December 2014 Telenor and TeliaSonera entered into an agreement to merge their 100% owned Danish operations into a new joint venture in which the parties will own 50 percent each. Telenor and TeliaSonera have agreed that the enterprise values of their respective operations are fairly equal and hence the agreement is based on equal ownership. Differences in net debt and changes in working capital from signing to closing will be settled in cash.

Telenor and TeliaSonera have agreed upon the key transaction terms. The transaction requires approval from the EU Commission. Telenor expect EU clearance and closing of the transaction during 2015. The operations remain separate and operate independently up to the closing of the transaction.

Telenor Denmark is presented as discontinued operation in the income statement and comparative periods are restated. In the statement of financial position as of 31 December 2014, Telenor Denmark is classified as held for sale.

The results of Telenor Denmark for the years 2013 and 2014 are presented below:

NOK in millions	2014	2013
Revenue	4 904	4 889
Expenses	(5 011)	(4 653)
Operating profit	**(108)**	236
Share of net income from associated companies	(2)	(3)
Net financial income (expenses)	(7)	(6)
Profit or loss before tax	**(117)**	226
Income taxes	17	(33)
Profit or loss from discontinued operations	**(100)**	193
Earnings per share in NOK from discontinued operations		
Basic	(0.07)	0.13
Diluted	(0.07)	0.13

The major classes of assets and liabilities of Telenor Denmark classified as held for sale as 31 December 2014 are, as follows:

NOK in millions	2014
Assets	
Property, plant & equipment	3 194
Intangible assets	959
Other non-current assets	78
Total non-current assets	**4 232**
Inventory	145
Trade and other receivables	1 409
Cash and cash equivalents	441
Total current assets	**1 995**
Total assets classified as held for sale	**6 226**
Liabilities	
Non-current liabilities	665
Current liabilities	1 279
Total liabilities classified as held for sale	**1 944**

The net cash flows generated by Telenor Denmark are, as follows:

NOK in millions	2014	2013
Net cash flows from operating activities	817	1 110
Net cash flows from Investing activities	(507)	(476)
Net cash flows from financing activities	10	11
Net cash inflow	**320**	645

Cumulative income and expenses recognised in other comprehensive income related to Telenor Denmark amounts to NOK 0.5 billion.

Assets held for sale

Evry ASA

On 8 December 2014, the board of Evry ASA announced that it recommends all shareholders of Evry ASA to accept the offer from Lyngen Bidco AS («the Offeror») at NOK 16 per share for all outstanding shares in Evry ASA. Telenor, together with the other major shareholder Posten Norge AS, signed pre-acceptance of the offer on the condition that the Offeror receives acceptance of more than 90% of the shares in Evry after a voluntary Offer Period. The Offeror has the option to waive the condition if acceptance between 70 – 90% is achieved. 2 March 2015 88% of the shareholders had accepted the voluntary offer and the Offeror waived the condition of receiving valid acceptances for more than 90 per cent of the Shares and voting rights in Evry ASA. The transaction was finalised 16 March 2015.

The Group holds 30.2% of the shares in Evry ASA and Evry ASA has been classified as an associated company. As of 31 December 2014 Evry ASA is classified as Asset Held for Sale with the carrying amount of NOK 1 092 million. The previously recognised impairment of NOK 160 million has been reversed as of 31 December 2014.

/05/ Segments

The segment information for the period 2013 to 2014 is reported in accordance with the reporting to Group Executive Management (chief operating decision-makers) and is consistent with financial information used by them for assessing performance and allocating resources. Segment result is defined as EBITDA before other income and other expenses.

The Group's primary reportable segments are based on the business activities and geographical location. The main products and services are mobile communication, fixed line communication and broadcasting activities. In addition the Group reports Other units as a separate segment.

Telenor Montenegro and Telenor Serbia are reported as one operating segment «Telenor Montenegro and Serbia» from 1 January 2014, as both are reviewed together by Group Executive Management. Myanmar, reported under «Other units» in the annual report 2013, is reported as one reporting segment from 1 January 2014. The Group's figures for previous periods are reclassified accordingly.

In December 2014 Telenor and TeliaSonera entered into an agreement to merge their Danish operations into a joint venture and Telenor Denmark is classified as discontinued operations, see note 4. Hence, the figures for Telenor Denmark are not included in the segment reporting for 2013 and 2014.

On 1 August 2013 the Group acquired 100% of the voting shares in Globul – Bulgaria and this business unit is defined as a separate reportable segment from this date.

The Group's mobile communication business mainly includes voice, data, internet, content services, customer equipment and messaging. In Norway and Sweden, the fixed line businesses are reported together with mobile operations. Fixed services comprise telephony, Internet and TV, leased lines as well as data services and managed services.

Broadcast comprises Canal Digital DTH in the Nordics, satellite broadcasting and terrestrial radio and TV transmission in Norway and Belgium.

Other units consist of International wholesale, Telenor Digital, Corporate Functions and Other. Telenor Digital includes companies operating within international communication services, machine to machine communication as well as internet based services, and financial services, none of which are material enough to be reported as separate segments. Corporate Functions comprise activities such as real estate, global shared services, research and development, strategic Group projects, Group Treasury, the internal insurance company and support functions. Other includes mainly mobile communication business at sea conducted by Maritime Communication Partner.

Deliveries of network-based regulated services within the Group are based on cost oriented prices based on negotiations between the units. All other transactions between the segments are based on market conditions.

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.

Segment Information 2014

NOK in millions	Revenues	External revenues	EBITDA before other income and expenses [1]	EBITDA [1]	Depreciation, amortisation and impairment losses	Operating profit (loss)	Investments [2]
Norway	26 186	25 846	11 255	10 862	(3 432)	7 430	4 218
Sweden	11 728	11 621	3 489	3 434	(1 533)	1 900	2 261
Hungary	4 239	4 203	1 375	1 327	(475)	851	1 227
Bulgaria [3]	2 723	2 716	1 041	1 039	(1 444)	(406)	681
Montenegro & Serbia	3 450	3 330	1 293	1 288	(374)	913	339
dtac - Thailand	17 562	17 521	5 993	6 021	(2 896)	3 124	2 721
Digi - Malaysia	13 513	13 509	6 086	6 099	(974)	5 125	1 741
Grameenphone - Bangladesh	8 367	8 365	4 434	4 435	(1 435)	3 000	1 232
Pakistan	6 214	5 706	2 394	2 380	(801)	1 578	2 301
India	4 200	4 197	(422)	1 161	(279)	882	1 374
Myanmar	290	285	(508)	(508)	(98)	(605)	4 281
Broadcast	6 309	6 155	1 951	3 095	(539)	2 556	407
Other units	5 859	3 087	(579)	(719)	(511)	(1 230)	1 255
Eliminations	(4 098)	-	(120)	(90)	5	(86)	-
Group	**106 540**	**106 540**	**37 681**	**39 823**	**(14 788)**	**25 034**	**24 039**

Segment Information 2013

NOK in millions	Revenues	External revenues	EBITDA before other income and expenses [1]	EBITDA [1]	Depreciation, amortisation and impairment losses	Operating profit (loss)	Investments [2]
Norway	25 071	24 728	10 758	10 518	(3 095)	7 423	4 963
Sweden	10 973	10 810	3 266	3 230	(1 406)	1 824	1 371
Hungary	4 022	4 006	1 393	1 357	(389)	968	933
Bulgaria [3]	1 151	1 150	373	365	(446)	(81)	121
Montenegro & Serbia	3 393	3 262	1 355	1 356	(343)	1 014	242
dtac - Thailand	18 112	18 044	5 763	5 688	(2 245)	3 442	2 776
Digi - Malaysia	12 556	12 552	5 651	5 655	(1 648)	4 008	1 383
Grameenphone - Bangladesh	7 294	7 287	3 709	3 726	(1 164)	2 562	2 256
Pakistan	5 406	5 403	2 052	2 024	(1 202)	822	1 279
India	3 001	2 989	(585)	(551)	(25)	(576)	214
Myanmar	-	-	(48)	(48)	-	(48)	7
Broadcast	6 735	6 550	2 109	2 078	(585)	1 493	572
Other units	4 809	2 358	(877)	(1 064)	(642)	(1 706)	7 294
Eliminations	(3 385)	-	(150)	(126)	74	(51)	(13)
Group	**99 138**	**99 138**	**34 768**	**34 208**	**(13 117)**	**21 092**	**23 397**

1) See following table for definition and reconciliation of EBITDA. EBITDA before other income and other expenses is the segment result.
2) Investments consists of capex and investments in businesses, licences and spectrum.
3) Bulgaria was consolidated from 1st August 2013.

Reconciliation of EBITDA

NOK in millions	2014	2013
Net income	**12 759**	12 123
Profit (loss) from discontinued operations	(100)	193
Profit from continuing operations	**12 859**	11 930
Income taxes	(6 614)	(5 669)
Profit before taxes	**19 473**	17 599
Net financial income (expenses)	(1 704)	(1 907)
Share of net income (loss) from associated companies and joint ventures	(3 796)	(1 226)
Gains (losses) on disposal of associated companies	(61)	(359)
Operating profit	**25 034**	21 092
Depreciation and amortisation	(14 754)	(12 965)
Impairment losses	(34)	(151)
EBITDA	**39 823**	34 208
Other income	3 089	182
Other expenses	(946)	(742)
EBITDA before other income and other expenses	**37 681**	34 768

Geographic distribution of external revenues based on customer location

NOK in millions	2014	2013
Norway	28 943	27 962
Sweden	13 526	12 561
Other Nordic	1 202	1 111
Central Europe	10 395	8 648
Thailand	17 368	17 662
Malaysia	13 386	12 396
Other Asia [1]	19 445	16 289
Other countries	2 275	2 509
Total revenues	**106 540**	99 138

[1] Other Asia includes Bangladesh, Pakistan, India and Myanmar.

Assets by geographical location of the company

	Non-current assets excluding deferred tax assets and other non-current assets		Total assets	
NOK in millions	2014	2013	2014	2013
Norway	29 703	30 507	48 512	47 424
Sweden	13 684	12 494	20 056	18 955
Other Nordic	259	4 189	7 121	6 879
Central Europe	20 450	19 844	24 178	23 601
Eastern Europe [1]	21 935	31 006	21 935	31 006
Thailand	20 055	16 668	26 222	21 146
Other Asia [2]	35 543	22 777	45 086	31 415
Other countries	396	376	645	546
Total assets	**142 024**	137 860	**193 755**	180 971

[1] The associated company VimpelCom Ltd is included in Eastern Europe.
[2] Other Asia includes Malaysia, Bangladesh, Pakistan, India and Myanmar.

/06/ Revenues

NOK in millions	2014	2013
Mobile communication	73 383	67 766
Fixed telephony, Internet and TV	13 463	12 548
Satellite and TV-distribution	6 155	6 572
Other	5 132	4 939
Total services	**98 133**	**91 824**
Customer equipment	8 407	7 314
Total products	**8 407**	**7 314**
Revenues	**106 540**	**99 138**

Mobile communication: Includes revenues from voice and non-voice traffic, subscription and connection for mobile devices and incoming traffic from other mobile operators.

Fixed telephony, Internet and TV: Fixed telephony includes revenues from traffic, subscription and connection for PSTN/ISDN and Voice over Internet Protocol (VoIP). Internet and TV includes revenues from subscription fees for xDSL and fibre, subscription fees and traffic charges for Internet traffic as well as revenues from TV services.

Satellite and TV distribution: Includes revenues from Nordic DTH subscribers and households in SMATV networks, revenues from satellite services, revenues from terrestrial radio and TV transmission and sale of encryption and conditional access services for TV distribution.

Customer equipment includes mainly sale of mobile devices.

Other includes revenues mainly from leased lines, leased network, data services, managed services, 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. Lease revenues are included in other revenue category in the table above and not shown separately due to their immateriality. 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	2014	2013
Traffic charges	(12 586)	(12 457)
Costs of materials etc	(16 236)	(14 117)
Total costs of materials and traffic charges	**(28 822)**	**(26 575)**

Traffic charges include operating lease expenses relating to the lease of dedicated network and satellite capacity. See note 31 for information about operating lease commitments.

/08/ Salaries and personnel costs

NOK in millions	2014	2013
Salaries and holiday pay	(8 895)	(8 442)
Social security tax	(1 167)	(1 091)
Pension costs including social security tax (note 25)	(757)	(678)
Share-based payments, excluding social security tax [1]	(56)	(247)
Other personnel costs	(576)	(507)
Own work capitalised	983	1 076
Total salaries and personnel costs	**(10 468)**	**(9 889)**

[1] Include expenses related to the Group's employee share programme for employees, and the Group's long term incentive programme for managers and key personnel.

The average number of man-years employed was approximately 33,000 in 2014 and 32,000 in 2013.

/09/ Other operating expenses

NOK in millions	2014	2013
Operating leases of buildings, land and equipment	(3 478)	(3 045)
Other cost of premises, vehicles, office equipment etc.	(2 094)	(1 866)
Operation and maintenance	(5 830)	(5 039)
Concession fees	(5 200)	(6 096)
Marketing and sales commission	(6 610)	(6 220)
Advertising	(2 327)	(1 943)
Consultancy fees and external personnel	(1 912)	(1 708)
Other	(2 118)	(1 989)
Total other operating expenses	**(29 569)**	(27 906)

/10/ Other income and other expenses

NOK in millions	2014	2013
Gains on disposals of fixed assets and operations	3 089	182
Losses on disposals of fixed assets and operations	(271)	(190)
Expenses for workforce reduction and onerous (loss) contracts	(675)	(552)
Total other income and other expenses	**2 142**	(560)

During 2014, gains on disposals of fixed assets and operations mainly relate to licence refund in India of NOK 1.7 billion and divestment of Conax of NOK 1.2 billion. Expenses for workforce reductions and onerous (loss) contracts in 2014 mainly relate to workforce reductions in Telenor Norway and Corporate functions, legal disputes in India and onerous contracts in Canal Digital.

Expenses for workforce reductions and onerous (loss) contracts in 2013 were mainly related to restructuring of operations in Telenor Digital, and workforce reductions in Telenor Norway, Telenor Sweden, Corporate Functions and Grameenphone. See also note 24.

/11/ Research and development costs

Research and development costs that have been recognised in the income statement amount to NOK 509 million in 2014 (NOK 342 million in 2013) from continuing operations. Expensed research and development activities relate to new technologies, new services and products, security in the network and new usages of the existing network.

/12/ Financial income and expenses

NOK in millions	2014	2013
Interest income on cash and cash equivalents	275	388
Other financial income	201	152
Total financial income	**476**	**541**
Interest expenses on financial liabilities measured at amortised cost	(1 782)	(2 014)
Other financial expenses	(406)	(446)
Total financial expenses	**(2 188)**	**(2 460)**
Foreign currency gains	6 554	12 550
Foreign currency losses	(6 714)	(13 049)
Net foreign currency gains (losses)	**(160)**	**(499)**
Net change in fair value of financial instruments at fair value through profit or loss	(391)	22
Net change in fair value of hedging instruments and hedge items	519	450
Net change in fair value of financial instruments	**128**	**472**
Net gains (losses and impairment) of financial assets and liabilities	**40**	**39**
Net financial income (expenses)	**(1 704)**	**(1 907)**

The decrease in financial income in 2014 compared with 2013 is mainly due to decreased interest rates on cash and cash equivalents.

The decrease in financial expenses in 2014 compared with 2013 is mainly due to decreased interest rates on interest-bearing debt and derivatives.

Net foreign currency losses are caused by intercompany positions and unhedged external positions.

Gross currency movements are high compared to the net amount. The main reason is that currency effects on external funding in Telenor ASA are offset by currency effects of intercompany receivables in the internal bank.

/13/ Income taxes

NOK in millions	2014	2013
Profit before taxes	19 473	17 599
Current taxes	(4 520)	(3 359)
Deferred taxes	(2 095)	(2 309)
Income tax expense	**(6 614)**	**(5 669)**

In 2013 current tax was lower due tax repayment from Norwegian Tax Authorities after favourable outcome in The Tax Appeal Board («Skatteklagenemda») on the 2006 tax return reassessment concerning gain on a Total Return Swap agreement with OJSC Vimpelcom Shares as the underlying object, and due the recognition of tax deductible losses on internal receivables against the Indian entity, Unitech Wireless, upon the completion of the business transfer to Telewings. For more information see following page.

Effective tax rate

The effective tax rate increased from 32.2% to 34% mainly due to losses in associated companies recognised on an after tax basis and results in Myanmar and India currently not being in a tax paying position, partly offset by the tax effect of the license refund recognised as other income in the income statement and represents a reduction in tax base of spectrum.

The table below reconciles the reported income tax expense to the expected income tax expense according to the Norwegian corporate income tax rate of 27% (28% in 2013). It also discloses the main elements of the tax expense. Selected line items are commented below the table.

NOK in millions	2014	2013
Income tax expense at corporate income tax rate in Norway (27%)	(5 258)	(4 928)
Tax rates outside Norway different from 27%	(28)	329
Effect of changes in tax rates	(41)	(321)
Share of net income from associated companies and joint ventures	(1 040)	(444)
Non-taxable and non-deductible items	137	(307)
Current and deferred taxes on retained earnings in subsidiaries and associated companies	(406)	(251)
Deferred tax assets not recognised current year	(508)	(638)
Change in previously not recognised deferred tax assets	131	-
Tax effect of license refund	525	-
Tax effect of loss on internal receivables	-	427
Resolution of disputed item	(39)	501
Other	(88)	(36)
Income tax expense	**(6 614)**	(5 669)
Effective tax rate in %	**34.0**	32.2

Tax rates outside Norway different from 27%

Effects are related to the fact that dtac (Thailand: 20%), DiGi (Malaysia: 25%), Telenor Sweden (22%), Telenor Serbia (15%) and Telenor Bulgaria (10%) have nominal tax rates lower than the nominal tax rate for Norway of 27%, while Grameenphone Ltd. (Bangladesh: 40%) and Telenor Pakistan (33%) have higher nominal tax rates.

Effect of changes in tax rates

Pakistan decreased their nominal tax rate from 34% to 33% with effect from 1 January 2014. In 2013 significant effects were due to increase in nominal tax rate in Bangladesh from 35% to 40% and decrease in the nominal tax rate in Norway from 28% to 27%.

Share of net income from associated companies and joint ventures

Share of net income from associated companies and joint ventures is recognised on an after tax basis and is therefore excluded from the Group's tax expense.

Non-taxable and non-deductible items

The tax reduction due to the non-taxable gain on sale of the shares in Conax in the first quarter of 2014 is included with NOK 327 million.

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

This line includes current taxes on dividends received, as well as change in deferred tax liability (primarily withholding tax) the Group has recognised on undistributed earnings in subsidiaries and associated companies outside of Norway. Undistributed retained earnings in foreign subsidiaries for which deferred taxes have not been provided amount to NOK 2.1 billion as of 31 December 2014 (NOK 1.7 billion as of 31 December 2013).

Deferred tax assets not recognised current year

This line primarily relates to India and Myanmar in 2014 (India in 2013).

Change in previously not recognised deferred tax assets

For 2014, the line mainly relates to recognition of deferred tax asset based on temporary differences carried forward in dtac.

Tax effect of license refund

License refund in India of NOK 1.7 billion has been recognised as other income in the income statement and represents a reduction in the tax base of spectrum. No deferred tax asset is recognised in India on temporary differences.

Tax effect of loss on internal receivables

In 2012, Telenor ASA repaid, as guarantor, all of Unitech Wireless's interest-bearing borrowings, amounting to NOK 10.6 billion. Deferred tax asset amounting to NOK 2.5 billion was recognised in 2012 based on provision for loss on internal receivables against Unitech Wireless as it was clear that the business in Unitech Wireless would be wound up subsequent to the completion of the expected business transfer from Unitech Wireless to the new Indian entity Telewings. In 2013, the business transfer from Unitech Wireless to Telewings was completed, and hence the accumulated loss was finally determined and treated as tax deductible in 2013.

Resolution of disputed tax item

Adjustments of disputed items in 2013 are related to refund of taxes paid due to reassessment of 2006 tax returns. During the third quarter of 2010, Telenor ASA received a reassessment by the Norwegian tax authorities of its 2006 and 2007 tax returns, concerning gain on a Total Return Swap agreement with OJSC VimpelCom shares as the underlying object. Following the receipt of the reassessment Telenor provided for a tax expense of NOK 0.8 billion, which was paid in 2010. Telenor disagreed with the tax authorities' position and appealed the reassessment. In 2013, the Tax Appeal Board decided the 2006-reassessment in Telenor ASA's favour, due to statute of limitations rules. Telenor ASA received a total repayment of NOK 0.5 billion, which was recognised as tax expense reduction with NOK 482 million and non-taxable interest income with NOK 68 million. The ruling upheld the reassessment for 2007 and Telenor ASA has taken this decision to court.

Tax losses carried forward

Tax losses carried forward in selected countries expire as follows as of 31 December 2014:

NOK in millions	Norway	India	Myanmar	Pakistan	Other	Total
2015	-	-	-	-	76	76
2016	-	-	-	-	80	80
2017	-	-	-	-	59	59
2018	-	-	-	-	516	516
2019	-	-		-	106	106
2020 and later	-	1 180	822	-	18	2 020
Not time-limited	6 697	1 455	-	3 397	518	12 066
Total tax losses carried forward	**6 697**	**2 636**	**822**	**3 397**	**1 374**	**14 925**
On which deferred tax assets have not been recognised	1 766	2 636	822	1 246	1 345	7 814
Tax losses on which deferred tax assets have been recognised	**4 931**	**-**	**-**	**2 151**	**29**	**7 111**

Tax losses carried forward in selected countries expire as follows as of 31 December 2013:

NOK in millions	Norway	India	Pakistan	Other	Total
2014	-	-	-	-	-
2015	-	-	-	58	58
2016	-	-	-	1	1
2017	-	-	-	59	59
2018	-	-	-	881	881
2019 and later	-	233	-	47	280
Not time-limited	8 737	139	3 556	189	12 621
Total tax losses carried forward	**8 737**	**372**	**3 556**	**1 233**	**13 898**
On which deferred tax assets have not been recognised	1 375	372	857	1 026	3 631
Tax losses on which deferred tax assets have been recognised	**7 362**	**-**	**2 699**	**206**	**10 268**

In 2014 tax loss carried forward increased by NOK 1.0 billion due to operating losses in India of NOK 2.3 billion and Myanmar NOK 0.8 billion, partly offset by utilisation of tax losses carried forward in Norway of NOK 2.0 billion. Recognised tax assets after valuation allowance decreased by NOK 3.1 billion mainly due to utilisation of tax losses in Norway and Pakistan.

The tax losses carried forward increased in Norway in 2013 mainly due to the realisation of tax losses on the internal receivables against Unitech upon the completion of the business transfer from Unitech Wireless to Telewings.

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

	2014			2013		
NOK in millions	Deferred tax assets	Deferred tax liabilities	Of which deferred assets not recognised	Deferred tax assets	Deferred tax liabilities	Of which deferred assets not recognised
Tangible and intangible assets	1 335	(5 397)	(87)	2 702	(5 274)	(920)
Undistributed earnings in foreign subsidiaries and associated companies	-	(232)	-	-	(158)	-
Other non-current items	3 036	(1 050)	(151)	2 563	(1 072)	(211)
Total non-current assets and liabilities	**4 371**	**(6 680)**	**(238)**	5 265	(6 504)	(1 131)
Total current assets and liabilities	**1 649**	**(164)**	**(79)**	1 151	(197)	(99)
Tax losses carried forward	**4 205**	**-**	**(2 159)**	3 932	-	(958)
Total deferred tax assets/liabilities	**10 225**	**(6 844)**	**(2 475)**	10 347	(6 701)	(2 188)
Net deferred tax assets/liabilities	**906**			1 458		
Of which deferred tax assets	3 411			3 585		
Of which deferred tax liabilities	(2 505)			(2 127)		

Recognised deferred tax assets mainly relate to Norway and Pakistan.

Changes in net deferred tax assets/liabilities

NOK in millions	2014	2013
As of 1 January	**1 458**	2 450
Recognised in the income statement	(2 095)	(2 309)
Recognised in other comprehensive income	1 571	1 593
Recorded directly to equity	(19)	25
Acquisitions and disposals	(90)	(172)
Translation differences on deferred taxes	(33)	(129)
Tax effect related to discontinued operations	114	1
As of 31 December	**906**	1 458

/14/ Earnings per share

Earnings

From continuing operations

The calculations of the basic and diluted earnings per share from continuing operations attributable to the ordinary equity holders of Telenor ASA are based on the following income:

NOK in millions, except earnings per share	2014	2013
Profit (loss) from continuing operations attributable to the equity holders of Telenor ASA	9 176	8 555
Net income for the purposes of diluted earnings per share from continuing operations	**9 176**	**8 555**
Basic earnings per share from continuing operations	6.1	5.62
Diluted earnings per share from continuing operations	6.1	5.61

From discontinued operations

The calculations of the basic and diluted earnings per share from discontinued operations are based on the following income:

NOK in millions, except earnings per share	2014	2013
Profit (loss) from discontinued operations	(100)	193
Net income for the purposes of diluted earnings per share from discontinued operations	**(100)**	**193**
Basic earnings per share from discontinued operations	(0.07)	0.13
Diluted earnings per share from discontinued operations	(0.07)	0.13

From net income

The calculations of the basic and diluted earnings per share attributable to the ordinary equity holders of Telenor ASA are based on the following income:

NOK in millions, except earnings per share	2014	2013
Net income attributable to the equity holders of Telenor ASA	9 077	8 748
Net income for the purpose of diluted earnings per share	**9 077**	**8 748**
Basic earnings per share	6.03	5.74
Diluted earnings per share	6.03	5.74

Number of shares

In thousands	2014	2013
Weighted average number of shares for the purpose of basic earnings per share	**1 504 440**	**1 523 181**
Effect of potential dilutive shares:		
Share options and bonus shares	949	2 047
Weighted average number of shares for the purpose of diluted earnings per share	**1 505 389**	**1 525 228**

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.

/15/ Goodwill

NOK in millions	Telenor Sweden	Telenor Hungary	dtac Thailand	Telenor Serbia	Telenor Bulgaria	Broadcast	Other[1]	Total
Accumulated cost								
As of 1 January 2013	**5 383**	**3 933**	**2 282**	**4 911**	**-**	**1 749**	**1 272**	**19 529**
Translation differences	578	484	45	586	140	6	29	1 867
Arising on acquisition of subsidiaries	-	-	-	-	2 042	-	11	2 053
Reallocation of goodwill	(6)	-	-	-	-	-	42	36
Derecognised on disposal of subsidiaries	-	-	-	-	-	-	(24)	(24)
As of 31 December 2013	**5 955**	**4 417**	**2 327**	**5 497**	**2 182**	**1 755**	**1 330**	**23 461**
Translation differences	80	62	503	68	170	1	93	977
Arising on acquisition of subsidiaries	99	-	-	-	-	-	3	102
Derecognised on disposal of subsidiaries	-	-	-	-	-	-	(11)	(11)
As of 31 December 2014	**6 134**	**4 479**	**2 830**	**5 565**	**2 352**	**1 756**	**1 415**	**24 530**
Accumulated impairment losses								
As of 1 January 2013	**(227)**	**-**	**-**	**(1 360)**	**-**	**(120)**	**(139)**	**(1 847)**
Translation differences	(25)	-	-	(162)	-	(3)	(5)	(195)
Derecognised on disposal of subsidiaries	-	-	-	-	-	-	24	24
As of 31 December 2013	**(252)**	**-**	**-**	**(1 522)**	**-**	**(123)**	**(120)**	**(2 018)**
Translation differences	(3)	-	-	(19)	-	(3)	(1)	(26)
Derecognised on disposal of subsidiaries	-	-	-	-	-	-	11	11
Impairment losses	-	-	-	-	-	-	(6)	(6)
As of 31 December 2014	**(255)**	**-**	**-**	**(1 541)**	**-**	**(126)**	**(116)**	**(2 039)**
Carrying amount								
As of 31 December 2014	**5 880**	**4 479**	**2 830**	**4 024**	**2 352**	**1 629**	**1 299**	**22 493**
As of 31 December 2013	**5 703**	**4 417**	**2 327**	**3 975**	**2 182**	**1 632**	**1 210**	**21 442**

[1] Others includes primarily DiGi (Malaysia), Telenor Montenegro and Telenor Norway (Datametrix and Canal Digital Cable TV).

See note 16 for impairment testing.

/16/ Impairment testing

Goodwill acquired through business combinations has been allocated to individual cash-generating units as presented in note 15.

Fair value less cost of disposal is mainly applied to determine the recoverable amounts of those cash-generating units with goodwill that are listed companies. Fair value less cost of disposal has been derived from quoted market prices as of 31 December 2014 and 2013. dtac is listed on the Stock Exchanges in Thailand and Singapore. DiGi is listed on the Stock Exchange in Malaysia. In addition, the Group has applied fair value less cost of disposal when determining recoverable amount of India, where no goodwill is recognised.

Discounted cash flow models are applied to determine the value in use for the remaining cash-generating units with goodwill. Management has projected cash flows based on financial forecasts and strategy plans covering a three-year period. Beyond the explicit forecast period of three years, the cash flows are extrapolated using constant nominal growth rates.

The value in use estimates have been compared with market valuation and multiples for peers in the telecommunication 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 – 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 in the market the entity operates. The growth rates used to extrapolate cash flow projections beyond the explicit forecast period are based on management's past experience, assumptions in terms of market share and expectations for the market development in which the entity operates. The growth rates used to extrapolate cash flows in the terminal year are not higher than the expected long-term growth in the market in which the entity operates.

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 (Capex as a percentage of revenue) is assumed in the long run. 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 Capex does not include Capex that significantly enhances current performance of assets. Hence, such effects are not included in the cash flow projections.

Discount rates – Discount rates are based on Weighted Average Cost of Capital (WACC) derived from the Capital Asset Pricing Model (CAPM) methodology. The cost of a company's equity and debt, weighted to reflect its capital structure of 70:30 respectively, derive 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 a US 10-year risk-free interest rate, adjusted for inflation differential and country risk premium. 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 discount and terminal value nominal growth rates for the years 2014 and 2013:

	Discount rate after tax in %		Discount rate pre tax in %		Nominal growth in cash flow in terminal value in %	
	2014	2013	2014	2013	2014	2013
Telenor Hungary	**11.5-11.2**	11.4 – 11.2	**14.1- 13.9**	14.0 – 13.8	**0.0**	0.0
Telenor Sweden	**6.5**	7.1	**8.3**	9.1	**0.0**	0.0
Broadcast	**5.6**	6.6	**8.3**	9.6	**(1.5)**	(1.5)
Telenor Serbia	**13.9 -11.8**	14.5 – 12.3	**15.5-13.4**	16.2 – 13.8	**2.0**	3.0
Telenor Bulgaria	**11.6- 10.2**	11.7 – 11.6	**12.5-11.1**	12.4 – 12.3	**1.0**	1.0

In the recoverable amount assessment, the Group has applied estimated cash flows after tax and corresponding discount rates after tax. The recoverable amounts would not change significantly if pre-tax cash flows and pre-tax discount rates had been applied instead. The pre tax discount rates are estimated using an iterative method.

Impairment losses

The Group has not recognised any significant impairment loss in 2014 and 2013. In 2012, an impairment loss relating to tangible and intangible assets in India of NOK 3.9 billion was recognised. In 2014, indications of further impairment were present due to negative EBITDA during 2014 and continuing uncertainty related to the underlying cash flows. The recoverable amount, which has been determined based on a fair value less cost of disposal, exceeds the carrying amount and no impairment has been recognised.

Sensitivity analyses of the cash-generating units with significant goodwill

In connection with the impairment testing of goodwill, sensitivity analyses have been carried out. Other than for Telenor Hungary and Telenor Serbia, the Group believes that no reasonably possible change in any of the key assumptions used for impairment testing would cause the carrying amount of the cash generating unit to exceed its recoverable amount.

The estimated recoverable amount exceeds the carrying amount of the cash generating unit by approximately NOK 400 million for Telenor Hungary and NOK 700 million for Telenor Serbia. The following key assumptions are applied in determining recoverable amounts for Telenor Hungary and Telenor Serbia:

Key assumptions in 2014

In percent	Telenor Hungary	Telenor Serbia
Discount rate pre tax	14.1 – 13.9	15.5 – 13.4
Revenue growth [1]	1.2	3.8
EBITDA margin growth [1]	1.2	(2.9)
Nominal growth rate in terminal value	0.0	2.0

[1] Represents the compound annual growth rate during the explicit forecast period of three years.

The following changes in key assumptions, in isolation, would lead to the recoverable amount approximately equal to the carrying amount, and any changes beyond those described below may lead to an impairment loss:

Telenor Hungary	Telenor Serbia
• Decrease in revenue by 3.6 percentage points during the period 2015–2017.	• Decrease in revenue by 6.8 percentage points during the period 2015–2017.
• Decrease in EBITDA margin by 1.2 percentage points for the whole period including terminal value.	• Decrease in EBITDA margin by 2.4 percentage points for the whole period including terminal value.
• Increase in discount rate before tax by 0.8 percentage points for the whole period including terminal value.	• Increase in discount rate before tax by 1.2 percentage points for the whole period including terminal value.
• Decrease in nominal growth rate in terminal value by 1.2 percentage points	• Decrease in nominal growth rate in terminal value by 1.9 percentage points

/17/ Intangible assets

NOK in millions	Customer base	Licences	Trade-marks [1]	Software acquired	Internally generated software	Roaming agreements and other [2]	Work in progress [3]	Total
Accumulated cost								
As of 1 January 2013	**458**	**34 085**	**2 484**	**14 557**	**2 712**	**3 015**	**2 004**	**59 315**
Reclassifications [4]	(56)	937	-	280	179	1 019	(1 395)	964
Additions	-	2 381	-	877	-	148	1 025	4 431
Additions internally developed	-	-	-	-	302	42	-	344
Additions through acquisition of subsidiaries	1 647	507	20	33	-	99	-	2 306
Translation differences	85	1 143	162	706	79	281	76	2 532
Derecognition	-	(3 358)	(2)	(393)	(59)	(5)	(20)	(3 837)
As of 31 December 2013	**2 134**	**35 695**	**2 664**	**16 060**	**3 213**	**4 599**	**1 690**	**66 055**
Reclassifications [4]	-	472	-	677	12	(213)	(1 076)	(128)
Additions	2	5 854	-	1 191	-	178	1 117	8 342
Additions internally developed	-	-	-	-	166	4	-	170
Additions through acquisition of subsidiaries	278	-	-	-	16	-	-	294
Translation differences	159	7 121	351	1 076	55	229	122	9 113
Derecognition	(18)	181	-	(777)	(212)	(41)	(135)	(1 002)
Reclassified as assets held for sale	-	(1 128)	(969)	(2 164)	(692)	-	(62)	(5 015)
As of 31 December 2014	**2 555**	**48 195**	**2 046**	**16 063**	**2 558**	**4 755**	**1 656**	**77 828**
Accumulated amortisation and impairment losses								
As of 1 January 2013	**(111)**	**(12 857)**	**(1 522)**	**(11 915)**	**(2 381)**	**(1 702)**	**(9)**	**(30 497)**
Reclassifications [4]	-	(1)	-	93	(122)	(982)	-	(1 012)
Amortisation from continuing operations	(179)	(2 453)	(8)	(1 321)	(115)	(301)	-	(4 377)
Amortisation from discontinued operations	-	(39)	-	(121)	(83)	-	-	(243)
Impairment losses	-	-	-	(74)	(77)	-	-	(151)
Translation differences	(13)	(269)	(129)	(609)	(60)	(178)	-	(1 258)
Derecognition	-	3 355	-	339	56	4	-	3 754
As of 31 December 2013	**(303)**	**(12 264)**	**(1 659)**	**(13 608)**	**(2 782)**	**(3 159)**	**(9)**	**(33 784)**
Reclassifications [4]	-	(29)	-	(145)	(6)	195	-	15
Amortisation related to continuing operations	(427)	(3 178)	(61)	(1 326)	(129)	(321)	-	(5 444)
Amortisation related to discontinued operations	-	(61)	-	(106)	(91)	-	-	(258)
Impairment losses related to continuing operations	-	-	-	(5)	(15)	(3)	-	(24)
Translation differences	(45)	(2 783)	(200)	(874)	(48)	(162)	-	(4 112)
Derecognition	18	(183)	-	762	119	28	-	744
Reclassified as assets held for sale	-	437	942	2 085	595	-	-	4 059
As of 31 December 2014	**(757)**	**(18 061)**	**(978)**	**(13 218)**	**(2 359)**	**(3 423)**	**(9)**	**(38 805)**
Carrying amount								
As of 31 December 2014	1 798	30 134	1 068	2 845	199	1 333	1 647	39 024
As of 31 December 2013	1 831	23 431	1 005	2 452	431	1 440	1 681	32 271
Amortisation periods in years	3-13	8-27	4-10	3-7	3-7	8-20	-	-

[1] The carrying amount of trademarks with indefinite useful lives is NOK 224 million as of 31 December 2014 and NOK 959 million as of 31 December 2013. The trademarks with finite useful lives are mainly represented by the trademark of dtac with the carrying amount NOK 810 million as of 31 December 2014. The useful life of dtac trademark is changed from indefinite to finite in 2014.
[2] The carrying amount of the roaming agreements is NOK 979 million as of 31 December 2014 and NOK 1.1 billion as of 31 December 2013.
[3] Net additions.
[4] Including reclassifications to/from other lines in the statement of financial position which is not a part of this table.

The additions of licences in 2014 were primarily related to acquisition of spectrum under the 900 and 2100 MHz bands in Myanmar, acquisition of additional spectrum in India under the 1800 MHz band in four existing circles and one new circle, acquisition of spectrum under the 800, 900 and 2600 MHz bands in Hungary and the 2100 MHz in Pakistan. The additions of licences in 2013 were primarily related to acquisition of spectrum under the 2100 MHz band in Bangladesh, extension of spectrum under the 900 and 1800 MHz bands in Hungary and acquisition of spectrum under the 800, 900 and 1800 MHz bands in Norway.

The additions in software acquired in 2014 were mainly acquisitions in Telenor Norway.

dtac operates under a concession right to operate and deliver mobile services in Thailand granted by CAT Telecom Public Company Limited (CAT). CAT allows dtac to arrange, expand, operate and provide the cellular telephone 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 amended agreement expires in 2018. In February 2011, the Cabinet in Thailand appointed a committee to negotiate with the operators, reviewing compensation relevance to the Concession amendments. In June 2011, the Cabinet acknowledged that the Committee was unable to consider the operators' proposals as these proposals were beyond the Committee's authority. However, the Committee opined that at the initial stage, this matter should be reported to The National Broadcasting and Telecommunications Commission (NBTC) for consideration in order to issue relevant criteria and measures. At present, the final conclusion of the Cabinet or the way the Cabinet would exercise its discretion on this matter is still unknown to the Group. However, the Group believes the amendments were entered into in good faith, that the amendments are legitimate and that the state was not harmed by them.

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 is NOK 7.6 billion as of 31 December 2014 (NOK 7.3 billion as of 31 December 2013) and is amortised on a straight-line basis over the remaining concession period. Replacements and extensions are capitalised as intangible assets and amortised over the remaining useful life of the concession. Repair and maintenance are expensed as incurred.

The carrying amounts of licences as of 31 December 2014 in India and Grameenphone are NOK 5.4 billion and NOK 4.2 billion (NOK 3.9 billion and NOK 3.6 billion as of 31 December 2013) respectively. The carrying amount of licence in dtac (other than concession right) as of 31 December 2014 is NOK 2.6 billion (NOK 2.3 billion as of 31 December 2013). The carrying amount of licences acquired in Myanmar is NOK 3.4 billion as of 31 December 2014. The following table sets forth the mobile spectrum licences that the Group holds as of 31 December 2014:

Spectrum (MHz)	**Bandwidth (MHz)**	**Type/technology**	**Licence expiration**
Telenor Norway			
800	2x10	Technology neutral	2033
900	2x10.1 + 2x5	Technology neutral	2017/2033
1800	2x10 + 2x10	Technology neutral	2028/2033
2100	2x19.8	Technology neutral	2032
2600	2x40	Technology neutral	2022
Telenor Sweden			
800	2x10 [a)]	Technology neutral	2035
900	2x6 [b)] + 2x5	Technology neutral	2025
1800	2x5 + 2x20 + 2x10 [c)]	Technology neutral	2017/2027/2037
2100	2x19.8 + 1x5	Technology neutral	2025
2600	2x40 [d)]	Technology neutral	2023
Telenor Hungary			
800	2x10	4G	2034
900	2x8 + 2x1.8	2G/3G/4G	2022
900	2x2	2G/3G/4G	2034
1800	2x30	2G/3G/4G	2022
2100	2x15 + 1x5	3G	2019
2600	2x20	4G	2034
Telenor Serbia			
900	2x9.6 [e)]	2G	2026
1800	2x10 [e)]	2G	2026
2100	2x15 + 1x5 [e)]	3G	2026
Telenor Montenegro			
900	2x9.6 + 2x3.6	2G	2016/2017
1800	2x20 + 2x9.6	2G	2016/2017
2100	2x15 + 1x5 + 2x10	3G	2022/2017
Telenor Bulgaria			
900	2x9.4 + 2x1.8	Technology Neutral	2021
1800	2x10	Technology Neutral	2021
2100	2x10	3G	2025

dtac, Thailand			
850	2x10 [f]	3G	2018
1800	2×49.8 [f]	2G	2018
2100	2×15	3G/4G	2027
DiGi, Malaysia			
900	2×2	2G	2015
1800	2×25	2G	2015
2100	2×15	3G	2018
2600	2×10	4G	2017
Grameenphone, Bangladesh			
900	2×7.4	2G	2026
1800	2×7.2 + 2×7.4	2G	2026
2100	2×10	3G/4G	2028
Telenor Pakistan			
900	2×4.8	2G	2019
1800	2×8.8	2G	2019
2100	2×5	3G/4G	2029
Uninor, India			
1800	2x5 [g]	2G	2032
1800	2x1.4-2.2 [h]	2G	2034
1800	2x6 [i]	2G	2034
Telenor Myanmar			
900	2x5	2G/3G	2029
2100	2x10	3G	2029
Telenor Denmark (classified as held for sale)			
800	2x10 [j]	Technology neutral	2034
900	2×9	Technology neutral	2019
1800	2×19.4	Technology neutral	2017
2100	2×15 + 1×5	3G	2021
2600	2×20 + 1×10	Technology neutral	2030

[a] The licence is awarded to Net4Mobility (a joint operation with Tele 2 owned 50% by the Group).
[b] The licence is held by Net4Mobility (a joint operation with Tele 2 owned 50% by the Group).
[c] The licence is held by Net4Mobility (a joint operation with Tele 2 owned 50% by the Group).
[d] Tele 2 and the Group transferred their respective licences (2× 20 MHz) in the 2600 MHz band to Net4Mobility on 2 July 2012.
[e] The licence is renewable for a successive 10 year period until 2026 on application in 2016.
[f] Under concession agreement with CAT.
[g] In the following circles: Andhra Pradesh, Bihar and Jharkhand, Maharashtra, Gujarat, Uttar Pradesh East and Uttar Pradesh West.
[h] In 2014, 1.4 – 2.2 MHz additional spectrum was acquired in 4 existing circles (Andhra Pradesh, Bihar and Jharkhand, Uttar Pradesh East and Uttar Pradesh West).
[i] In 2014, 6 MHz acquired in one new circle (Assam).
[j] Jointly owned 50% with Telia.

/18/ Property, plant and equipment

NOK in millions	Local, regional and trunk networks	Mobile telephone network	Subscriber equipment	Switches and equipment	Radio installations	Cable-TV equipment	Buildings	Land	Corporate administrative assets	Satellites	Work in progress [1]	Total
Accumulated cost												
As of 1 January 2013	**44 666**	**24 108**	**892**	**18 978**	**11 359**	**3 313**	**13 765**	**930**	**7 578**	**4 584**	**5 508**	**135 681**
Reclassifications [2]	232	(1 881)	34	108	2 192	64	41	-	2	5	(1 818)	(1 021)
Additions	2 645	2 823	407	805	1 818	474	199	1	961	-	1 617	11 750
Additions through acquisition of subsidiaries	236	31	-	162	578	-	267	15	266	-	54	1 609
Translation differences	671	1 386	43	489	460	13	399	22	390	-	215	4 088
Derecognition	(3 814)	(6 182)	(193)	(2 766)	(2 218)	(254)	(91)	(14)	519	(785)	(81)	(15 879)
As of 31 December 2013	**44 636**	**20 285**	**1 183**	**17 776**	**14 189**	**3 610**	**14 580**	**954**	**9 716**	**3 804**	**5 495**	**136 228**
Reclassifications [2]	716	(1 752)	19	921	3 102	19	(186)	(1)	736	-	(3 429)	145
Additions	1 760	2 690	491	835	2 530	325	428	-	973	-	4 991	15 023
Additions through acquisition of subsidiaries	386	-	64	-	-	59	-	-	3	-	-	512
Translation differences	1 087	1 765	19	1 407	2 210	5	700	104	1 130	-	658	9 085
Derecognition	(376)	(295)	(203)	(1 077)	(486)	(42)	(247)	(3)	(1 120)	-	(88)	(3 937)
Reclassified as assets held for sale	(1 256)	(736)	(85)	(770)	(1 006)	-	(1 301)	(37)	(397)	-	(284)	(5 872)
As of 31 December 2014	**46 953**	**21 957**	**1 488**	**19 092**	**20 539**	**3 976**	**13 974**	**1 017**	**11 041**	**3 804**	**7 343**	**151 184**
Accumulated depreciation and impairment losses												
As of 1 January 2013	**(34 541)**	**(16 153)**	**(478)**	**(16 964)**	**(7 109)**	**(2 003)**	**(6 620)**	**(22)**	**(5 357)**	**(2 592)**	**(246)**	**(92 085)**
Reclassifications [2]	(101)	2 004	(4)	203	(1 177)	(17)	71	-	33	-	-	1 012
Depreciation related to continuing operations	(2 132)	(1 793)	(286)	(868)	(1 465)	(342)	(518)	(14)	(935)	(179)	-	(8 532)
Depreciation related to discontinued operations	(90)	(130)	(19)	(30)	(99)	-	(55)	-	(67)	-	-	(490)
Translation differences	(428)	(857)	(28)	(354)	(200)	(3)	(125)	(2)	(254)	-	8	(2 243)
Derecognition	3 815	6 139	194	2 752	2 199	254	74	12	(567)	785	-	15 657
As of 31 December 2013	**(33 477)**	**(10 790)**	**(621)**	**(15 261)**	**(7 851)**	**(2 111)**	**(7 173)**	**(26)**	**(7 147)**	**(1 986)**	**(238)**	**(86 681)**
Reclassifications [2]	(252)	388	(4)	88	(161)	-	(37)	-	(56)	-	-	(34)
Depreciation related to continuing operations	(1 905)	(1 509)	(407)	(1 113)	(2 175)	(338)	(541)	-	(1 085)	(179)	-	(9 252)
Depreciation related to discontinued operations	(71)	(118)	(26)	(30)	(115)	-	(56)	-	(68)	-	-	(484)
Impairment loss	-	-	1	-	(1)	-	-	-	(4)	-	-	(4)
Translation differences	(591)	(891)	(12)	(988)	(1 094)	(4)	(271)	(4)	(839)	-	(46)	(4 740)
Derecognition	375	263	209	1 076	478	42	187	2	1 070	-	-	3 702
Reclassified as assets held for sale	885	(368)	44	656	545	-	659	-	256	-	-	2 677
As of 31 December 2014	**(35 036)**	**(13 025)**	**(816)**	**(15 572)**	**(10 374)**	**(2 411)**	**(7 232)**	**(28)**	**(7 873)**	**(2 165)**	**(284)**	**(94 816)**
Carrying amount												
As of 31 December 2014	11 917	8 932	672	3 520	10 165	1 565	6 742	989	3 168	1 639	7 059	56 368
As of 31 December 2013	11 159	9 495	562	2 515	6 338	1 499	7 407	928	2 569	1 818	5 257	49 547
Depreciation periods in years [3]	3-30	5-20	3	3-10	5-15	3-15	5-90	-	2-10	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 to a particular category, and the disclosed depreciation rates represent a range of useful lives allocated to components.

The Group has finance leases with carrying amounts of NOK 830 million as of 31 December 2014 (NOK 846 million as of 31 December 2013). These assets are as of 31 December 2014 primarily fibre optic network (local, regional and trunk networks) of NOK 533 million in Grameenphone in Bangladesh and DiGi in Malaysia (NOK 449 million in 2013), and properties of NOK 199 million in Sweden (NOK 207 million in 2013).

As of 31 December 2014, the present value of future minimum lease payments under finance leases (the Group as a lessee) is NOK 869 million (NOK 862 million as of 31 December 2013).

/19/ Associated companies and joint arrangements

Associated companies and joint ventures

NOK in millions	2014	2013
Balance as of 1 January	**34 439**	39 222
Additions	741	1 581
Disposals	(22)	(129)
Share of net income (loss) [1]	(3 796)	(1 227)
Share of net income related to discontinued operations	(2)	(3)
Share of other comprehensive income	(11 103)	192
Equity transactions including dividends	(1 523)	(8 220)
Translation differences	6 393	3 023
Reclassified as asset held for sale	(1 110)	-
Balance as of 31 December	**24 017**	34 439
of which investments carried at a negative value [2]	123	161
Carrying amount of investments in associated companies and joint ventures	**24 140**	34 600
of which investment in VimpelCom Ltd.	21 935	31 005
of which investment in Others	2 205	3 595

[1] Share of net income (loss) includes the Group's share of net income (loss) after taxes, amortisation of excess values, impairment losses and adjustment for differences in accounting policies.
[2] Carrying amount of investment in Riks TV AS (an associated company) is carried at negative value where the Group has other long-term interests that in substance form part of the capital invested (classified against long-term receivables on associates).

Additions in 2014 primarily related to the Group's share of investments in SnT Classifieds and 701 Search Pte Ltd. As of 31 December 2014, the Group's remaining estimated committed funding of these two companies amounts to approximately NOK 553 million.

During 2013, the Group acquired interests of 50.0% and 33.3% in SnT Classifieds and 701 Search Pte. Ltd. respectively, for a total consideration of NOK 1.5 billion, in cooperation with Schibsted Media Group and Singapore Press Holdings. The companies will provide high-quality online classified services in selected key markets in Asia and South America.

The reclassification of asset held for sale relates to Evry ASA, an associated company, with a carrying amount of NOK 1,092 million and associated companies in Denmark with a carrying amount of NOK 18 million. See note 4 for further information.

The recoverable amount, for impairment assessment of VimpelCom Ltd, has been estimated by the Group using a value in use calculation. Value in use is estimated based on VimpelCom Ltd's reported target for 2015 on significant key assumptions for revenue, EBITDA and Capex, in addition to Telenor's expectations on the long term development of these key assumptions. The estimated values in use calculation exceeds the carrying amount of the investment recognised at NOK 21.9 billion, hence no impairment has been recognised in addition to Telenor's share of VimpelCom Ltd's reported impairment. The quoted market price of VimpelCom Ltd's is volatile and the market value of Telenor's investment in VimpelCom Ltd was NOK 18 billion as of 31 December 2014. During 2015, the share price has increased and the quoted market price of Telenor's investment was NOK 22.7 billion as of 16 March 2015, based on the exchange rate as of 31 December 2014.

VimpelCom Ltd.

VimpelCom Ltd. («VimpelCom») is an associated company to the Group which is accounted for using the equity method. VimpelCom is incorporated in Bermuda, headquartered in the Netherlands, and is listed on the NASDAQ-100 Index. VimpelCom is a telecommunication company providing range of wireless, fixed and broadband internet services in 14 markets across Europe, Africa and Asia.

In March 2014, VimpelCom disclosed that it is subject to investigations by the United States Securities and Exchange Commission, the United States Department of Justice and Dutch public prosecutor's office and that investigations are related to its operations in Uzbekistan. VimpelCom reported that it is unable to predict the duration, scope or results of these investigations or how the results of these investigations may impact VimpelCom's internal controls, business, and the results of operations or financial condition. VimpelCom further reported that it cannot be assured that such investigations will not be broader in scope than they currently appear, or that new investigations will not be commenced in this or other jurisdictions. The investigations are still ongoing and VimpelCom reported that no provision is made for fines, penalties or any disgorgements of profits as the management of VimpelCom does not yet have enough information to reasonably estimate such amounts.

As of 31 December 2014, the Group owns 33.05% of VimpelCom (economic ownership interest) with a voting share of 42.95%. The Group owns 305 million convertible preferred shares of VimpelCom, with voting rights but no entitlement to dividend. The Group has an option to convert these preferred shares into common shares at prevailing market price during the time period starting from 15 October 2013 until 15 April 2016. During 2014, dividend of NOK 0.1 billion was received from VimpelCom (NOK 8.1 billion during 2013).

The Group includes VimpelCom's published results with a one quarter lag, see note 3 for further details. Total share of net income related to VimpelCom recognised during 2014 amounts to a loss of NOK 2.9 billion. Share of net income related to VimpelCom in 2014 consists of share of net income for the fourth quarter of 2013 (excluding significant transactions and events recognised by the Group in 2013), the first three quarters of 2014 and significant transactions and events for the fourth quarter of 2014 amounting to NOK 1.3 billion, see following page for further details.

On 25 February 2015, VimpelCom released financial information for the fourth quarter of 2014. Reported net loss attributable to VimpelCom's shareholders for the fourth quarter was USD 935 million, which includes impairment loss of USD 770 million related to goodwill of Ukraine (Kyivstar) due to adverse macro-economic development in Ukraine and impairment loss of USD 193 million related to other countries. In accordance with the accounting policy for associated companies, the Group has adjusted its share of significant transactions and events amounting to USD 201 million (NOK 1.3 billion) which represents the Group's share of the impairment losses amounting to USD 318 million (NOK 2.0 billion) partially offset by recognition of USD 117 million (NOK 0.7 billion) related to unrealised gain on the Group's contribution of Kyivstar to VimpelCom in 2010. The Group will, in the first quarter of 2015, recognise its share of the fourth quarter's remaining net income of USD 28 million.

The Group recognised loss of NOK 11.1 billion in other comprehensive income during 2014 related to its share of VimpelCom's translation differences arising from depreciation of local currencies against USD. This includes NOK 6.7 billion for the Group's share of loss upto third quarter of 2014, in accordance with Telenor's accounting policy of one quarter lag. In addition, due to significant depreciation of Russian Ruble and Ukrainian Hryvnia against USD during the fourth quarter of 2014, the Group recognised NOK 4.4 billion for the fourth quarter of 2014 based on an estimate.

The loss of NOK 11.1 billion recognised during 2014 in other comprehensive income is partly offset by NOK 6.3 billion due to depreciation of NOK against USD.

The following table sets forth summarised financial information of VimpelCom, and reconciliation with the carrying amount of the investment for the Group:

NOK in millions	2014	2013
Statement of comprehensive income information		
Revenue	131 008	134 837
Net income (loss) from continuing operations [1]	(8 476)	(2 832)
Other comprehensive income (loss) [1]	(33 459)	355
Total comprehensive income (loss) [1]	(41 936)	(2 477)
Group's share of net income (loss) from continuing operations	**(2 910)**	(792)
Group's share of other comprehensive income (loss)	(11 058)	119
Group's share of total comprehensive income (loss)	**(13 968)**	(673)
Statement of Financial Position information		
Current assets	63 041	59 219
Non-current assets	238 056	253 865
Current liabilities	(74 198)	(55 106)
Non-current liabilities	(188 171)	(178 441)
Total equity	**38 728**	79 537
Equity excluding non-controlling interest	**45 900**	77 060
Group's ownership in %	33.05	33.05
Proportion of the Group's ownership	15 170	25 468
Goodwill related to the Group's investment	6 765	5 537
Carrying amount of the investment	**21 935**	31 005

[1] Excluding non-controlling interest.

Other associated companies and joint ventures

The following table sets forth summarised financial information of the Group's share of net income and other comprehensive income of other associated companies and joint ventures.

NOK in millions	2014	2013
Net income (loss) from continuing operations	(886)	(482)
Net income (loss) from discontinued operations	–	47
Other comprehensive income (loss)	(44)	73
Total comprehensive income (loss)	**(931)**	(362)

Joint operations

The Group is part of three joint arrangements for networks sharing in Sweden and Denmark. These joint arrangements are structured through separate vehicles. The activities are designed for the provision of output to the investors and hence these arrangements are classified as joint operations.

Joint Operation	Description	Ownership interest
3G Infrastructure Services AB	Joint operation with the mobile operator «3» in Sweden	50%
Net4Mobility HB	Joint operation established in 2009, under partnership agreement, with mobile operator Tele2 Sverige AB in Sweden. [1]	50%
TT Netværket P/S[2]	Joint operation established in 2012, under partnership agreement, with mobile operator TeliaSonera Mobile Holding AB in Denmark.	50%

[1] Under Swedish law, all partners in a partnership are jointly and severally liable for all obligations in a partnership.
[2] TT Netværket P/S is classified as discontinued operation and held for sale together with Telenor Denmark, see note 4.

/20/ Trade and other receivables

NOK in millions	Category	2014	2013
Trade receivables		10 370	11 392
Provision for bad debt		(1 473)	(1 417)
Total trade receivables	LAR [1]	**8 896**	9 976
Other current receivables			
Interest-bearing receivables		656	472
Accrued revenues		4 433	4 445
Receivables on employees		36	14
Other non-interest-bearing receivables		2 264	1 755
Provision for bad debt		(20)	(20)
Total other current receivables	LAR [1]	**7 369**	6 666
Prepaid expenses			
Deferred costs related to connection revenues		218	217
Prepaid leases that are amortised		107	141
Prepaid expenses		3 225	2 703
Total prepaid expenses	NF [2]	**3 551**	3 060
Total trade and other receivables		**19 816**	19 701

[1] LAR: Loans and receivables
[2] NF: Non-financial assets and liabilities

Specification of provision for bad debt:

NOK in millions	2014	2013
Provision as of 1 January	**(1 437)**	(1 052)
Change during the year	(65)	(106)
Change during year related to discontinued operations	(12)	(4)
(Acquisition) and disposal of subsidiaries	2	(200)
Reclassified to assets/liabilities held for sale	126	-
Currency and other effects	(107)	(76)
Provision as of 31 December	**(1 493)**	(1 437)
Realised losses for the year	(475)	(456)
Recovered amounts previously provided	95	66

Specification of the age distribution of trade receivables:

NOK in millions	Carrying amount	Not past due on the reporting date	Past due on the reporting date in the following periods: 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 2014								
Trade receivables	10 370	6 153	1 532	450	175	355	346	1 359
Provision for bad debt	(1 473)	(49)	(11)	(23)	(53)	(147)	(225)	(967)
Total trade receivables	**8 896**	**6 104**	**1 521**	**426**	**122**	**208**	**121**	**392**
As of 31 December 2013								
Trade receivables	11 392	7 058	1 568	394	405	359	455	1 154
Provision for bad debt	(1 417)	(78)	(21)	(41)	(50)	(162)	(238)	(827)
Total trade receivables	**9 976**	**6 980**	**1 547**	**353**	**355**	**197**	**217**	**328**

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

/21/ Other non-current assets and current financial assets

NOK in millions	Fair value level [5]	Category	2014	2013
Non-current financial assets				
Available-for-sale investments [1]	3	AFS	399	358
Financial derivatives	2	FVTPL [3]	219	173
Financial derivatives designated for net investment hedge	2		403	531
Other financial non-interest-bearing non-current assets [2]		LAR [4]	767	729
Fair value hedge instruments	2		2 788	1 395
Other financial interest-bearing non-current assets [2]		LAR [4]	83	112
Total non-current financial assets			**4 659**	**3 298**
Prepaid expenses			1 395	1 398
Total other non-current assets			**6 054**	**4 696**
Other current financial assets				
Assets held for trading	2	FVTPL [3]	70	84
Bonds and commercial papers > 3 months		LAR [4]	714	652
Financial derivatives	2	FVTPL [3]	206	272
Financial derivatives designated for hedging purposes	2		99	19
Total other current financial assets			**1 089**	**1 027**

[1] Available-for-sale investments include capital contribution to Telenor Pension Fund of NOK 298 million and equity investments of NOK 101 million.
[2] Includes receivables on associated companies in which the negative value on the associated company RiksTV AS in 2014 of NOK 123 million has been recognised as a NOK 123 million reduction in receivables (NOK 161 million and NOK 137 million, respectively, in 2013). This loan is considered a part of the Group's net investment in RiksTV AS. There is no further provision recognised during 2014 (NOK 24 million related to RiksTV in 2013). See also note 19.
[3] FVTPL: Fair value through profit and loss.
[4] LAR: Loans and receivables.
[5] For information about the fair value level of financial instruments, see note 29.

/22/ Additional cash flow information

Acquisitions and disposals of subsidiaries, associated companies and joint ventures

The table below shows the effects on the consolidated statement of financial position from acquisitions and disposals of subsidiaries, acquisitions and disposals of associated companies and joint ventures and capital injections in associated companies and joint ventures. Please refer to note 19 for information on associated companies and joint ventures.

NOK in millions	2014	2013
Purchase of subsidiaries, associated companies and joint ventures		
Purchase of and capital injection in associated companies and joint ventures	692	1 527
Other non-current assets	920	6 026
Current assets	101	1 605
Liabilities	(220)	(2 255)
Gain recognised on bargain purchase	-	(12)
Total consideration	**1 492**	**6 890**
Cash payments related to acquisitions	(1 482)	(6 886)
Cash in subsidiaries acquired	39	914
Purchases of subsidiaries and associated companies, net of cash acquired	**(1 443)**	**(5 973)**
Disposals of subsidiaries and associated companies		
Associated companies	31	60
Other non-current assets	159	53
Current assets	362	63
Liabilities	(336)	(92)
Non-controlling interests	-	9
Gains (losses) and translation adjustments on disposals	1 063	20
Sales price	**1 279**	**114**
Proceeds received as sale consideration	1 270	119
Cash in subsidiaries disposed of	(187)	(12)
Proceeds from disposal of subsidiaries and associated companies, net of cash disposed of	**1 083**	**107**

Purchase of associated companies and joint ventures in 2014 is mainly related to capital injections in SnT Classifieds and 701 Search Pte. Purchase of associated companies and joint ventures in 2013 mainly relates to the acquisition of SnT Classifieds and 701 Search Pte in cooperation with Schibsted Media Group and Singapore Press holdings for a consideration of NOK 1.5 billion. Please refer to note 19 for further information.

Acquisition of subsidiaries in 2014 is mainly related to acquisition of Tele2's fibre and cable business for a consideration of NOK 0.7 billion. Acquisition of subsidiaries in 2013 is mainly related to acquisition of Globul for a consideration of NOK 5.1 billion. Please refer to note 4 for further information.

On 25 March 2014 the Group disposed of the wholly owned subsidiary Conax AS for NOK 1.4 billion in cash, resulting in a gain of NOK 1.2 billion. The business of Conax AS was included in the Broadcast segment.

Cash and cash equivalents as of 31 December

NOK in millions	2014	2013
Cash and cash equivalents in the Group's cash pool systems	6 682	7 045
Cash and cash equivalents outside the Group's cash pool systems	5 227	4 933
Total cash and cash equivalents from continuing operations	**11 909**	**11 978**
Cash and cash equivalents related to discontinued operations	441	-
Bank overdraft (part of cash in cash flow statement)	(457)	-
Total cash and cash equivalents from total operations	**11 893**	**11 978**

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.

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 2014 and 2013, the major part of the cash and cash equivalents outside the Group's cash pool systems relates to dtac, DiGi, Grameenphone, India, Telenor Montenegro, Telenor Bulgaria and Telenor Pakistan.

Included in cash and cash equivalents, there are restricted bank accounts amounting to NOK 480 million as of 31 December 2014 and NOK 464 million as of 31 December 2013.

Dividends paid to non-controlling interests in subsidiaries

During 2014, dividends paid to non-controlling interest in subsidiaries amounted to NOK 3.4 billion. This consists of dividends paid to non-controlling interests in DiGi by NOK 2.0 billion, dtac by NOK 0.7 billion and Grameenphone by NOK 0.7 billion.

During 2013, dividends paid to non-controlling interest in subsidiaries amounted to NOK 2.7 billion. This consists of dividends paid to non-controlling interests in DiGi by NOK 1.2 billion, dtac by NOK 0.8 billion and Grameenphone by NOK 0.7 billion.

Significant non-cash transactions

During 2014 licences were acquired with deferred payments totalling NOK 2.5 billion. The deferred payments relates to the licence acquisition in India by NOK 0.6 billion, in Pakistan by NOK 0.5 billion and in Myanmar by NOK 1.5 billion.

There were no significant non-cash transactions during 2013.

/23/ Additional equity information

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
Equity as of 1 January 2013	**1 559 947 806**	**9 360**	**69**	**(95)**	**9 334**
Share buyback	-	-	-	(209)	(209)
Share options exercised and distributed shares to employees	-	-	-	2	2
Cancellation of shares	(43 323 535)	(260)	-	260	-
Equity as of 31 December 2013	**1 516 624 271**	**9 100**	**69**	**(42)**	**9 127**
Share buyback	-	-	-	(49)	(49)
Share options exercised and distributed shares to employees	-	-	-	-	-
Cancellation of shares	(15 166 241)	(91)	-	91	-
Equity as of 31 December 2014	**1 501 458 030**	**9 009**	**69**	**-**	**9 078**

Nominal value per share is NOK 6.

The shareholders in the Annual General Meeting on 14 May 2014 approved the proposed cancellation of 15,166,241 shares.

Other reserves

NOK in millions	Net unrealised gains/ (losses) reserve	Employee equity benefits reserve	Pension re-measure-ment reserve	Transactions with non-controlling interests	Share of equity adjustments and other comprehensive income in associated companies	Other equity trans-actions	Total other reserves
Equity as of 1 January 2013	**(15)**	**443**	**1 301**	**411**	**(1 477)**	**(2 818)**	**(2 155)**
Other comprehensive income (loss), net of taxes	18	-	(908)	-	432	-	(459)
Share-based payment	-	101	-	-	-	-	101
Exercise of share options and distribution of shares to employees	-	(111)	-	-	-	-	(111)
Transactions with non-controlling interests	-	-	-	222	-	-	222
Share buyback	-	-	-	-	-	(3 789)	(3 789)
Other changes in other reserves during 2013	-	-	-	-	(26)	-	(26)
Equity as of 31 December 2013	**3**	**434**	**393**	**633**	**(1 071)**	**(6 607)**	**(6 217)**
Other comprehensive income (loss), net of taxes	29	-	(694)	-	(11 079)	-	(11 744)
Share-based payment	-	44	-	-	-	-	44
Exercise of share options and distribution of shares to employees	-	(156)	-	-	-	-	(156)
Transactions with non-controlling interests	-	-	-	(2)	-	-	(2)
Share buyback	-	-	-	-	-	(999)	(999)
Other changes in other reserves during 2014	-	-	-	-	(1 304)	-	(1 304)
Equity as of 31 December 2014	**32**	**322**	**(301)**	**631**	**(13 454)**	**(7 606)**	**(20 377)**

Net unrealised gains/losses reserve

This reserve includes fair value changes on available-for-sale financial assets. For 2014, NOK 45 million (NOK 18 million in 2013) represents a fair value change and NOK 16 million is reclassified from equity to income statement on disposal of shares.

Employee equity benefits reserve

Share-based payment represents cost charged to income statement over the vesting period based on the fair value measured at grant date for equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

Exercise of share options and distribution of shares to employees represents the vested equity-settled share-based payments upon satisfaction of vesting conditions.

Refer to note 34 for further details on these programmes.

Pension remeasurement

This reserve includes the effect of remeasurement of pension obligation arising due to change in assumptions, such as discount rate and long term demographic trends.

NOK in millions	Pension remeasurement	Income tax	Net pension remeasurement
Equity as of 1 January 2013	**1 805**	**(504)**	**1 301**
Other comprehensive income (loss)	(1 246)	337	(908)
Equity as of 31 December 2013	**559**	**(167)**	**392**
Other comprehensive income (loss)	(927)	234	(694)
Equity as of 31 December 2014	**(368)**	**67**	**(301)**

Refer to note 25 for further details relating to pension obligation.

Transactions with non-controlling interests

This reserve includes effects from transactions with non-controlling interests.

In 2013, transaction with non-controlling interest relates to partial repayment of loan provided by Telenor ASA to Unitech Wireless Private Ltd.

Share of equity adjustments and other comprehensive income in associated companies

This reserve includes underlying adjustment on equity in associated companies, such as other comprehensive income, share buyback and transactions with non-controlling interests.

NOK in millions	Share of equity adjustments and other comprehensive income in associated companies
Equity as of 1 January 2013	**(1 477)**
Other comprehensive income, excluding effects of disposal	192
Amount reclassified from equity to income statement on disposal	240
Other comprehensive income, net of taxes during 2013	**432**
Other changes in other reserves	(26)
Equity as of 31 December 2013	**(1 071)**
Other comprehensive income (loss), excluding effects of disposal	(11 103)
Amount reclassified from equity to income statement on disposal	24
Other comprehensive income, net of taxes during 2014	**(11 079)**
Other changes in other reserves	(1 304)
Equity as of 31 December 2014	**(13 454)**

Share of other comprehensive income and other changes in equity during 2014 mainly relates to VimpelCom, see note 19.

Other equity transactions

This reserve includes the decrease in other reserves as a result of acquisition and sale/cancellation of treasury shares and the increase as a result of transfers from other paid-in capital, including transfers from other paid-in capital related to cancellation of treasury shares. The price paid in excess of the nominal value of the shares reduces this reserve.

Cumulative translation differences

NOK in millions	Foreign currency translation	Net investment hedge	Taxes	Net Translation differences
Equity as of 1 January 2013	**(11 534)**	**2 985**	**(1 229)**	**(9 779)**
Changes during 2013, excluding effects of disposal	7 496	(4 030)	1 255	4 722
Amount reclassified from equity to income statement on disposal	55	(7)	-	48
Net changes during 2013	7 552	(4 037)	1 255	4 770
Equity as of 31 December 2013	**(3 983)**	**(1 052)**	**26**	**(5 009)**
Changes during 2014, excluding effects of disposal	10 105	(5 271)	1 337	6 171
Amount reclassified from equity to income statement on disposal	(83)	-	-	(83)
Net changes during 2014	10 022	(5 271)	1 337	6 088
Equity as of 31 December 2014	**6 039**	**(6 324)**	**1 363**	**1 080**

The amount reclassified from equity to income statement in 2014 was related to disposal of C More AB (an associated company).

The amount reclassified from equity to income statement in 2013 was related to the deemed disposal of VimpelCom Ltd.

In 2014, the translation difference on net investment in foreign operations was affected by depreciation of the Norwegian Krone against all the functional currencies of the Group's investments. The appreciation of the US Dollar by 22%, the Thai Baht by 22% and the Pakistani Rupee by 28% against Norwegian Krone had the most significant impact.

In 2013, the translation difference on net investment in foreign operations was affected by depreciation of the Norwegian Krone against almost all the functional currencies of the Group's investments. The appreciation of the US Dollar by 9%, the Swedish Krone by 11% and the Danish Krone by 14% against Norwegian Krone had the most significant impact.

Dividends paid and proposed

	2014	2013
Dividends		
Dividend per share in NOK – paid	7.00	6.00
Dividend per share in NOK– proposed by the Board of Directors	7.30	7.00

Dividend of NOK 10.6 billion was paid in 2014, while NOK 9.2 billion was paid in 2013.

The Telenor Board of Directors will propose a dividend of NOK 3.80 per share (NOK 5.7 billion) to be resolved by the general meeting in May 2015, and paid out in June 2015. In addition, the Board will ask the general meeting for an authority to resolve further dividends, pursuant to which the Board plans to resolve a dividend of NOK 3.50 per share (NOK 5.3 billion) to be paid in November 2015. In total this will bring the ordinary dividend for the fiscal year 2014 to NOK 7.30 per share. The total estimated dividend to be paid is NOK 11.0 billion.

Non-controlling interests

NOK in millions	Country of incorporation and operation	Non-controlling interests share of net income (loss) 2014	Non-controlling interests share of net income (loss) 2013	Non-controlling interests in the statement of financial position 31.12.14	Non-controlling interests in the statement of financial position 31.12.13	Dividend 2014	Dividend 2013
DiGi.Com Bhd	Malaysia	1 983	1 605	750	642	1 958	1 249
Grameenphone Ltd.	Bangladesh	714	485	1 325	1 078	688	628
Total Access Communications Plc. (dtac)	Thailand	865	763	2 500	1 930	730	846
Unitech Wireless Private Ltd.	India	110	498	(20)	(122)		-
Others		10	23	195	144	9	20
Total		**3 682**	**3 375**	**4 750**	**3 672**	**3 385**	**2 743**

During 2013, non-controlling interest's share of net income in Unitech Wireless Private Ltd. included gain from internal business transfer to Telewings Communications Services Private Ltd. amounting to NOK 745 million.

Summarised financial information for subsidiaries with significant non-controlling interests

Summarised statement of financial position as of 31 December:

	2014			2013		
NOK in millions	DiGi.Com Bhd	Grameenphone Ltd.	Total Access Communications Plc. (dtac)	DiGi.Com Bhd	Grameenphone Ltd.	Total Access Communications Plc. (dtac)
Current assets	2 989	1 183	5 583	2 382	1 438	4 042
Non-current assets	6 751	11 058	20 478	5 159	9 257	16 946
Current liabilities	(6 521)	(5 665)	(10 038)	(4 525)	(6 322)	(7 885)
Non-current liabilities	(1 141)	(3 624)	(6 663)	(1 230)	(1 975)	(5 669)
Total equity	**2 078**	**2 952**	**9 360**	**1 786**	**2 398**	**7 435**
Attributable to:						
Equity holders of Telenor ASA	1 328	1 626	6 860	1 142	1 320	5 505
Non-controlling interests	750	1 325	2 500	642	1 078	1 930

Summarised comprehensive income information 1 January – 31 December:

	2014			2013		
NOK in millions	DiGi.Com Bhd	Grameenphone Ltd.	Total Access Communications Plc. (dtac)	DiGi.Com Bhd	Grameenphone Ltd.	Total Access Communications Plc. (dtac)
Revenue	13 513	8 367	17 562	12 556	7 294	18 112
Net income	3 891	1 614	2 376	3 173	1 119	2 256
Total comprehensive income	**4 131**	**2 106**	**4 026**	**3 204**	**1 401**	**2 422**
Attributable to non-controlling interests	2 066	935	1 300	1 616	613	809

Summarised cash flow information 1 January – 31 December:

	2014			2013		
NOK in millions	DiGi .Com Bhd	Grameenphone Ltd.	Total Access Communications Plc. (dtac)	DiGi .Com Bhd	Grameenphone Ltd.	Total Access Communications Plc. (dtac)
Operating activities	5 238	2 649	5 310	3 849	2 531	4 340
Investing activities	(1 735)	(1 808)	(2 914)	(1 347)	(1 498)	(2 211)
Financing activities	(3 294)	(1 132)	(2 176)	(3 057)	(727)	(2 040)
Effect of exchange rate changes on cash and cash equivalents	132	92	243	29	49	14
Net increase/(decrease) in cash and cash equivalents	**341**	**(199)**	**463**	**(527)**	**355**	**104**

/24/ Provisions and obligations

Non-current

NOK in millions	2014	2013
Provisions for workforce reduction, onerous contracts and legal disputes	120	140
Asset retirement obligations	2 861	2 426
Other provisions	132	308
Total non-current provisions and obligations	**3 113**	**2 874**

Current

NOK in millions	2014	2013
Provisions for workforce reduction, onerous contracts and legal disputes	851	633
Asset retirement obligations	32	69
Other provisions	752	613
Total current provisions and obligations	**1 635**	**1 315**

Development

	2014		2013	
NOK in millions	Workforce reduction, onerous (loss) contracts and legal disputes	ARO	Workforce reduction, onerous (loss) contracts and legal disputes	ARO
As of 1 January	**773**	**2 495**	816	2 835
Obligations arising during the year and effects of changes in estimates [1]	860	562	660	(474)
Accretion expense	19	80	-	80
Amounts utilised	(678)	(38)	(780)	(42)
Other changes and translation difference	25	38	(24)	90
Changes during the year related to discontinued operations	102	7	102	6
Reclassified as held for sale	(130)	(249)	-	-
As of 31 December	**970**	**2 893**	773	2 495

[1] Changes in Asset retirement obligations are mainly related to changes in estimated 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 asset retirement obligations.

In most situations, the timing of the asset removals will be well into the future and there is significant uncertainty as to whether and when the obligation will be paid. The actual gross removal costs that the Group will incur may be significantly different from the estimated costs, for example due to negotiation of prices for a large amount of removals or agreements that reduce or relieve the Group from its obligations. The actual timing of the removals may also differ significantly from the estimated timing.

Workforce reduction

Provisions for workforce reductions included approximately 1 000 employees as of 31 December 2014 and approximately 670 employees as of 31 December 2013.

/25/ 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 was closed for new members during 2006 and defined contribution plans with insurance companies were established as replacements.

3,808 of the Group's employees were members of the contribution plan in Norway as of 31 December 2014 (3,895 as of 31 December 2013). In 2014, 2,426 of the Group's employees were covered through the defined benefit plans funded through Telenor Pension Fund (2,754 in 2013). In addition the Telenor Pension Fund paid out pensions to 1,965 persons in 2014 (1,843 in 2013). Telenor Sweden has a defined benefit plan with 886 active members in 2014 (927 in 2013). In other companies outside Norway and Sweden, there are primarily contribution plans.

The funded defined benefit plan in Norway has a net benefit liability of NOK 2,056 million as of 31 December 2014 (NOK 1,657 million as of 31 December 2013). The service cost was NOK 177 million in 2014 (NOK 232 million in 2013) (comprised of current service cost of NOK 272 million and a positive past service cost of NOK 95 million) and net interest cost was NOK 50 million (NOK 18 million in 2013). Past service cost for 2014 relates mainly to work force reduction in Norway.

Unfunded defined benefit plans have previously been offered to executive employees. The plan is now closed. As of 31 December 2014 the net defined benefit liability recognised in the statement of financial position was NOK 504 million (NOK 425 million as of 31 December 2013).

In Norway, the Group is a member of a new «agreement-based early retirement plan» (new AFP). This plan entitles essentially all of the Norwegian employees life-long benefits from the age of 62 in addition to other plans. The plan is financed through a pooled arrangement by private sector employers, where also The Norwegian government contributes. The private sector employers contribute with 2/3 of the funding requirements and the Norwegian government 1/3. The contribution for 2014 was 2.2 percent (2.0% for 2013) of the total payments between 1 and 7.1 times the basic amount (G) to the employees. For 2015 the contribution is set to 2.4 percent. The plan is considered a defined benefit multi-employer plan with limited funding and where plan assets are not segregated. The information required to calculate a proportional share of the plan and account for the plan as a defined benefit plan is not available from the plan administrator. Consequently, the plan is accounted for as a defined contribution plan.

The defined benefit plan in Sweden has a net benefit liability of NOK 799 million in 2014 (NOK 481 million in 2013). The service cost was NOK 32 million and net interest cost was NOK 17 million in 2014 (NOK 24 million and NOK 17 million in 2013 respectively). The assumptions are set within the recommended levels according to Swedish actuaries. The discount rate used for the pension calculations as of 31 December 2014 was 2.75% (4.0% in 2013) and expected salary increase was set to 3.0% (3.0% in 2013).

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.

The Group implemented in 2013 the new risk table K2013 for mortality for the Norwegian plans and a new risk table for disability, which is based on Telenor Pension Fund historical figures. The new mortality table and risk table for disability led to a net increase in the pension obligation of NOK 1,154 million in 2013, recognised in other comprehensive income as remeasurement on pension obligations. The average expected lifetime in the risk tables are 86 years for men and 90 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
40	0.06	0.09	0.06	0.03	87.45	91.19
50	0.22	0.33	0.14	0.09	86.69	90.30
60	0.78	1.23	0.43	0.29	86.31	89.72
70	-	-	1.34	0.92	86.89	89.90
80	-	-	4.30	2.96	89.26	91.60

The plan assets were measured at 31 December 2014 and 31 December 2013. Calculation of the projected benefit obligations (PBO) as of 31 December 2014 was based on the member base at 3 November 2014 (at 28 October 2013).

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 Group 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

Changes in the defined benefit obligation and fair value of plan assets

	2014			2013		
NOK in millions	Defined benefit obligation	Fair value plan assets	Benefit liability	Defined benefit obligation	Fair value plan assets	Benefit liability
As of 1 January	**(7 657)**	**4 921**	**(2 736)**	(6 062)	4 565	(1 497)
Current service cost	(376)	-	(376)	(326)	-	(326)
Past service cost	95	-	95	-	-	-
Net interest	(304)	218	(86)	(242)	189	(53)
Sub-total included in Income Statement	**(584)**	**218**	**(366)**	**(568)**	**189**	**(379)**
Return on plan assets (excluding amounts included in net interest expense)	-	381	381	-	(70)	(70)
Actuarial changes arising from changes in demographic assumptions	(16)	-	(16)	(1 158)	-	(1 158)
Actuarial changes arising from changes in financial assumptions	(1 192)	-	(1 192)	(92)	-	(92)
Experience adjustments	(103)	-	(103)	74	-	74
Sub-total in Other Comprehensive Income	**(1 312)**	**381**	**(931)**	**(1 176)**	**(70)**	**(1 246)**
Effects of business combinations and disposals	46	(32)	14	-	(11)	(11)
Contributions by employer	-	416	416	-	396	396
Benefits paid	484	(427)	58	197	(145)	52
Translation differences	(73)	55	(18)	(48)	(2)	(50)
As of 31 December	**(9 096)**	**5 533**	**(3 563)**	**(7 657)**	**4 921**	**(2 736)**
Of which classified as:						
Pension obligation			(3 568)			(2 736)
Other non-current assets			5			-

Experience adjustments on benefit obligations 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

	2014	2013
Discount rate in %	2.3	4.0
Future salary increase in %	2.5	3.5
Future increase in the social security base amount in %	2.5	3.5
Future turnover in %	2.5	2.7
Expected average remaining service period in years	6.8	8.1
Future pension increases in %	2.0	3.0

The Group has used the Norwegian covered bonds (OMF – Obligasjoner med fortrinnsrett) as basis for the discount rate as of 31 December for both 2013 and 2014 for the Norwegian plans. OMFs are covered bonds issued by mortgage companies owned by Norwegian banks under a well-established legal framework. Generally bonds with ratings better than AA are considered high quality. Most OMFs have AAA rating.

Components of net periodic benefit cost

NOK in millions	2014	2013
Current service cost	(376)	(326)
Past service cost	95	-
Net interest cost	(86)	(53)
Net periodic benefit costs	**(366)**	**(379)**
Contribution plan costs	(380)	(355)
Total pension costs charged to the income statement for the year	**(747)**	**(734)**
Where of reported as other expense (note 10)	95	(3)
Where of reported as pension cost (note 8)	(757)	(678)
Where of reported as net interest cost (note 12)	(86)	(53)

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 are based on facts and circumstances as of 31 December 2014. Actual results may deviate materially from these estimates.

NOK in millions	Discount rate		Future salary Increase		Social security base amount		Annual adjustments to pensions		Turnover	
Change in % is percentage points	-1%	+1%	-1%	+1%	-1%	+1%	-1%	+1%	-4%	+4%
Changes in:										
Benefit obligations	1 599	(1 229)	(691)	728	196	(261)	(868)	1 051	178	(177)

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

Asset categories

	2014	2013
Bonds %	57	61
Equity securities %	36	31
Real-estates %	7	8
Total	**100**	100

The bond investments are in securities issued by the Norwegian government, Norwegian municipals, financial institutions and corporations. Bonds held in foreign currencies are to a large extent currency hedged. Equity investments are both in Norwegian and foreign securities. Currency hedging 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. Approximately 40% of the buildings measured in market value are used by the Group through rental contracts.

The Group expects to contribute approximately NOK 394 million to the Telenor Pension Fund in 2015.

The following payments are expected benefits payment from the Norwegian defined benefit plan in future years:

NOK in millions	2014
Within the next 12 months (next annual reporting period)	134
Between 2 and 5 years	598
Next 5 years	963
Total expected payments next 10 years	**1 695**

The average duration of the Norwegian defined benefit plan obligation at the end of the reporting period is 17.1 years

/26/ Trade and other payables and non-interest bearing liabilities

Non-current non-interest-bearing liabilities

NOK in millions	Fair value level [4]	Category	2014	2013
Financial derivatives	2	FVTPL [1]	715	281
Financial derivatives designated for hedging purposes	2		889	200
Other non-current non-interest-bearing liabilities		FLAC [2]	377	353
Total non-current non-interest-bearing liabilities			**1 981**	**834**

Trade and other payables

NOK in millions	Fair value level	Category	2014	2013
Trade payables			7 682	7 095
Accrued expenses			18 697	15 022
Total trade and other financial payables		**FLAC [2]**	**26 379**	**22 118**
Deferred connection revenues			792	734
Prepaid revenues			6 872	6 198
Government taxes, tax deductions etc.			3 174	2 656
Total other payables		**NF [3]**	**10 837**	**9 588**
Total trade and other payables			**37 216**	**31 706**

Current non-interest bearing liabilities

NOK in millions	Fair value level	Category	2014	2013
Financial derivatives	2	FVTPL [1]	71	30
Financial derivatives designated for hedging purposes	2		1 145	374
Other current non-interest-bearing liabilities		FLAC [2]	1 195	1 080
Total current non-interest-bearing liabilities			**2 411**	**1 485**

1) FVTPL: Fair value through profit and loss.
2) FLAC: Financial liabilities at amortised cost.
3) NF: Non-financial assets and liabilities.
4) For information about the fair value level of financial instruments, see note 29.

/27/ Interest-bearing liabilities

NOK in millions	2014 Current interest-bearing liabilities	2014 Non-current interest-bearing liabilities	2014 Total	2013 Current interest-bearing liabilities	2013 Non-current interest-bearing liabilities	2013 Total
Interest-bearing liabilities measured at amortised cost						
Bank loans	4 796	7 901	12 696	2 635	5 668	8 303
Finance lease obligations	37	832	869	27	835	862
Bonds and Commercial Papers [1]	-	46 740	46 740	3 741	38 165	41 906
Licence obligations [2]	2 012	3 652	5 664	179	4 692	4 871
Other liabilities	543	1 689	2 232	709	1 641	2 350
Total interest-bearing liabilities	**7 387**	**60 814**	**68 201**	7 291	51 001	58 292
Fair Value of Debt			73 299			59 920
of which fair value hierarchy level 1 [3]			47 750			40 129
of which fair value hierarchy level 2 [3]			25 550			19 791

[1] Includes interest bearing liabilities in fair value hedge relationships.
[2] Net present value of future payments for mobile licenses in dtac, India, Pakistan, Myanmar and Norway is recognised as interest-bearing liabilities.
[3] For information about the fair value level of financial instruments, see note 29.

Non-current interest-bearing liabilities

NOK in millions	Currency	2014 Debt before the effect of currency swaps	2014 Debt adjusted for the effect of currency swaps	2013 Debt before the effect of currency swaps	2013 Debt adjusted for the effect of currency swaps
Company					
Telenor ASA	EUR	39 113	26 286	35 402	26 091
	NOK [1]	28	(12 733)	39	(10 071)
	SEK	3 258	10 259	-	6 840
	HUF	-	627	-	555
	USD	4 441	16 748	3 010	14 145
	THB	-	2 713	-	-
	MYR	-	2 939	-	890
Total Telenor ASA		**46 839**	**46 839**	38 450	38 450
DiGi	MYR	519	519	828	828
Grameenphone	BDT	526	526	393	393
Grameenphone	USD	2 266	2 266	913	913
Denmark	DKK	-	-	363	363
Sweden	SEK	222	222	227	227
Pakistan	PKR	-	-	57	57
Pakistan	USD	845	845	318	318
India	INR	1 930	1 930	3 512	3 512
dtac	THB	6 317	6 317	5 444	5 468
dtac	USD	-	-	24	-
Myanmar	USD	850	850	-	-
Other subsidiaries		502	502	470	470
Total subsidiaries		**13 975**	**13 975**	12 551	12 551
Total non-current interest-bearing liabilities		**60 814**	**60 814**	51 001	51 001
Non-current interest-bearing liabilities held for sale	DKK	**299**	**299**	-	-

[1] Telenor ASA's debt position in Norwegian Krone is a net asset position when including currency swaps.

Current interest-bearing liabilities

NOK in millions	Currency	2014 Debt before the effect of currency swaps	2014 Debt adjusted for the effect of currency swaps	2013 Debt before the effect of currency swaps	2013 Debt adjusted for the effect of currency swaps
Company					
Telenor ASA	NOK	14	2 439	14	5 634
	SEK	-	-	-	-
	USD	-	-	-	-
	EUR [1]	-	(2 426)	3 377	(2 243)
Total Telenor ASA		**14**	**14**	**3 391**	**3 391**
DiGi	MYR	1 692	1 692	549	549
Denmark	DKK	-	-	75	75
Pakistan	USD	110	110	90	90
Pakistan	PKR	474	474	29	29
dtac	USD	30	30	44	-
dtac	THB	1 971	1 971	1 484	1 528
India	INR	1 194	1 194	-	-
Grameenphone	BDT	145	145	899	899
Grameenphone	USD	255	255	-	-
Myanmar	USD	922	922	-	-
Other subsidiaries		580	580	729	729
Total subsidiaries		**7 374**	**7 374**	**3 900**	**3 900**
Total current interest-bearing liabilities		**7 387**	**7 387**	**7 291**	**7 291**
Current interest-bearing liabilities held for sale	DKK	**84**	**84**	**-**	**-**

[1] Telenor ASA's current debt position in EUR is a net asset position when including currency swaps.

Annual coupon payments on bonds issued under Telenor ASA's EMTN programme during the last 5 years range from 1.75% to 2.75%. The majority of these bonds are swapped to floating rate. The latest issuances were in 2014 when a SEK 1.1 billion bond was issued with a floating interest rate and maturity in 2019, another SEK 2.3 billion bond with a 2.375% coupon and maturity in 2019, and a USD 100 million bond was issued with floating interest rate and maturity in 2019.

All outstanding debt issued by Telenor ASA is unsecured. The financing agreements, except for 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 pledges) 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% of the issued ordinary share capital of Telenor ASA, whereby such change in ownership or acquisition leads to a downgrade below investment grade rating, the holder of such bonds can require Telenor ASA 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.

Debt in India is mainly comprised of licence obligation (NOK 2.2 billion) and external debt to financial institutions (NOK 1.0 billion), whereas debt in dtac is mainly comprised of licence obligation (NOK 0.7 billion) and external debt to financial institutions (NOK 7.6 billion).

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.

/28/ Managing capital and financial risk management

Managing capital

Telenor Group's capital allocation priorities are:
1. Maintain a strong financial position
2. Offer an attractive shareholder remuneration
3. Disciplined and selective approach in terms of mergers and acquisitions (M&A)

The main priority of maintaining a strong financial position is targeted by keeping reported net debt/EBITDA below 2.0 in order to ensure access to funding. As of 31 December 2014, the reported net debt/EBITDA ratio was 1.18 (1.15 as of 31 December 2013) and Telenor ASA's long term credit rating was «A3/stable outlook» by Moody's Investors Service and «A/stable outlook» by Standard & Poor's (S&P). The rating from Moody's was unchanged throughout the year, while S&P changed its rating from «A-/positive» in November 2014.

The Group's capital structure consist of interest bearing debt as disclosed in note 27, cash and cash equivalents and equity attributable to the shareholders of Telenor ASA as presented in the consolidated statement of changes in equity and in note 23.

In order to 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. In 2014 Telenor's total shareholder remuneration was NOK 10.6 billion, comprised of ordinary dividends paid out in May 2014 (NOK 7.00 per share). No share buyback programme was carried out during 2014-2015, but there was a cash effect of NOK 1.0 billion in mid-2014 related to the payment for the Norwegian State's pro rata share of the 2013-2014 buyback. The remaining NOK 0.9 billion open market part of the 2013-2014 buyback programme had cash effect in 2013.

Telenor ASA has an agreement with the Kingdom of Norway through the Ministry of Trade, Industry and Fisheries to carry through share buybacks with the purpose to cancel these shares through write-down of the share capital to maintain its ownership interest. See notes 23, 32 and 35 for further description.

The Telenor Board of Directors will propose a dividend of NOK 3.80 per share (NOK 5.7 billion) to be resolved by the general meeting in May 2015, and paid out in June 2015. In addition, the Board will ask the general meeting for an authority to resolve further dividends, pursuant to which the Board plans to resolve a dividend of NOK 3.50 per share (NOK 5.3 billion) to be paid in November 2015. In total this will bring the ordinary dividend for the fiscal year 2014 to NOK 7.30 per share (NOK 11.0 billion). The move to semi-annual dividends aligns Telenor's shareholder remuneration with the company's cash flow profile throughout the year, thereby optimizing funding flexibility and cash management in the Group. Telenor's policy is to distribute dividends to its shareholders equal to 50-80% of normalised net income, and aim for a year-on-year growth in the dividend per share.

Financial risk

Telenor ASA's treasury function is responsible for funding, foreign exchange risk, interest rate risk, credit risk and liquidity management for the parent company and for companies owned more than 90% directly or indirectly by Telenor ASA. Subsidiaries owned less than 90% normally have stand-alone financing. The Group has limited activities related to interest rate and currency trading (other than hedging activities).

Liquidity risk

The Group 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. The Group 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 committed syndicated revolving credit facilities of a total of EUR 2.8 billion, of which EUR 2.0 billion with maturity in 2019 and the remaining EUR 0.8 billion with maturity in 2017. None of the revolving credit facilities have been used as of 31 December 2014.

When permissible by local rules and regulations, subsidiaries owned 90% or more are parts of Telenor ASA's cash management framework agreement. They participate in Telenor ASA's cash pool systems and place their excess liquidity with the internal bank in Group Treasury. Subsidiaries owned less than 90% have established their own cash management framework agreements for banking services, their own cash pool systems and place their excess liquidity externally.

Telenor ASA and each subsidiary shall have sufficient sources of liquidity to cover expected needs during the next 12 months. Liquidity to fund acquisitions is considered separately.

The debt portfolio of Telenor ASA and each subsidiary with external debt shall have a balanced maturity profile. The Group's debt maturities shall be spread relatively even over a time horizon of at least 10 years by issuing bonds and commercial papers in order to reduce the Group's refinancing risk. The debt maturity profile is presented on the following page. For information about duration please refer to chapter «Interest rate risk».

Maturity profile of the Group's liabilities (in nominal values)

NOK in millions	Total as of 31.12.14	< 1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	10 years	>10 years	Not specified
Interest-bearing liabilities													
Bank loans	12 696	4 796	2 934	3 728	513	513	212	–	–	–	–	–	–
Bonds and Commercial Paper	44 996	–	1 128	9 036	8 235	4 006	6 777		4 518	–	5 422	5 874	–
Finance lease liabilities	869	37	80	35	38	48	46	51	61	73	175	225	–
Other interest-bearing liabilities, including license commitments	7 879	2 555	2 415	771	420	328	328	220	220	220	224	179	–
Sum of interest-bearing liabilities	**66 441**	**7 387**	**6 557**	**13 571**	**9 207**	**4 895**	**7 362**	**271**	**4 799**	**293**	**5 821**	**6 278**	**–**
Non-interest bearing liabilities													
Trade and other payables	37 216	37 216	–	–	–	–	–	–	–	–	–	–	–
Other current non-interest-bearing liabilities	1 204	1 204	–	–	–	–	–	–	–	–	–	–	–
Non-current derivative financial instruments	2 821	1 207	67	311	464	43	373	–	312	–	–	44	–
Other non-current non-interest-bearing liabilities	367	–	–	–	–	–	–	–	–	–	–	–	367
Sum of non-interest-bearing liabilities	**41 608**	**39 627**	**67**	**311**	**464**	**43**	**373**	**–**	**312**	**–**	**–**	**44**	**367**
Total	**108 049**	**47 014**	**6 624**	**13 882**	**9 671**	**4 938**	**7 735**	**271**	**5 111**	**293**	**5 821**	**6 322**	**367**
Future interest payments	**7 487**	**1 404**	**1 283**	**1 258**	**879**	**759**	**559**	**403**	**329**	**254**	**269**	**88**	**–**
Total including future interest payments	**115 536**	**48 419**	**7 907**	**15 139**	**10 550**	**5 697**	**8 294**	**675**	**5 441**	**547**	**6 090**	**6 410**	**367**

NOK in millions	Total as of 31.12.13	< 1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	10 years	>10 years	Not specified
Interest-bearing liabilities													
Bank loans	6 749	2 635	1 130	1 592	1 391	–	–	–	–	–	–	–	–
Bonds and Commercial Paper	41 240	3 741	–	928	8 382	7 233	–	6 287	–	4 191	–	10 478	–
Finance lease liabilities	862	27	28	30	33	36	47	46	51	155	63	347	–
Other interest-bearing liabilities including license commitments	9 043	802	3 979	873	623	601	494	400	305	305	304	356	–
Sum of interest-bearing liabilities	**57 894**	**7 205**	**5 137**	**3 423**	**10 430**	**7 870**	**541**	**6 732**	**355**	**4 651**	**367**	**11 180**	**–**
Non-interest bearing liabilities													
Trade and other payables	31 706	31 706	–	–	–	–	–	–	–	–	–	–	–
Other current non-interest-bearing liabilities	1 070	1 070	–	–	–	–	–	–	–	–	–	–	–
Non-current derivative finanacial instruments	896	415	168	25	197	70	–	–	–	11	–	9	–
Other non-current non-interest-bearing liabilities	353	–	–	–	–	–	–	–	–	–	–	–	353
Sum of non-interest-bearing liabilities	**34 025**	**33 191**	**168**	**25**	**197**	**70**	**–**	**–**	**–**	**11**	**–**	**9**	**353**
Total	**91 919**	**40 396**	**5 306**	**3 448**	**10 627**	**7 941**	**541**	**6 732**	**355**	**4 662**	**367**	**11 189**	**353**
Future interest payments	**8 468**	**1 090**	**996**	**1 130**	**1 112**	**797**	**738**	**703**	**534**	**470**	**403**	**493**	**–**
Total including future interest payments	**100 387**	**41 486**	**6 302**	**4 579**	**11 739**	**8 738**	**1 280**	**7 435**	**890**	**5 132**	**770**	**11 682**	**353**

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 in the income statement are influenced by changes in interest rates in the market. In 2014, the average interest cost for the Group was 3.0% on all interest bearing liabilities, including licenses (3.3% in 2013). Interest rates on latest bond issuance are described in note 27 «Interest-bearing liabilities».

The main objective regarding management of interest rate risk is to reduce the financial risk and minimise interest cost over time. The majority of the debt issued by the Group is fixed rate debt (80% of outstanding debt before swap as of 31 December 2014 and 85% as of 31 December 2013). The Group uses interest rate derivatives to manage the interest rate risk of the debt portfolio. This typically involves interest rate swaps, both swapping floating interest rates to fixed interest rates and vice versa. Forward rate agreements and interest rate options are used to a lesser extent.

According to Group Policy, Telenor Group's portfolio of external debt instruments shall have an interest rate duration between 0 and 5 years whereas subsidiaries shall have an interest rate duration below 1 year. As of 31 December 2014, the duration of the Group's debt was 1.9 years (2.0 years as of 31 December 2013). Telenor ASA's duration was 2.4 years as of 31 December 2014 (2.3 years as of 31 December 2013).

Derivative instruments designated as fair value hedging instruments

The majority of debt is issued using fixed rate bonds. In order to manage interest rate risk a portion of the debt is swapped to floating interest rate by using interest rate swaps. Fair value hedge accounting is applied when hedge accounting criteria are met.

The table below shows the ineffective parts of the Group's fair value hedges. The change in fair value of the hedging instrument and the hedged object is recognised as «net change in fair value of financial instruments» under financial items in the income statement. The effective part will be offset by the change in fair value of the underlying hedged item. Effectiveness testing is performed on an accumulated basis.

Fair value hedging relationships

NOK in millions	2014	2013
Net gain / (loss) recognised in the income statement on hedged items	1 339	1 168
Net gain / (loss) recognised in the income statement on hedging instruments	(1 857)	(718)
Amount of hedge ineffectiveness	**(519)**	**450**

Fair values of financial instruments designated as hedging instruments in fair value hedges classified as other non-current assets and non-current interest bearing financial liabilities (no current portion due to next maturity in 2017):

	2014		2013	
NOK in millions	Assets	Liabilities	Assets	Liabilities
Fair value as of 31 December				
Fair value hedge instruments	2 788	(10)	1 395	(277)

Interest rate risk sensitivity analysis

Effects on changes in fair value

The Group calculates the sensitivity on the change in fair value of assets and liabilities of a defined parallel shift in the yield curve of the relevant currencies. For each simulation, the same shifts in interest rates are used for all currencies. The sensitivity analysis is run only for assets and liabilities that represent major interest-bearing positions. Due to debt instruments the net position is a liability. However, because of hedge accounting and the measurement of interest-bearing debt at amortised cost, the impact in the income statement is different from the change in fair values as shown in the table below:

	2014	2014	2013	2013
NOK in millions	Yield curve decrease 10%	Yield curve increase 10%	Yield curve decrease 10%	Yield curve increase 10%
Increase (decrease) in fair value of net liabilities	121	(120)	191	(188)
Gain (loss) in income statement	54	(54)	261	(257)

Sensitivity analysis of change in floating interest rates.

	2014	2014	2013	2013
NOK in millions	Interest rates decrease 10%	Interest rates increase 10%	Interest rates decrease 10%	Interest rates increase 10%
Gain (loss) income statement	38	(38)	38	(38)

Exchange rate risk

The Group is exposed to changes in the value of NOK relative to other currencies. The carrying amount of the Group's net investments in foreign entities and proceeds from these investments varies with changes in the foreign exchange rate. The net income of the Group is also affected by currency fluctuations, as the profit and losses from foreign operations are translated into NOK using average exchange rates for the period. Exchange rate risk related to some net investments in foreign operations is partly hedged by issuing debt 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 used for this purpose. Net investment hedge accounting is applied when possible. Short-term foreign currency swaps are frequently used for liquidity management purposes. No hedging relationships are designated in relation to these derivatives.

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

Financial instruments designated as hedging instruments of net investment in foreign operations

As of 31 December 2014 and 2013, material hedging positions are designated as net investment hedges. There was no ineffectiveness in the years ending 31 December 2014 and 2013.

Net investment hedging relationships

NOK in millions	2014	2013
Amount recognised directly to other comprehensive income	(5 271)	(4 030)

Hedging as described above is only carried out in currencies that have well-functioning capital markets. Both interest-bearing debt and derivatives are designated as hedging instruments.

Interest-bearing debt and derivatives designated as hedging instruments in net investment hedges:

	2014		2013	
NOK in millions	Debt	Derivatives	Debt	Derivatives
As of 31 December				
Nominal amounts net investment hedge instruments	(38 355)	(12 750)	(32 432)	(11 910)
Fair value net investment hedge instruments	(42 320)	(1 532)	(33 311)	(25)

Classification of derivatives designated for net investment hedge in the consolidated statement of financial position:

NOK in millions	2014	2013
As of 31 December		
Other non-current assets	403	531
Other financial current assets	99	19
Non-current non-interest bearing financial liabilities	(889)	(200)
Current non-interest bearing liabilites	(1 145)	(374)
Fair value net investment hedge instruments	**(1 532)**	**(25)**

Exchange rate risk sensitivity analysis

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

Effects on net currency gains (losses)

The Group is exposed to currency fluctuations on monetary items in the statement of financial position, denominated in other currencies than the functional currency. The table below shows the effect on net currency gains (losses) if functional currencies depreciate with 10% against other currencies:

	2014					2013				
NOK in millions	EUR	MYR	SEK	USD	Other	EUR	MYR	SEK	USD	Other
Functional Currency										
NOK	(282)	(148)	(284)	(149)	(24)	(16)	(4)	(283)	(191)	(29)
BDT	-	-	-	(249)	-	-	-	-	(114)	-
PKR	(1)	-	-	(112)	-	-	-	-	11	-
MMK	-	-	-	(166)	(1)	-	-	-	7	-
THB	-	-	-	(104)	(28)	-	-	-	13	-

Effects due to foreign exchange translations on other comprehensive income

Translation of subsidiaries from their functional currencies into the presentation currency of the Group (NOK) will impact the Group's other comprehensive income and equity. If functional currency had weakened / strengthened by 10% against the presentation currency of the Group (NOK), the decrease / increase in the carrying amount of consolidated equity as of 31 December 2014, including effects of net investment hedge, would have been approximately NOK 9.2 billion (NOK 5.9 billion as of 31 December 2013).

The table below shows the impact on OCI of net investment hedge (NIH) instruments if the functional currency weakened by 10%.

	2014				2013			
NOK in millions	EUR	SEK	USD	Other	EUR	SEK	USD	Other
Currency effect on OCI (before tax) of NIH instruments								
NOK	(2 036)	(1 067)	(1 585)	(423)	(2 177)	(731)	(1 356)	(170)
Effect on other comprehensive income (OCI)				**(5 110)**				**(4 434)**

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 Groups reported figures. The sensitivity analysis is only carried out for the Group's major subsidiaries. If local currency had weakened / strengthened by 10% against all other currencies included in the analysis, net income for the Group would have been NOK 690 million lower / higher in 2014 (NOK 964 million in 2013).

Credit risk

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

Maximum credit exposure

NOK in millions	2014	2013
Cash and cash equivalents	11 909	11 978
Bonds and commercial papers > 3 months (note 21)	714	652
Financial derivatives (note 21)	3 715	2 390
Trade and other current financial receivables (note 20)	16 266	16 641

The Group's credit risks largely arise from trade receivables, financial derivatives and cash and cash equivalents.

Credit risk related to trade receivables is assessed to be limited due to the high number of customers in the Group's customer base. As such, no further credit risk provision is required in excess of the normal provision for bad and doubtful receivables. See note 20 for information on receivables in terms of age distribution and provision for bad debt. Credit risk related to sale of handsets on instalment plans, where the effect of discounting is considered material, is also assessed to be limited. Credit risk related to such arrangements are embedded in the discount rate and reflected as reduced revenue, see note 3 for information on the risk related to revenue recognised related to sale of handsets on instalment plans.

Credit risk arising from financial derivatives and cash deposits is managed through diversification, internal risk assessment and credit scoring, as well as credit risk mitigation tools. The main risk mitigation tools include legal netting and collateral agreements.

As of 31 December 2014 the Group's credit exposure related to financial derivative assets was NOK 3.7 billion (NOK 2.4 billion as of 31 December 2013). To reduce this credit exposure, NOK 1.2 billion was received as cash collateral to protect the fair values on derivative assets (NOK 1.2 billion as of 31 December 2013). The cash collateral is recognised as non-current interest bearing financial liabilities in the consolidated statement of financial position. The Group has not paid any collateral for financial derivative liabilities.

/29/ Fair values of financial instruments

Principles for estimating fair values

Based on the characteristics of the financial instruments that are recognised in the financial statements, the financial instruments are grouped into classes and categories. The estimated fair values of the Group's financial instruments are based on available 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 measuring fair value.

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).

Interest-bearing liabilities

Fair values of interest-bearing liabilities as shown in note 27 are based on quoted prices where available. Interest-bearing liabilities that are not traded in an active market have been estimated using yield curves which incorporate estimates of the Telenor ASA credit spread. The credit curves have 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 is assessed to be a reasonable approximation of fair value. The effect of not discounting is considered to be immaterial for 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 fair value. The effect of not discounting is considered to be insignificant for this class of financial instruments.

Equity investments

Fair values for listed shares are based on quoted prices at the end of the reporting period. Fair value of unlisted shares is estimated 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 the 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 nominal amount.

Derivatives

Fair value of currency swaps, foreign currency forward contracts and interest rate swaps is estimated based on calculating the net present value of future cash flows, using interest rate curves, exchange rates and currency spreads as of 31 December 2014 and 2013, respectively.

/30/ Pledges and guarantees

NOK in millions	2014	2013
Interest-bearing liabilities secured by assets pledged	-	6
Finance lease liabilities secured by assets pledged	869	862
Total liabilities secured by assets pledged	**869**	**868**
Carrying amount of assets pledged as security for liabilities	-	15
Carrying amount of assets pledged as security for finance lease liabilities	741	801
Total assets pledged as security for liabilities	**741**	**816**

There has been no major change in liabilities secured by assets pledged as of 31 December 2014.

The Group's finance lease liabilities secured by assets pledged and carrying amount of assets pledged as security for finance lease liabilities as of 31 December 2014 were mainly related to Telenor Sweden, Telenor Denmark, DiGi and Grameenphone. See notes 18 and 27.

Guarantee obligations:

NOK in millions	2014	2013
Guarantee obligations continuing operations	2 383	1 541
Guarantee obligations discontinued operations	1 634	1 613

Purchased bank guarantees are not shown in the table.

/31/ Contractual obligations

The Group has entered into agreements with fixed payments in respect of the following as of 31 December 2014 and as of 31 December 2013:

2014

NOK in millions	2015	2016	2017	2018	2019	After 2019
Minimum lease payments under non-cancellable operating leases (the Group as a lessee)						
Lease of premises	2 295	1 691	1 440	1 220	1 147	1 847
Lease of satellite-and net-capacity	835	488	289	219	125	397
Other leases	62	22	7	2	-	-
Contractual purchase obligations						
IT-related agreements	794	247	190	40	36	-
Other contractual obligations	5 060	1 442	570	65	25	32
Committed investments						
Property, plant and equipment and intangible asset	5 258	42	30	-	-	-
Total contractual obligations	**14 304**	**3 932**	**2 527**	**1 546**	**1 332**	**2 277**

2013

NOK in millions	2014	2015	2016	2017	2018	After 2018
Minimum lease payments under non-cancellable operating leases (the Group as a lessee)						
Lease of premises	1 955	1 481	1 269	1 101	924	1 662
Lease of satellite-and net-capacity	330	239	231	210	106	361
Other leases	81	50	24	11	9	18
Contractual purchase obligations						
IT-related agreements	617	107	97	15	4	3
Other contractual obligations	7 335	3 778	815	204	99	45
Committed investments						
Property, plant and equipment and intangible asset	3 475	183	37	25	-	-
Total contractual obligations	**13 794**	**5 839**	**2 473**	**1 566**	**1142**	**2 089**

The tables above do not include agreements under which the Group has no committed minimum purchase obligations. Tower leasing obligations in India is included in «Minimum lease payments under non-cancellable operating leases» as of 31 December 2014 with NOK 4.7 billion for the period of 2015-2019 and NOK 1.3 billion after 2019.

dtac's concession right

dtac is obliged to pay an annual fee to CAT Telecom Public Company Limited (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 2015 – 2018 fluctuate in a range from NOK 170 million to NOK 271 million (converted from THB to NOK based on the exchange rate as of 31 December 2014). For further information regarding dtac's concession right, see note 17.

/32/ Related parties

As of 17 March 2015, Telenor ASA was 53.97% owned by the Kingdom of Norway, represented through the Ministry of Trade, Industry and Fisheries.

The Board of Telenor ASA has been given authority by the General Meeting to carry through share buybacks with the purpose to cancel these shares through reduction of share capital. The cancellation requires approval from the General Meeting. Telenor ASA has entered into an agreement with the Kingdom of Norway, represented through the Ministry of Trade, Industry and Fisheries whereby it is agreed that such buyback and cancellation should not affect the Ministry's shareholding. As a result, the Group is required to redeem a proportionate number of shares owned by the Ministry. The same General Meeting approving the cancellation of treasury shares, will be asked to approve the redemption of the shares owned by the Ministry against payment of an amount that corresponds to an average volume of weighted price at the time of the repurchase of treasury shares in the market together with compensation for interest.

The Norwegian telecommunications market is governed by the Electronic Communications Act of 4 July 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 Public voice telephony and access to Internet to all households and companies, public pay phones, services for the disabled and for controlling end users expenses. The Group receives no compensation for providing USO services.

In addition, the Group was in 2014 and 2013 subject to Special Service Obligations (SSO), mainly related to security and emergency following an agreement with the Norwegian Communication Authority («Nkom») and the coastal radio after an agreement with the Norwegian Ministry of Justice and Public Security. The Group receives compensation for providing SSO. In 2014 and 2013, the Group received NOK 130 million and NOK 134 million, respectively, under this agreement.

The Group may also receive compensation for the obligations to fulfill additional requirements on the network to serve national security issues. In 2014, the Group received a refund on such activities of NOK 21 million. In 2013, the Group had no such national security agreements with the government.

The Group pays an annual fee to Nkom and the Norwegian Ministry of Transport and Communications for delivering electronic communication services, including payments for frequencies and numbers. The fee was NOK 112 million and NOK 114 million in 2014 and 2013, respectively.

In 2013, the Group paid NOK 453 million for spectrum in the 800, 900 and 1800 MHz bands in Norway. The licenses are valid from 1 January 2014, with a duration of 20 years.

The Group provides mobile and fixed telephony services, leased lines, customer equipment, Internet connections, TV distributions and other services 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 provided in addition rental of real estate and related services to Statsbygg for NOK 80 million in 2014 (NOK 89 million in 2013) and Statoil ASA for NOK 41 million in 2014 (NOK 64 million in 2013).

The Group sold transmission capacity and related services in the digital and analog terrestrial transmission network to Norsk Rikskringkasting AS of NOK 283 million in 2014 and NOK 247 million in 2013.

Transactions with associated companies and joint ventures

	2014		2013	
NOK in millions	Sales to	Purchases from	Sales to	Purchases from
	1 118	**(1 774)**	949	(2 549)

Amounts receivables from and amounts due to associated companies and joint ventures

	2014		2013	
NOK in millions	Receivables	Payables	Receivables	Payables
	300	**(219)**	142	(198)

In 2014 and 2013, sales to associated companies include network access charges to Norges Televisjon AS of NOK 333 million and NOK 326 million, respectively. In addition, sales in 2014 and 2013 include delivery of Nordic Connect, Managed Services and rental of real estate and related services to Evry ASA of NOK 319 million and NOK 207 million, respectively. Sales to VimpelCom Group amount to NOK 450 million in 2014 and NOK 380 million in 2013.

Purchases from associated companies in 2014 and 2013 include distribution rights from C More Group AB of NOK 307 million and NOK 660 million, respectively (C More Group AB was disposed of in June 2014). Purchases in 2014 and 2013 also include purchases of IT services from Evry ASA of NOK 467 million and NOK 474 million, respectively. Purchases from VimpelCom Group amount to NOK 375 million in 2014 and NOK 362 million in 2013. In addition, a substantial part of the purchases in 2014 and 2013 from associated companies concerns sales and marketing support for distributors of the Group's products and services in Norway and Thailand.

The Group has provided fulfilment guarantees of NOK 75 million in favour of the associated company Norges Television AS.

Transactions with subsidiaries have been eliminated on consolidation and do not represent related party transactions. See note 15 Related Parties and note 16 Shares in Subsidiaries in the financial statements of Telenor ASA for further details. The same applies to transactions with joint operations, see note 19.

For compensation of key management personnel, see note 34.

/33/ Legal disputes and contingencies

The Group is involved in a number of legal proceedings in various forms. While acknowledging the uncertainties of litigation, the Group is of the opinion that based on the information currently available, these matters will be resolved without any material adverse effect individually or in the aggregate on the Group's financial position. For legal disputes, in which the Group assesses 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 13 for tax disputes.

Grameenphone

1) BTRC – Audit claim

In April 2011, Bangladesh Telecommunication Regulatory Commission (BTRC) announced its intention to conduct an audit of the existing mobile operators in Bangladesh. As part of this initiative, BTRC appointed a Chartered Accountant firm for conducting the audit of Grameenphone. On 3 October 2011 Grameenphone received a claim amounting to approximately NOK 2.6 billion from BTRC referring to findings of the audit that the regulator carried out over a few months from April 2011 related to circumstances from the establishment of Grameenphone until today. Grameenphone has contended and clarified to BTRC and the Chartered Accountant firm that acceptable audit standards and practices have not been followed during and after the audit and the claims made remain unfounded, unsubstantiated and without merit. As a consequence, Grameenphone filed a title suit in the Civil Court of first instance on 17 October 2011 against BTRC seeking an injunction restraining BTRC from claiming the said demand and filed an Appeal in the High Court Division (HCD) of the Supreme Court of Bangladesh seeking an order of injunction against the claim made by BTRC. On 20 October 2011 HCD directed the parties to maintain 'as is situation' (status quo) in respect of the claim made by BTRC for a period of six months from 20 December 2011 and this was later extended until May 2013. In this period BTRC may present arguments to the court why the claim shall remain valid. On 15 May 2013, the High Court Division extended the stay order for the claim until the final hearing of the appeal. No new developments happened during 2014.

2) SIM tax on replacement SIM cards

On 16 May 2012, National Board of Revenue issued a notice to Grameenphone claiming SIM tax and interest of NOK 1.5 billion on replacement SIM cards issued during the period from July 2007 to December 2011. Grameenphone challenged the demand by a writ petition before the High Court which passed a Stay Order on the operation of the demand valid until 13 September 2013. In mid-2013, a special commission, appointed by the Government, was set up to review this case, in respect of all operators. In April 2014 the Commission presented their report stating principally same amounts as the initial NBR conclusions. Grameenphone disagreed with this report and took necessary steps to challenge it. Grameenphone received a letter from the National Board of Revenue asking Grameenphone to attend a hearing on 25 January 2015. By way of a Writ Petition, Grameenphone challenged the premises on which the 'hearing notice' was served. The company obtained a stay order on 19 January 2015 on the operation of that notice for an interim period of three months pending hearing of the Writ Petition.

3) Large Taxpayer Unit (LTU) – VAT claim

On 14 May 2014, Large Taxpayer Unit (LTU)-VAT in Bangladesh issued a 'pay or explain' demand of approximately NOK 1.6 billion, against Grameenphone. This demand was based on an assessment by Local and Revenue Audit Department of Comptroller and Auditor General (C&AG) office, for the fiscal year 2010-11 and 2011-12. Grameenphone disagrees with the findings of the assessment referred to by LTU because of lack of jurisdiction and improper procedures followed. Further Grameenphone believes that relevant facts and legal provisions are being misconstrued in reaching the conclusion. Grameenphone has taken this issue to court. On 15 December 2014, the High Court heard the case and passed a judgment in favour of Grameenphone. This decision may be appealed by the authorities.

dtac

1) Dispute between TOT, CAT and dtac regarding Access Charge/Interconnection

On 17 May 2006, the National Telecommunications Commission (NTC) (presently known as the National Broadcasting and Telecommunications Commission (NBTC)) issued the Notification on Use and Interconnection of Telecommunications Network of 2006 (Notification) applicable to telecommunication licencees who have its own telecommunication network, requiring the licencees 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 TOT Public Company Limited (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 Agreements entered into with TOT on the basis that the rate and the collection of access charge under the Access Charge Agreements 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 agreement in accordance with the Notification. TOT has refused to enter into such agreement. The matter has been through various administrative and court proceedings, which has concluded that TOT is obligated to commence negotiations with dtac. TOT still rejects entering into an interconnection agreement and has appealed the matter to Supreme Administrative Court.
The matter is now under consideration of the Court.

On 9 May 2011, TOT filed a plaint with the Central Administrative Court requiring the court to order dtac and CAT to jointly pay access charge to TOT, together with the default interests, in the amount of approximately NOK 25.6 billion. dtac submitted a defense to the court on 26 January 2012.

On 10 October 2014, dtac was informed that TOT increased its claim for the period May 2011 - July 2014 by NOK 29.9 billion so that the total claim amounts to approximately NOK 55.5 billion, plus default interests. Presently, this case is under consideration of the Central Administrative Court. The net effect (before income taxes) in ceasing to recognise the access charge under the Access Charge Agreements from 18 November 2006 to 31 December 2014 has been a reduction of dtac's expenses of approximately NOK 15 billion.

2) Disputes between dtac and CAT regarding revenue sharing payment under Concession Agreement.

On 11 January 2008, CAT submitted a claim to the Arbitration Institute requesting dtac to make concession revenue sharing payments for the 12th – 16th concession years (16 September 2002 to 15 September 2006) amounting to NOK 5.2 billion including penalties. The basis for the claim is the fact that revenue share paid by dtac to CAT was made after deduction of excise tax. dtac's opinion is that it was entitled to do so by virtue of the resolutions made by the Thai Council of Ministers in February 2003 and a letter issued by CAT allowing such deduction. On 28 May 2012, the Arbitral Tribunal rendered an award in favour of dtac and dismissed CAT's claim for Excise tax on Revenue Sharing Payment. However, on 31 August 2012, CAT filed a lawsuit with the Central Administrative Court in order to revoke the arbitration award. Presently, this case is under the court's consideration.

On 31 August 2011, CAT filed a lawsuit with the Arbitration Institute requesting dtac to pay additional revenue sharing on interconnection charge for the concession year 16th (16 September 2006 to 15 September 2007) in the amount of NOK 0.9 billion plus penalty interest at the rate of 15% p.a. from 16 December 2007 based on the ground that dtac has no right to deduct any interconnect expenses from its revenue and has no right to exclude interconnect revenue from its revenue to be calculated for the revenue sharing (payment of concession fee) to CAT under the Concession Agreement. On 14 August 2014, the arbitrators gave an award in the matter, in which they dismissed certain parts of the claim from CAT. dtac filed an objection with the Central Administrative Court on 4 December 2014.

On 16 November 2012, CAT filed a new statement of claim to the Arbitration Tribunal requesting for additional revenue sharing for the 17th concession year (16 September 2007 to 15 September 2008) in the amount of NOK 0.9 billion (including VAT) plus penalty interest at the rate of 15% p.a. On 23 April 2013, CAT filed a new statement of claim to the Arbitration Tribunal requesting for additional revenue sharing for the 18th concession year (16 September 2008 to 15 September 2009) from dtac in the amount of NOK 0.8 billion, plus penalty interest at the rate of 15% p.a. On 10 January 2014, CAT sent a letter to dtac requesting for additional revenue sharing for the 19th concession year (16 September 2009 to 15 September 2010) in the amount of NOK 0.8 billion. On 13 March 2014, CAT sent a letter to dtac requesting for additional revenue sharing for the 20th concession year (16 September 2010 to 15 September 2011) in the amount of NOK 0.9 billion. On 4 February 2015, CAT sent a letter to dtac requesting for additional revenue sharing for the 21th concession year (16 September 2011 to 15 September 2012) in the amount of NOK 1.1 billion.

CAT and dtac have a number of disputes and disagreements over understanding and reach of the concession agreements. This also includes how the new 3G regime is to be understood in relation to the concession agreements. CAT has threatened to terminate the concession agreements, due to alleged breaches by dtac of these agreements and continues to present claims of compensation against dtac. CAT served dtac notices to claim compensation from dtac due to porting of its subscribers to its subsidiary dtac TriNet during September 2013 – December 2014 in the amount of NOK 2.3 billion. CAT has also filed injunction petitions with the Administrative court against dtac, dtac TriNet and NBTC, aiming at restricting dtac TriNet from using dtac's network. The court has so far rejected injunction petition against dtac Trinet, while injunction petition against dtac is pending. dtac is of the opinion that the company is operating in accordance with applicable laws and regulations and refutes any allegations from CAT that dtac is operating in violation of concession agreements.

3) Foreign ownership
One of dtacs competitors, True Move made a number of complaints to the Thai Police and the Thai Ministry of Commerce early in 2011 that dtac is in breach of the Foreign Business Act (FBA) limiting foreign ownership to 49% of the share capital without special permission.

In addition, on 22 September 2011, one of dtac's minority shareholders (holding 100 shares in dtac) filed a complaint against state agency, National Broadcasting and Telecommunication Commission (NBTC), with the Central Administrative Court alleging that NBTC (as an administrative agency) has negligently not performed its duties by allowing dtac to operate telecom business. Therefore, the Central Administrative Court has issued a summon requesting dtac to be a co-defendant to this case. The management is of the opinion that the Group's ownership structure in dtac was established, and is, in accordance with Thai law as well as the established practices in Thailand.

India
On 2 February 2012, the Indian Supreme Court quashed all 122 2G licences awarded in 2008, including those granted to Unitech Wireless. Following this decision, the Supreme Court ordered that the 2G licences and spectrum should be auctioned. The spectrum auction was completed in November 2012 and the Group, through Telewings, secured spectrum licences in 6 circles. It is of the management's understanding that the original licence payment of INR 16.6 billion (approximately NOK 1.7 billion) made by Unitech Wireless in 2008 is allowed to be offset against spectrum payments in Telewings in auctions held in November 2012. This was confirmed by a letter from Ministry of Communication and IT on 3 March 2014. The Supreme Court order dated 15 February 2013 opened up for possible retroactive spectrum fee payments for the licences quashed by the Supreme Court order on 2 February 2012, applicable to the licensees who have continued business until new licences were issued. Department of Telecommunications in India (DoT) issued a notice dated 17 November 2014 to Unitech Wireless seeking an explanation as to why retrospective spectrum fee payment of NOK 0.8 billion plus interest should not be recovered by DoT as per direction of the Supreme Court dated 15 February 2013 for the licences quashed by the Supreme Court order on 2 February 2012. Telenor India has replied to the above notice on 29 December 2014 and has challenged the DoT's notice and the interpretation by DoT of the Supreme Court judgment.

Telenor Pakistan
The Federal Board of Revenue (FBR), has alleged that the Cellular Mobile Operators (CMOs) have altogether evaded Federal Excise Duty (FED) in the total amount of NOK 3.5 billion in relation to the FED which was payable by them on interconnect charges. The alleged liability for Telenor Pakistan was approximately NOK 1.0 billion. The CMO's joint position is that all applicable FED has been duly paid by the CMOs on the services provided by them and, therefore, no further payment of FED on interconnect charges is payable by them under law. Hence, no evasion of FED has taken place. In order to resolve the issue, the CMOs had previously agreed with the FBR that they would, from 1 July 2012, make the payment of FED on interconnect charges in accordance with the new procedure stipulated by the FBR. In return for the CMOs' agreement to do so, on 30 June 2012 the FBR issued a Statutory Regulatory Order (SRO) exempting the CMOs from their previous alleged liability for the FED payable on interconnect charges over the last 5 years. However, the SRO was not published in the Official Gazette by the FBR, and thereby it did not attain the requisite legal effect. The National Accountability Bureau (NAB) has started an enquiry on the basis that it had received information of alleged corrupt payments to the FBR for the issuance of the SRO. All the CMOs are participating in the enquiry. The CMOs also collectively decided to challenge the chargeability of the FED on interconnect charges through a writ petition in the Islamabad High Court. On 8 January 2014, the High Court declared recovery notice from FBR null and void. The court decision was appealed by the FBR on 24 January 2014 and in a subsequent hearing on 27 January 2014, the court decided to maintain status quo in the matter. Further during 2014 the latest hearing of intra court appeal was held in December 2014 and was adjourned till February 26, 2015 hence status quo is maintained.

Telenor Norge AS
The EFTA Surveillance Authority (ESA) and the Norwegian Competition Authority initiated on 4 December 2012 an investigation against Telenor Norge AS regarding possible abuse of dominant market position and/or possible anti-competitive practices. The investigation is still ongoing pursuant to Articles 53 and 54 of the EEA Agreement and comprises mobile communication services at wholesale and retail level in Norway, including voice, SMS, MMS and data, as well as mobile services sold in bundles that include other products/services.

/34/ Remuneration to management etc.

Board of Directors

Remuneration to the Board of Directors (the Board) consists of a 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's fees are set by the Corporate Assembly.

The aggregate remuneration for the Board and the Corporate Assembly recognised in 2014 was NOK 3.4 million and NOK 0.7 million, respectively. In 2013 this was NOK 3.2 million and NOK 0.6 million, respectively. In addition, remuneration for the Audit Committee, Governance and Remuneration Committee, The Ethics and Sustainability Committee and Nomination Committees was in total NOK 0.9 million (NOK 0.9 million in 2013). The members of the Board are entitled to a fixed compensation per meeting in the subcommittees that they attend and have no agreement 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 2014 and 2013 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	Number of shares as of 31 December 2014 [1]	Board Fee 2014	Fee for Board elected committee's 2014	Number of shares as of 31 December 2013	Board Fee 2013	Fee for Board elected committee's 2013
Board						
Svein Aaser	5 000	555	50	5 000	523	52
Frank Dangeard	-	335	50	-	287	56
Barbara Milian Thoralfsson	-	277	73	-	262	83
Burckhard Bergmann	-	287	50	-	262	40
Hallvard Bakke (until 14.05.2014)	-	99	21	-	262	56
Dag J. Opedal	-	277	73	-	262	83
Jon Erik Reinhardsen (from 14.05.2014)	-	178	14	-	-	-
Sally Davis	-	287	50	-	262	45
Marit Vaagen (from 15.05.2013)	11 122	277	50	7 200	166	7
Harald Stavn	5 684	277	61	5 282	262	83
Bjørn Andre Anderssen	3 107	277	50	2 697	262	52
Brit Østby Fredriksen	8 266	277	50	7 203	262	49
Per Gunnar Salomonsen (deputy board member)	700	-	-	700	8	-
Liselott Kilaas (until 15.05.2013)	-	-	-	-	119	35

[1] Shareholdings not included for representatives who are no longer members or deputy members as of 31 December 2014.

None of the members of the Board received compensation from any other Group companies, except for the employee representatives. Their remuneration as employees is not included above. None of the members of the Board of Directors have loans in the company.

	Number of shares as of 31 December 2014 [1]	Number of shares as of 31 December 2013
Deputy Board Members		
Per Gunnar Salomonsen	700	700
Irene Vold	4 720	4 108
Kenneth Pettersen	1 496	1 282
Pål Grønsund (from 12.12.2013)	1 296	889
Åse Selfjord (from 12.12.2013)	49	-
Jørgen Finnby (from 12.12.2013)	1 003	623
Tone Kristin Flobakk (from 12.12.2013)	473	405

[1] Shareholdings not included for representatives who are no longer deputy members as of 31 December 2014.

	Number of shares as of 31 December 2014 [1]	Number of shares as of 31 December 2013
Corporate Assembly		
Anders Skjævestad	100	100
Roger Rønning	2 581	2 181
Jan Otto Eriksen	4 374	3 646
Stein Erik Olsen	2 427	1 973
Magnhild Øvsthus Hanssen	2 403	2 656
Hege Karita Ottesen (observer from 12.12.2013)	1 057	899
Mai Britt Thune (observer)	3 001	3 551
Tor Henrik Hanken (deputy member from 12.12.2013)	455	232
Morten Fallstein (deputy member)	682	682
May-Iren Arnøy (deputy member from 12.12.2013)	-	24
Berthe Randmel (deputy member from 12.12.2013)	-	538
Baard Myhre (deputy member)	1 314	1 235
Espen Egeberg Christiansen (deputy member)	171	460
Dag Fredriksen (deputy member from 12.12.2013)	3 785	3 295
Håkon Berdal (deputy member)	3 729	3 136

[1] Shareholdings not included for representatives who are no longer members as of 31 December 2014 and who do not have shares during 2013 and 2014.

Statement on the Group CEO and Group Executive Management remuneration

The statement on the Group CEO and Group Executive Management remuneration is established according to the following requirements:

- Norwegian act on public limited liability companies (allmennaksjeloven)
- The accounting act (regnskapsloven)
- The Government's policy on the remuneration of leading personnel issued by the Norwegian Ministry of Trade, Industry and Fisheries with effect from 1 April 2011 [1]
- The Norwegian Code of Practice for Corporate Governance

1. Remuneration policy

The objective of the Group's remuneration policy is to secure that reward in Telenor Group shall contribute to attracting, engaging and retaining the right employees to deliver sustainable value for shareholders in accordance with the Telenor way.

The following key remuneration principles apply:

1. Reward for performance
   Rewards shall be based on the results of an individual's overall performance evaluated against objective and transparent criteria.
2. Support balanced goals
   Reward should be tied to a balanced combination of goals that align individual's goal with Telenor's business goals and the economic interests of its shareholders.
3. Offer competitive total reward
   Telenor seeks to offer total reward packages that are attractive and competitive (without taking the lead) both within the organization, as well as in the local labour market.

2. Remuneration governance

The Board of Directors (the Board) has appointed a separate Governance and Remuneration Committee (GRC) which acts as an advisor for the Board of Directors and the Group CEO, and is responsible for monitoring, evaluating and recommending executive remuneration and Group remuneration programmes.

The committee comprises of the Chairman of the Board, two of the shareholder elected Board members and one employee representative. The Group CEO normally attends the Committee meetings. Other representatives of the management attend upon notice; the Committee may dismiss their attendance when appropriate, and likewise call for attendance from other relevant sources. The secretary of the Board acts as secretary of the Committee unless otherwise agreed.

[1] New Government guidelines on the remuneration of leading personnel issued by the Norwegian Ministry of Trade, Industry and Fisheries were enacted with effect from February 13, 2015. The remuneration for 2015 shall be based on agreements established before these guidelines were published and is in accordance with the guidelines published 31 March, 2011.

Governance model and responsibilities

Recipient	Recommendations developed by	Approved by	Communicated by
Group CEO	GRC	the Board	Chairman of the Board
Other Group Executives	GRC and Group CEO	the Board	Group CEO

The Committee has no independent decision-making authority, except where explicitly granted by the Board. The Governance and Remuneration Committee acts as advisor for the Board and the Group CEO, and is mainly responsible for the following remuneration issues:

- Evaluate annually the Group CEO's total remuneration and present recommendations to the Board of Directors for decision.
- Consider and sign off, on behalf of the Board, remuneration and related adjustments for the executives reporting to the Group CEO.
- Be informed on remuneration developments and market situation for executives and present remuneration principles applicable for Telenor executives to the Board for approval.
- Consider Group overall remuneration policy and programmes, including bonus programmes, share-based schemes etc., and present recommendations to the Board for decision.
- Oversee and prepare the Board's handling of principal matters relating to pension schemes and other retirement issues.
- Review the Management's proposal for the declaration regarding the determination of salary and other remuneration to senior employees pursuant to section 6-16a in the Act relating to Public Limited Companies.

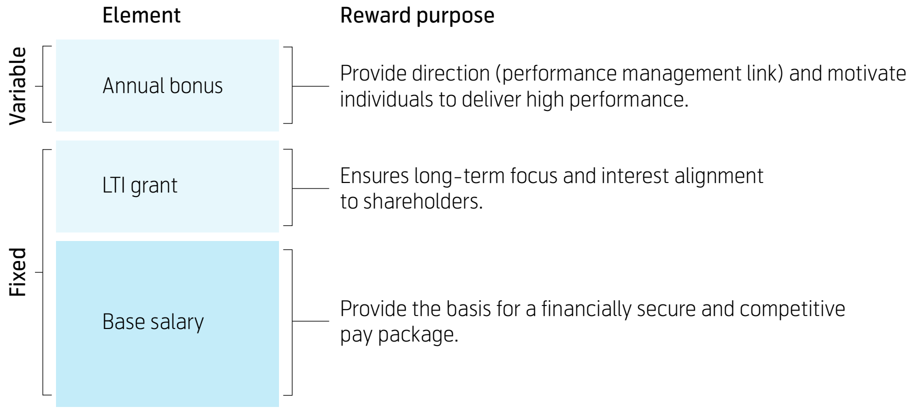
3. Main remuneration principles coming fiscal year

The overall remuneration for Top Management reflects accountabilities and impact of role and role holder, breadth and complexity of operations.

The main remuneration elements are based on the key remuneration principles described above and are also reflective of:

- The national and international framework.
- The business environment the company operates within.
- Both long and short term business focus and behaviours.
- Sustainability of results and adherence to Telenor Way (the Group's values, ethics, codes of conduct and governance principles).

The arrangements are transparent and in line with good corporate governance. The main remuneration elements for Group CEO and other members of Group Executive Management include the following:



3.1 Fixed compensation

Fixed compensation consists of both base salary and fixed long term incentive grant (LTI grant).

i. Base salary

The base salary is reviewed annually based on the role, relevant market, business environment, business focus and performance. The performance criteria are based on an assessment of sustainable performance through:

- Delivery according to business ambitions
- Demonstrated leadership and «The Telenor Way»
- Building and developing organisational capabilities

The annual review of base salary for the Group CEO and other Group Executives is effective as of 1 January 2015. Last year's review was conducted during first quarter.

ii. Long term incentive grant (LTI grant)
The LTI grant is a fixed monetary compensation of 30% and 25% of the annual base salary for the Group CEO and other Group Executives, respectively. The participant receiving the LTI grant is required to invest the net after tax amount into Telenor ASA shares, bought in the market and is obliged to hold for a lock-in period of four years. If the executives are on an international assignment, the LTI grant is based on the net salary and the compensation is halved.

Eligibility to the LTI grant is limited to:
1. Group CEO and other Group Executives
2. Other direct reports to the Group CEO
3. Management and key experts of business areas, subsidiaries and group functions according to the following criteria:
   a. the position and individual is important in realising the Telenor Group ambitions;
   b. the individual has demonstrated behaviour in line with our value- and performance oriented framework;
   c. the individual is expected to continue in a role covered by the Programme;
   d. the individual will not retire during the first year of the programme;
   e. the individual is considered critical for Business Unit(s) and is flexible to relocate if required for realizing group ambitions;
   f. the individual has been identified as a retention risk and difficult to replace with similar capability.

If the participant leaves Telenor during the lock-in period, the participant has to repay to Telenor an amount equal to the quoted market value of shares held at the time of resignation. If the participant leaves Telenor during the lock-in period due to circumstances within Telenor, the participant is not obliged to repay the value of the shares held.

3.2 Variable pay / Annual bonus
The variable pay consists of the annual bonus. Variable pay is annually capped at 50% of the fixed compensation. Total variable pay is calculated based on individual bonus scorecards and long term performance of total shareholder return (TSR) of Telenor shares (TSR multiplier).

The bonus payments are subject to vacation pay, but not included in the pensionable earnings.

The Group CEO and other Group Executives should at a minimum have, and keep, shareholdings corresponding to the value of one annual base salary. In order to fulfil this requirement, the executive is required to invest up to 20% of the bonus payment in Telenor ASA shares.

i. Individual annual bonus scorecards
Each individual will have a bonus scorecard with defined key performance indicators (KPIs). The KPIs may be based on goals and objectives which are defined at group, region, business unit or individual level in the following KPI areas:
- Growth
- Profitability
- Efficiency
- Business strategy

In addition, a holistic assessment will be done based on sustainability of results and adherence to the Telenor Way.

The specific design of individual bonus scorecards, with regards to KPIs and weights of these, will reflect the role and responsibility of a particular position. The individual's 'overall bonus achievement' is based on performance evaluated against these. The individual bonus achievement may range between 0% - 100%.

Bonus potential for achievement of target performance level for the Group CEO and other Group Executives is 25% of the annual bonus basis (annual base salary including the fixed LTI grant).

ii. TSR multiplier
The individual achievement in the bonus scorecards can be increased by a Total Shareholder Return Multiplier (TSR multiplier). The TSR multiplier's effect on the individual achievement is based on the absolute and relative Total Shareholder return of the Telenor ASA share.

Requirements for the TSR multiplier to come into effect:
- Telenor ASA share must have an absolute positive TSR over the two year period from December 2013 to December 2015.
- Telenor ASA share performs better than the performance benchmark (index). [2)]

The TSR multiplier is calculated based on TSR performance for the period from December 2013 to December 2015. The TSR multiplier will be used in calculation for bonus 2015, paid out in 2016.

[2)] The performance benchmark (index) is the STOXX® Europe 600 Telecommunications index (SXKGR).

TSR multiplier design:
- If the gross return on the Telenor ASA share develops better than the performance benchmark (index), over the two year period from December 2013 to December 2015, the TSR multiplier will vary from 1 to maximum 2, corresponding to Telenor ASA share's performance of 0 percentage to 15 percentage points above the index respectively.
- The value of the TSR multiplier increases linearly between 0 and 15 percentage points.

The calculation of total bonus achievement if a TSR multiplier comes into effect is:
[Bonus achievement in %] x [TSR multiplier].

3.3 Other general benefits
The Group CEO and other Group Executives are entitled to other benefits such as:
- Pension- and insurance arrangements
- Company car or car allowance
- Electronic communication
- Newspapers

The eligibility criteria are as per local policies and country specific practices for Norwegian employees.

i. Pension- and insurance arrangements
The Group applied a defined contribution pension arrangement for individuals hired externally as of 2006. 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, 8% from 6 – 12 G (G is the base amount of Norwegian Social Security).

Following the Government's remuneration guidelines of 2011, the Group does not offer new pension agreements above 12 G.

All members of the Group Executive Management except Katja Christina Nordgaard have agreed pension terms and conditions prior to the Government's remuneration guidelines of 2011.

	Salary above 12 G Defined benefit	Salary above 12 G Defined contribution	Salary above 12 G No pension agreement
Salary up to 12 G Defined benefit	Jon Fredrik Baksaas Sigve Brekke Pål Wien Espen Berit Svendsen	Jon Erik Haug Rolv-Erik Spilling	Kjell-Morten Johnsen
Salary up to 12 G Defined contribution	N/A	Richard Olav Aa Hilde Tonne Henrik Clausen	Katja Christina Nordgaard

Note: G is the base amount of Norwegian Social Security.

The Group CEO will retire on 31 December 2015. The other Executives employed before 2012 are entitled to retire at age 62 or 65, based on individual agreements. Executives hired from 2012 have a retirement age of 67.

The Group CEO and other Group Executives are covered by the general insurance arrangements applicable within Telenor ASA.

ii. Severance pay
The Group CEO and some other Group Executives are entitled to severance pay in case of notice based on company circumstances.
The severance pay is calculated as from the expiry of the notice period.
The employment contracts for Group Executives are to be revised to ensure full compliance with the remuneration Guidelines from the Government.

3.4 Employee share programme (ESP)

The programme is based on common purpose and guidelines for the Telenor Group.

i. Support our value- and performance-based culture by aligning interests between the employees and the owners.
ii. Stimulate and reward group performance and cross business unit industrialization.
iii. Strengthen the employees' interest in the long term development of the company.
iv. Attract and retain talents.

The Group operates a general employee share programme for employees, which is also applicable for executives, offering employees the opportunity to purchase Telenor ASA shares for 1, 2, 3, or 4 percent of the annual gross base salary (minimum investment amount of NOK 3,000) with a discount of maximum NOK 1,500.

If the Telenor ASA share performs better than the STOXX® Europe 600 Telecommunications index (SXKGR) over a 2 year period, the employees will be granted an ESP bonus with the following terms:

- If the Telenor ASA share performs less than the index, no ESP bonus is awarded.
- If the Telenor ASA share performs better than the index, the ESP bonus is equal to the current value of the initial ESP shares.
- If the Telenor ASA share performs minimum 15 percentage points better than the index, the ESP bonus is three times the current value of the initial ESP shares.

The ESP bonus is granted given that the individual is still employed in the Telenor Group.

4. Remuneration principles and implementation previous fiscal year

The remuneration principles applied in 2014 for the Group CEO and other Group Executives are basically the same as explained above for 2015.

Share based programmes awarded bonus shares to participants in 2014 for two programmes as follows:

- ESP 2012 resulted in bonus shares in 2014.
- In 2014 the Executive Management received payout from the last active LTI bonus programme i.e. LTI bonus 2012 programme. LTI bonus programmes have not been introduced since 2013.

These awards were based on Telenor ASA share performance from December 2011 to December 2013, relative to the respective benchmarked indexes, beating the benchmarked index by 23 percentage points. The participants of both of these programmes were required to purchase Telenor ASA shares for the net bonus awarded in each programme. The participant is obliged to hold these bonus shares for a lock-in period of two years.

The cap on total variable pay (annual bonus and LTI bonus) was exercised in 2014 as per the Government's guidelines on the remuneration of leading personnel. The variable pay for the Group Executive Management members was capped at 50% of their respective fixed compensation term for the year. The variable pay cap is enforced by calculating the annual bonus first and then any LTI bonus is reduced.

Individual terms for the Group CEO and Group Executive Management

During 2014, the Group Executive Management consisted of the following members:

Member	Position
Jon Fredrik Baksaas	Group Chief Executive Officer (CEO)
Richard Olav Aa	EVP and Group Chief Financial Officer (CFO)
Hilde M. Tonne	EVP and Head of Group Industrial Development
Jon Erik Haug	EVP and Head of Group People Development
Berit Svendsen	EVP and Chief Executive Officer Norway
Kjell-Morten Johnsen	EVP and Head of Europe region
Sigve Brekke	EVP and Head of Asia region
Henrik Clausen	EVP and Head of Strategy and Digital
Pål Wien Espen	EVP and Head of Group Legal
Katja Christina Nordgaard	EVP and Head of Corporate Affairs
Rolv-Erik Spilling	EVP and Head of Digital Services

Individual terms

Name	Agreed period of notice, months base salary	Severance pay months base Salary (based on employment conditions)	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	60% defined benefit of a defined pension-qualifying income of NOK 5 074 119 (per 01.01.2014) until the age of 70, thereafter 58%.The pension-qualifying income cap is adjusted with CPI-ATE (consumer price index adjusted for changes in indirect taxes and excluding energy products) January 1 every year.Will retire on 31 December 2015 at age 61.
Richard Olav Aa	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.
Hilde M. 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.
Jon Erik Haug	6 months	6 months	66% defined benefit of base salary up to 12 G. Defined contribution, 15% of base salary above 12 G. Retirement age 67.
Berit Svendsen	6 months	0 months	60% defined benefit of base salary until the age of 72, thereafter 58%. Retirement age 62.
Kjell-Morten Johnsen	6 months	6 months	66% defined benefit of base salary up to 12 G. Retirement age 67.
Sigve Brekke	6 months	0 months	60% defined benefit of base salary until the age of 75, thereafter 58%. Retirement age 65.
Henrik Clausen	3 months	0 months	8% defined contribution of base salary DKK 3,945,685 per 1.1.2014. The base salary is subject to annual adjustment. Retirement age 67.
Pål Wien Espen	6 months	0 months	60% defined benefit of a defined pension-qualifying income of NOK 2,503, 000 until the age of 70, thereafter 58%. The pension-qualifying income cap is adjusted with CPI-ATE (consumer price index adjusted for changes in indirect taxes and excluding energy products) January 1 every year. Retirement age 65.
Katja Christina Nordgaard	6 months	6 months	Defined contribution, 4% of 1 – 6 G, 8% of 6-12 G. Retirement age 67.
Rolv-Erik Spilling	6 months	6 months	66% defined benefit of base salary up to 12 G. Defined contribution, 15% of base salary above 12 G. Retirement age 67.

Actual remuneration to Group Executive Management 2014

	Fixed compensation (while being member of the GEM)	Variable pay (capped at 50% of fixed compensation for the full year) 7)						
NOK in thousands	Base salary as per contract	Long term incentive (LTI) grant	Annual bonus paid 2014	Long term incentive (LTI) bonus paid 2014	Other benefits 1)	Total salary and other taxable income 5)	Pension benefit earned 2)	Total
Jon Fredrik Baksaas	5 500	1 590	1 711	1 711	1 424	11 937	3 208	15 145
Richard Olav Aa	3 100	750	931	931	844	6 556	1 059	7 615
Hilde M. Tonne	2 600	634	824	760	678	5 496	859	6 355
Jon Erik Haug 8a)	2 420	587	749	676	680	5 112	473	5 585
Berit Svendsen	2 525	606	678	828	535	5 172	1 183	6 355
Kjell-Morten Johnsen 8b)	3 535	859	1 110	845	607	6 956	196	7 151
Sigve Brekke 3), 7a)	3 200	387	938	766	5 911	11 202	1 628	12 830
Henrik Clausen 3), 4), 6) (from 15 June 2014)	1 622	-	-	502	3 049	5 173	211	5 383
Pål Wien Espen 4), 6), 9) (from 15 May 2014)	1 669	-	483	966	238	3 356	633	3 989
Katja Christina Nordgaard 4), 8c) (from 4 August 2014)	756	-	-	-	4	760	37	797
Rolv-Erik Spilling 4), 8d) (until 14 June 2014)	1 000	587	529	646	97	2 859	134	2 993

Actual remuneration to Group Executive Management 2013

	Fixed compensation (while being member of the GEM)		Variable pay (capped at 50% of fixed compensation for the full year) [7]					
NOK in thousands	Base salary as per contract	Long term incentive (LTI) grant	Annual bonus paid 2013	Long term incentive (LTI) bonus paid 2013	Other benefits [1]	Total salary and other taxable income [5]	Pension benefit earned [2]	Total
Jon Fredrik Baksaas	5 300	1 545	2 101	1 322	1 240	11 507	2 856	14 363
Richard Olav Aa	3 000	725	1 079	784	731	6 318	1 017	7 335
Hilde M. Tonne	2 535	634	815	643	213	4 840	897	5 737
Jon Erik Haug [6), 8a)]	2 350	587	990	479	430	4 836	400	5 236
Berit Svendsen	2 425	587	884	-	372	4 268	1 022	5 290
Kjell-Morten Johnsen [6), 8b)]	3 435	834	1 421	702	376	6 768	146	6 914
Sigve Brekke [3)]	3 100	375	1 312	630	5 982	11 398	1 504	12 902
Rolv-Erik Spilling [6), 8d)]	2 350	587	573	502	222	4 235	373	4 608
Morten Karlsen Sørby (until 31 December 2013)	3 250	787	1 165	853	1 057	7 113	1 713	8 826

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

All figures are exclusive of social security tax.

1) Include items such as vacation allowance beyond ordinary monthly pay, insurance, company car benefit or car allowance, taxable bonus shares related to employee share programme etc.
For Sigve Brekke and Henrik Clausen, expatriate allowances as well as tax benefit on net salary, LTI grant, annual bonus, LTI bonus and benefits are included due to their international assignments. Also for these members, benefits such as accommodation, travel, children's education, etc. are included.
2) The calculations of pension benefit earned are based on the same actuarial and other assumptions as used in the pension benefit calculations in note 25. The comparative numbers have been restated as they included social security tax for defined benefit plans in the annual report 2013.
3) The individual's base salary figures reflect net amounts. The individual has entitlement to guaranteed net annual salary due to international assignment. In addition, LTI grant, annual bonus and LTI bonus are paid out on net basis.
4) The compensation is based on individual's respective period in the Group Executive Management.
5) For number of shares granted and outstanding as well as their terms, see section on shares held below.
6) Variable pay consisting of annual bonus and LTI bonus paid during the year is fully or partially related to the individual's former position other than Group Executive Management in the previous year.
7) Variable pay (annual bonus plus LTI bonus) divided by fixed compensation ('annual' base salary per 1 January plus LTI grant) can be maximum 50%. LTI bonus figures reflect capped amounts after enforcing the variable pay cap for those applicable as explained in the main remuneration principles. For those having guaranteed net salary, their variable pay as well as the cap are based on net amounts. For those who have served for less than one full year in Group Executive Management, the calculation of the cap was based on their annualized fixed pay.
   a) Sigve Brekke was entitled to net salary of NOK 3,200,000 per 1 January 2014. The LTI grant, annual bonus and LTI bonus were paid out on net basis.
8) The base salary for the individual includes payment as substitute for pension of base salary above 12G. This compensation is equivalent to the amount given below:
   a) Jon Erik Haug: 7% of base salary.
   b) Kjell-Morten Johnsen: 15% of base salary.
   c) Katja Christina Nordgaard: 25% of base salary above 12G.
   d) Rolv-Erik Spilling: 12.5% of base salary above 12G.
9) As a result of review in 2014, a revised pension agreement was agreed with Pål Wien Espen and gave rise to an additional one-time expense of NOK 2,868,777 in 2014.

Shares held during 2014

	Shares held as of 1 January	Granted	Net Additions/ (Disposals)	Shares held as of 31 December	Shares held as of 31 December of which are restricted
Jon Fredrik Baksaas	215 609	13 752	1 647	231 008	35 498
Richard Olav Aa	25 701	7 246	932	33 879	19 115
Hilde M. Tonne	20 079	6 224	787	27 090	15 255
Jon Erik Haug	14 803	5 778	730	21 311	12 415
Berit Svendsen	23 121	5 761	572	29 454	10 428
Kjell-Morten Johnsen	50 780	6 511	(8 933)	48 358	15 567
Sigve Brekke	91 034	9 872	964	101 870	23 223
Henrik Clausen (from 15 June 2014)	-	5 526	17 355	22 881	15 915
Pål Wien Espen (from 15 May 2014)	-	6 448	37 394	43 842	15 187
Katja Christina Nordgaard (from 4 August 2014)	-	-	-	-	-
Rolv-Erik Spilling (until 14 June 2014)	18 261	4 530	730	23 521	11 975

Shares held during 2013

	Shares held as of 1 January	Granted	Net Additions/ (Disposals)	Shares held as of 31 December	Shares held as of 31 December of which are restricted
Jon Fredrik Baksaas [1]	180 305	13 199	22 105	215 609	37 866
Richard Olav Aa	16 880	7 878	943	25 701	20 836
Hilde M. Tonne	20 123	5 738	(5 782)	20 079	14 999
Jon Erik Haug	8 861	5 378	564	14 803	11 660
Berit Svendsen	19 660	2 737	724	23 121	5 337
Kjell-Morten Johnsen	43 947	6 354	479	50 780	14 593
Sigve Brekke	80 577	9 486	971	91 034	23 762
Rolv-Erik Spilling [2]	12 742	4 472	1 047	18 261	10 989
Morten Karlsen Sørby (until 31 December 2013)	58 590	8 148	1 021	67 759	22 394

[1] Jon Fredrik Baksaas held 100 000 option shares as of 1 January 2013, of which all were exercised during 2013 at an average exercise price of 74.90.
[2] Rolv-Erik Spilling held 15 000 option shares as of 1 January 2013, of which all were exercised during 2013 at an average exercise price of 74.90.

Remuneration earned and expensed for the Group Executive Management

Aggregate remuneration earned and expensed including pension cost for the Group Executive Management was NOK 71.3 million in 2014 and NOK 67.6 million in 2013. The pension costs included in these figures were NOK 9.6 million in 2014 and NOK 9.9 million in 2013. The remuneration includes the long term incentive expensed in 2014 and 2013. See description in the statement above.

Expensed remuneration to Group Executive Management 2014

NOK in thousands	Base salary [1]	Long term incentive (LTI) [7]	Annual bonus [6]	Other benefits [2]	Pension benefit earned [3]	Total
Jon Fredrik Baksaas	5 572	2 142	2 431	1 106	3 208	14 460
Richard Olav Aa	3 143	1 056	1 294	682	1 059	7 234
Hilde M. Tonne	2 636	754	1 087	535	859	5 871
Jon Erik Haug	2 454	653	1 011	518	473	5 108
Berit Svendsen	2 560	622	1 053	404	1 183	5 823
Kjell-Morten Johnsen	3 584	873	1 476	398	196	6 528
Sigve Brekke [4]	3 200	1 186	2 070	4 880	1 628	12 963
Henrik Clausen [4], [5] (from 15 June 2014)	1 622	364	1 431	2 600	211	6 228
Pål Wien Espen [5], [9] (from 15 May 2014)	1 692	409	670	137	633	3 541
Katja Christina Nordgaard [5] (from 4 August 2014)	765	-	174	4	37	980
Rolv-Erik Spilling [5] (until 14 June 2014)	1 014	291	1 004	97	134	2 539

Expensed remuneration to Group Executive Management 2013

NOK in thousands	Base salary [1]	Long term incentive (LTI) [7]	Annual bonus [6], [8]	Other benefits [2]	Pension benefit earned [3]	Total
Jon Fredrik Baksaas	5 374	2 553	1 917	956	2 856	13 656
Richard Olav Aa	3 042	1 326	1 043	580	1 017	7 009
Hilde M. Tonne	2 570	982	923	192	897	5 564
Jon Erik Haug	2 383	812	839	428	400	4 861
Berit Svendsen	2 459	632	759	277	1 022	5 150
Kjell-Morten Johnsen	3 483	1 067	1 243	361	146	6 300
Sigve Brekke [4]	3 100	1 597	938	5 059	1 504	12 198
Rolv-Erik Spilling	2 383	795	592	190	373	4 332
Morten Karlsen Sørby (until 31 December 2013)	3 330	1 447	1 130	898	1 713	8 519

All figures are exclusive of social security tax.

[1] Base salary includes holiday pay due to effects of the Norwegian Holiday pay system, if applicable.
[2] Include items such as insurance, company car benefit or car allowance, taxable bonus shares related to employee share programme etc. For Sigve Brekke and Henrik Clausen, expatriate allowances as well as tax benefit on net salary, annual bonus, and benefits are included due to their international assignments. Also for these members, benefits such as accommodation, travel, children's education, etc. are included.
[3] The calculations of pension benefit earned are based on the same actuarial and other assumptions as used in the pension benefit calculations in note 25. The comparative numbers have been restated as they included social security tax for defined benefit plans in the annual report 2013.
[4] The individual's base salary figures reflect net amounts. The individual has entitlement to guaranteed net annual salary due to international assignment.
[5] The compensation is based on individual's respective period in the Group Executive Management.
[6] Annual bonus earned includes 12% holiday pay, if applicable.
[7] LTI expensed includes costs related to the LTI bonus shares.
[8] Annual bonus has been updated to reflect actual remuneration in 2013.
[9] As a result of review in 2014, a revised pension agreement was agreed with Pål Wien Espen and gave rise to an additional one-time expense of NOK 2,868,777 in 2014.

Loans to employees

Total loans to employees were NOK 3 million as of 31 December 2014 and NOK 3 million as of 31 December 2013.

Fees to the auditors

The table below summarises audit fees for 2014 and 2013 and fees for audit related services, tax services and other services incurred by the Group during 2014 and 2013. 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	2014	2013	2014	2013	2014	2013	2014	2013
Telenor ASA	4.4	4.2	0.2	0.5	1.6	2.4	1.5	7.1
Other Group companies	26.1	26.2	2.0	2.3	2.3	2.2	13.4	6.1
Total Group auditor	**30.5**	30.5	**2.2**	2.8	**4.0**	4.6	**14.9**	13.2
Other auditors in subsidiaries	0.3	0.3	0.1	0.1	-	-	-	-
Total	**30.8**	30.8	2.3	2.9	4.0	4.6	14.9	13.2

Fees for audit services include fees associated with the required statutory and financial audits. Further assurance services principally include other attestation services required by laws and regulations, attestations related to information system, audits, attestations and agreed upon procedures required by regulators and other third parties. Fees for tax services include tax compliance and advice regarding tax rules and consequences, as well as tax due diligence services in connection with acquisitions, disposals and other transactions. Other fees relate to financial due diligence services and consultations in connection with acquisitions, disposals and other transactions.

/35/ Number of shares, authorisations, ownership etc.

As of 31 December 2014, Telenor ASA had a share capital of NOK 9,008,748,180 divided into 1,501,458,030 ordinary shares with a nominal value of NOK 6 each. The share capital was decreased by NOK 90,997,446 and the number of registered shares was decreased by 15,166,241 during the year. All ordinary shares have equal voting rights and the right to receive dividends. As of 31 December 2014, the company did not own any treasury shares, compared to 6,981,748 treasury shares as of 31 December 2013.

The Annual General Meeting (AGM) in May 2013 authorised the Board of Directors to acquire up to 46,000,000 own shares, corresponding to approximately 3% of the share capital, to optimise the company's capital structure. Within this authorisation, which was valid until AGM in May 2014, Telenor repurchased 6,981,748 own shares, of which all were purchased in 2013. Prior to the AGM, Telenor entered into an agreement with its largest shareholder, the Kingdom of Norway, represented through the Ministry of Trade, Industry and Fisheries. The agreement implied that the Kingdom of Norway was committed, through the Ministry of Trade, Industry and Fisheries' participation and voting in Telenor's general meeting, to contribute to the cancellation of a proportionate number of its shares so that the Kingdom of Norway's ownership interest in Telenor would remain unaffected if Telenor repurchased shares for the purpose of cancellation. The agreement was valid until the AGM in 2014. Following AGM approval in May 2014, Telenor's share capital was reduced by NOK 90,997,446 by cancellation of the 6,981,748 shares repurchased under the authorisation from AGM in May 2013 and redemption of 8,184,493 shares owned by the Kingdom of Norway against payment of an amount of approximately NOK 1.0 billion to the Kingdom of Norway.

At the AGM in May 2014, authority was given to the Board of Directors to acquire up to 31,000,000 own shares, corresponding to approximately 2% of the share capital, for the purpose of cancellation. The authorisation is valid until the AGM in May 2015. In connection with this authorisation Telenor entered into a new agreement with the Kingdom of Norway regarding redemption of shares, similar to the agreement entered into in 2013.

Telenor did not purchase any shares under this authorization in 2014.

As of 31 December 2014, Telenor ASA had about 40,700 registered shareholders, compared with about 42,300 as of 31 December 2013.

Changes in treasury shares

	2014	2013
Balance 1 January	**6 981 748**	15 749 680
Purchase of treasury shares	-	11 499 235
Treasury shares used in option and LTI programmes		(323 267)
Cancellation of treasury shares	6 981 748	(19 943 900)
Balance 31 December	**-**	6 981 748
Of which held for cancellation	-	6 981 748

The 20 largest shareholders as 31 December 2014 from shareholder register [3)]

		Number of shares	%
	Name of shareholders		
1	Ministry of Trade, Industry and Fisheries, Kingdom of Norway	810 264 928	53.97%
2	Folketrygdfondet	70 838 833	4.72%
3	Clearstream Banking S.A. (nominee)	28 497 680	1.90%
4	State Street Bank & Trust Company (nominee)	22 959 720	1.53%
5	The Northern Trust Company Ltd. (nominee)	19 580 453	1.30%
6	State Street Bank And Trust Co. (nominee)	17 592 088	1.17%
7	State Street Bank And Trust Co. (nominee)	17 077 215	1.14%
8	J.P. Morgan Chase Bank N.A. London (nominee)	15 305 642	1.02%
9	The Bank Of New York Mellon (nominee)	13 758 451	0.92%
10	State Street Bank And Trust Co (nominee)	13 627 393	0.91%
11	The Northern Trust Co. (nominee)	11 942 203	0.80%
12	J.P. Morgan Chase Bank N.A. London (nominee)	11 613 963	0.77%
13	State Street Bank & Trust Co. (nominee)	11 297 214	0.75%
14	J.P. Morgan Chase Bank N.A. London (nominee)	10 456 805	0.70%
15	The Bank Of New York Mellon (nominee)	8 498 447	0.57%
16	The Bank Of New York Mellon (nominee)	7 666 029	0.51%
17	KLP Aksje Norge Indeks VPF	6 868 984	0.46%
18	State Street Bank And Trust Co. (nominee)	6 628 698	0.44%
19	Verdipapirfondet Dnb Norge (Iv)	5 668 722	0.38%
20	Ubs Ag (nominee)	5 448 525	0.36%
	Total held by 20 largest shareholders	**1 115 591 993**	**74.32%**
	Total all Telenor shares	**1 501 458 030**	**100.00%**

The 20 largest shareholders as 31 December 2014, beneficial ownership [4)]

		Number of shares	%
	Name of shareholders		
1	Ministry of Trade, Industry and Fisheries, Kingdom of Norway	810 264 928	53.97%
2	Folketrygdfondet	70 838 833	4.72%
3	Templeton Investment Counsel, L.L.C.	26 039 298	1.73%
4	Alecta pensionsförsäkring, ömsesidigt	19 580 453	1.30%
5	SAFE Investment Company Limited	18 772 938	1.25%
6	BlackRock Institutional Trust Company, N.A.	17 762 921	1.18%
7	Deutsche Asset & Wealth Management Investment GmbH	17 200 340	1.15%
8	DNB Asset Management AS	14 818 068	0.99%
9	UBS Global Asset Management (UK) Ltd.	11 980 074	0.80%
10	KLP Forsikring	11 318 930	0.75%
11	Wellington Management Company, LLP	11 132 584	0.74%
12	The Vanguard Group, Inc.	10 545 268	0.70%
13	Thornburg Investment Management, Inc.	10 018 028	0.67%
14	William Blair & Company, L.L.C.	9 485 927	0.63%
15	Storebrand Kapitalforvaltning AS	9 295 924	0.62%
16	APG Asset Management	8 058 934	0.54%
17	State Street Global Advisors (US)	8 050 762	0.54%
18	Nordea Funds Oy	7 852 085	0.52%
19	Danske Capital (Norway)	7 124 357	0.47%
20	Legal & General Investment Management Ltd.	7 010 368	0.47%
	Total held by 20 largest shareholders	**1 168 797 349**	**77.07**
	Total shares	**1 516 624 271**	**100.00**

[1)] Source: VPS share register.
[2)] The data is provided by Nasdaq Advisory Services and is obtained through an analysis of beneficial ownership and fund manager information provided in replies to disclosure of ownership notices issued to all custodians on the Telenor VPS share register. Every reasonable effort has been made to verify the data, however neither Telenor nor Nasdaq can guarantee the accuracy of the analysis.

/36/ Events after the reporting period

Evry ASA

On 2 March 2015 Lyngen Bidco AS, indirectly controlled by private equity funds advised by Apax Partners LLP, waived the condition of receiving 90% of the shares and voting rights in Evry ASA. Lyngen Bidco AS had on the 2 March received approximately 88% acceptance of the shares and voting rights in Evry ASA. The closing and settlement of the transaction took place 16 March 2015.

Income Statement

Telenor ASA 1 January – 31 December

NOK in millions	Note	2014	2013
Revenues	1	**512**	**505**
Operating expenses			
Salaries and personnel costs	2, 3	(744)	(780)
Other operating expenses	4	(786)	(882)
Depreciation, amortisation and impairment losses	8	(46)	(59)
Total operating expenses		**(1 576)**	**(1 721)**
Operating profit (loss)		**(1 064)**	**(1 216)**
Financial income and expenses			
Financial income	6	18 151	27 572
Financial expenses	6	(1 172)	(3 266)
Net currency gains (losses)	6	(5 320)	(1 689)
Net change in fair value of financial instruments	6	290	423
Net gains (losses and impairment) of financial assets	6	414	(56)
Net financial income (expenses)	**6**	**12 363**	**22 984**
Profit before taxes		**11 299**	**21 768**
Income taxes	7	106	(456)
Net income		**11 405**	**21 312**

Statement of Comprehensive Income

Telenor ASA 1 January – 31 December

NOK in millions	2014	2013
Net income	**11 405**	21 312
Other comprehensive income (loss)		
Net gain (loss) on cash flow hedges	29	12
Income taxes	(8)	(3)
Items that may be reclassified subsequently to income statement	**21**	9
Re-measurement of defined benefit pension plans	(55)	(232)
Income taxes	15	62
Items that will not be reclassified to income statement	**(40)**	(170)
Other comprehensive income (loss), net of taxes	**(19)**	(161)
Total comprehensive income (loss)	**11 386**	21 151

Statement of Financial Position

Telenor ASA as of 31 December

NOK in millions	Note	**2014**	2013
ASSETS			
Non-current assets			
Deferred tax assets	7	3 904	3 734
Goodwill		20	20
Intangible assets	8	171	208
Property, plant and equipment		27	17
Shares in subsidiaries	16	98 822	96 460
Non-current interest-bearing receivables Group companies	15	15 583	19 542
Other non-current financial assets	9, 11	3 729	2 448
Total non-current assets		**122 256**	122 429
Current assets			
Trade receivables Group companies		456	466
Trade receivables external		2	7
Other current financial assets	9, 11	1 028	710
Liquid assets and short-term placements	11	914	2 349
Total current assets		**2 400**	3 532
Total assets		**124 656**	125 961
EQUITY AND LIABILITIES			
Equity	10	**57 415**	57 659
Non-current interest-bearing external liabilities	11	46 839	38 450
Non-current non-interest-bearing external liabilities	11	1 579	472
Pension obligations	3	550	495
Other provisions		12	39
Total non-current liabilities		**48 980**	39 456
Current interest-bearing liabilities within the Group	11,15	14 410	21 314
Current interest-bearing external liabilities	11	14	3 383
Drawings on Group's cash pool	11	1 341	2 481
Current non-interest-bearing liabilities within the Group	11, 12	141	138
Current non-interest-bearing external liabilities	11, 12	2 355	1 530
Total current liabilities		**18 261**	28 846
Total equity and liabilities		**124 656**	125 961

Fornebu, 17 March 2015

Svein Aaser
Chairman

Frank Dangeard
Deputy Chairman

Jon Erik Reinhardsen
Board member

Marit Vaagen
Board member

Dr. Burckhard Bergmann
Board member

Sally Davis
Board member

Dag J. Opedal
Board member

Barbara Milian Thoralfsson
Board member

Bjørn André Anderssen
Board member

Brit Østby Fredriksen
Board member

Harald Stavn
Board member

Jon Fredrik Baksaas
President & CEO

Statement of Cash Flows

Telenor ASA 1 January – 31 December

NOK in millions	**2014**	2013
Profit before taxes	11 299	21 768
Income taxes paid	(12)	(1 187)
Net (gains) losses, impairment and change in fair value of financial assets and liabilities	(704)	(388)
Depreciation, amortisation and impairment losses	46	59
Net currency (gains) losses not relating to operating activities	5 395	1 603
Net changes in interest accruals against Group companies	(108)	(1 174)
Changes in provision for guarantees and recourse claims	78	1 354
Interest received	151	326
Interest paid	(975)	(1 020)
Net changes in other accruals	100	3 481
Net cash flow from operating activities	**15 270**	24 822
Proceeds from sale of property, plant and equipment and intangible assets	29	25
Purchases of property, plant and equipment and intangible assets	(18)	(36)
Purchases of and capital increase in subsidiaries	(1 578)	(50)
Proceeds from sale of other investments	42	496
Purchases of other investments	(299)	(29)
Net cash flow from investing activities	**(1 824)**	406
Proceeds from borrowings	10 028	12 016
Repayments of borrowings	(9 672)	(7 640)
Net change in Group's cash pool	(2 484)	(14 776)
Purchase of treasury shares	(1 048)	(3 998)
Dividends paid to equity holders of Telenor ASA	(10 567)	(9 239)
Net cash flow from financing activities	**(13 743)**	(23 635)
Effect on cash and cash equivalents of changes in foreign exchange rates	2	234
Net change in cash and cash equivalents	**(295)**	1 827
Cash and cash equivalents as of 1 January	(132)	(1 959)
Cash and cash equivalents as of 31 December	**(427)**	(132)
Specification of cash and cash equivalents:		
Liquid assets and short term placements	914	2 349
Drawing from Group's cash pool	(1 341)	(2 481)
Cash and cash equivalents as of 31 December	**(427)**	(132)

Statement of Changes in Equity

Telenor ASA – for the years ended 31 December 2013 and 2014

NOK in millions (except for number of shares)	Number of shares	Share capital	Treasury shares	Share premium	Pension re-measure-ment reserve	Other reserves	Retained earnings	Total equity
Equity as of 1 January 2013	**1 559 947 806**	**9 360**	**(95)**	**69**	**201**	**2 156**	**38 039**	**49 730**
Net income for the period	-	-	-	-	-	-	21 312	21 312
Other comprehensive income for the period	-	-	-	-	(170)	9	-	(161)
Total comprehensive income	**-**	**-**	**-**	**-**	**(170)**	**9**	**21 312**	**21 151**
Dividend	-	-	-	-	-	-	(9 239)	(9 239)
Share based payment	-	-	-	-	-	15	-	15
Share buyback	-	-	(209)	-	-	(3 789)	-	(3 998)
Cancellation of shares	(43 323 535)	(260)	260	-	-	-	-	-
Exercise of share options and distribution of shares	-	-	2	-	-	(2)	-	-
Equity as of 31 December 2013	**1 516 624 271**	**9 100**	**(42)**	**69**	**31**	**(1 611)**	**50 112**	**57 659**
Net income for the period	-	-	-	-			11 405	11 405
Other comprehensive income for the period	-	-	-	-	(40)	21		(19)
Total comprehensive income	**-**	**-**	**-**	**-**	**(40)**	**21**	**11 405**	**11 386**
Dividend	-	-	-	-	-	-	(10 567)	(10 567)
Share based payment	-	-	-	-	-	10	-	10
Share buyback	-	-	(49)	-	-	(999)	-	(1 048)
Cancellation of shares	(15 166 241)	(91)	91	-	-	-	-	
Distribution of shares	-	-	-	-	-	(25)	-	(25)
Equity as of 31 December 2014	**1 501 458 030**	**9 009**	**-**	**69**	**(9)**	**(2 604)**	**50 950**	**57 415**

Other comprehensive income in other reserves, see note 10.

Notes to the Financial Statements

Telenor ASA

/00/ Contents 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 Norwegian Accounting Act § 3-9 and regulations regarding simplified application of IFRS issued by the Ministry of Finance on 21 January 2008.

Telenor ASA's significant accounting principles are consistent with 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. Cash and cash equivalents consist of liquid assets, short-term placements and drawings from cash pool. 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.

Revenues are mainly sale of Group services 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 loan and guarantees to, and receives deposits from Group companies. See note 27 to the consolidated financial statements.

Shares in subsidiaries and loans provided to subsidiaries are evaluated at the lower of cost and fair value. Any Impairment losses and reversal of impairment losses are classified as net gains (loss and impairment) on financial assets in the income statement.

/02/ Salaries and personnel costs

The Group's Chief Executive Officer and the Board of Directors have the same positions in Telenor ASA. See note 34 of the consolidated financial statements for further information about compensation to the Board of Directors, management and auditor

NOK in millions	2014	2013
Salaries and holiday pay	(529)	(548)
Social security tax	(84)	(81)
Pension cost including social security tax (Note 3)	(70)	(62)
Share-based payments [1]	(21)	(53)
Other personnel costs	(40)	(36)
Total salaries and personnel costs	**(744)**	**(780)**
Number of man-years employed, average	485	489

[1] Share-based payments are costs related to Telenor's employees share program and Long Term Incentive plan (LTI) for senior executives and key personnel.

/03/ Pension obligations

Telenor ASA is obliged to follow and complies with the Act on Mandatory Company Pensions. The company has a pension scheme according to the requirement set in the Act.

Changes in the defined benefit obligation and fair value of plan assets

	2014			2013		
NOK in millions	Defined benefit obligation	Fair value plan assets	Net liability defined benefit	Defined benefit obligation	Fair value plan assets	Net liability defined benefit
As of 1 January	**(1 152)**	**657**	**(495)**	(972)	674	(298)
Service cost	(45)	-	(45)	(43)	-	(43)
Net interest	(43)	27	(16)	(34)	25	(9)
Sub-total included in Income Statement	**(88)**	**27**	**(61)**	(77)	25	(52)
Return on plan assets (excluding amounts included in net interest expense)	-	32	32	-	(12)	(12)
Actuarial changes arising from changes in demographic assumptions	-	-	-	(182)	-	(182)
Actuarial changes arising from changes in financial assumptions	(136)	-	(136)	(22)	-	(22)
Experience adjustments	49	-	49	(16)	-	(16)
Sub-total in Other Comprehensive Income	**(87)**	**32**	**(55)**	(220)	(12)	(232)
Effects of business combinations and disposals	(5)	6	1	78	(52)	26
Contributions by employer	-	45	45	-	49	49
Benefits paid	53	(39)	14	38	(27)	11
As of 31 December	**(1 278)**	**728**	**(550)**	(1 152)	657	(495)

Telenor ASA expects to contribute approximately NOK 45 million to the Telenor Pension Fund in 2015.

185 employees were covered by defined benefit plan of the Telenor Pension Fund. Telenor Pension Fund paid out pensions to 383 persons.

Components of net periodic benefit cost

NOK in millions	2014	2013
Service cost	(48)	(43)
One time effect following downsizing	3	-
Net interest cost	(16)	(9)
Contribution plan costs	(22)	(20)
Total pension costs recognised in the income statement	**(83)**	**(72)**

/04/ Other operating expenses

NOK in millions	2014	2013
Operating expenses related to country offices and services from shared service centres	(254)	(301)
Cost of premises, vehicles, office equipment, operation and maintenance etc.	(141)	(148)
Marketing, representation and sales commission	(56)	(80)
Software licence fees	(108)	(87)
Workforce reductions and onerous contracts	(24)	(60)
Provision for bad debt	-	30
Other operating expenses [1]	(203)	(236)
Total other operating expenses	**(786)**	**(882)**

[1] Other operating expenses are primarily related to 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 34 in consolidated financial statements.

/05/ Research and development costs

Research and development expenses in Telenor ASA were NOK 199 million in 2014 and NOK 203 million in 2013. Research and development activities relate to new technologies and secure full utilization of existing technologies and network.

/06/ Financial income and expenses

NOK in millions	2014	2013
Interest income from Group companies	364	1 927
Group contribution and dividends from subsidiaries [1]	17 755	25 534
Other financial income	31	93
Other financial income from Group companies [2]	1	18
Total financial income	**18 151**	**27 572**
Interest expenses Group companies	(194)	(720)
Interest expenses (external)	(1 006)	(882)
Loss on guarantees and recourse claims for subsidiaries [3]	77	(1 620)
Other financial expenses	(49)	(44)
Total financial expenses	**(1 172)**	**(3 266)**
Foreign currency gain	862	2 637
Foreign currency loss	(6 182)	(4 326)
Net foreign currency gains	**(5 320)**	**(1 689)**
Net change in fair value of financial instruments at fair value through profit or loss	(229)	(27)
Net change in fair value of hedging instruments and hedged items	519	450
Net change in fair value of financial instruments	**290**	**423**
Impairment losses on loans to Group companies	52	(6)
Impairment losses on shares in subsidiaries [4]	362	(50)
Net gains (losses and impairment) on financial assets	**414**	**(56)**
Net financial income (expenses)	**12 363**	**22 984**

[1] Group contribution and dividends received from Group companies 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. In 2014 Telenor ASA received and recognised NOK 6.2 billion in taxable Group contribution and NOK 8.2 billion in tax-free Group contribution, which related to the financial year 2013. In addition it was received an extraordinary dividend of NOK 3.4 billion. In 2013 Telenor ASA received and recognized NOK 6.6 billion in taxable Group contribution and NOK 0.1 billion in tax-free Group contribution related to the financial year 2012. Further, it was received extraordinary dividends at NOK 1.4 billion and an extraordinary Group contribution at NOK 17.4 billion related to the financial year 2013. The Group contribution for the financial year 2014 is estimated to be NOK 7.2 billion and this will be recognised in 2015.

[2] Other financial income from Group Companies is mainly related to commissions for guarantees given, see note 13. Telenor ASA provided debt guarantees on behalf of Unitech Wireless Private Ltd. and recognised income of NOK 17 million related to the guarantee commission fee in 2013.

[3] In 2012, the lenders demanded payment on Telenor ASA guarantee, and payments were executed during the third quarter of 2012 with a total of NOK 10.6 billion . The claims towards Unitech Wireless Private Ltd. regarding recourse under guarantees and guarantee commission fees were written down with NOK 6.1 billion in 2011 and NOK 2.8 billion in 2012 based on the best estimate of recoverable amount at that time. In 2013, the operations, assets and liabilities were transferred from Unitech Wireless Private Ltd. to Telewings Communications Services Private Ltd. Telenor ASA's claims towards Unitech Wireless Private Ltd. related to the paid guarantees and guarantee fees were not part of the transfer. In 2013, Telenor ASA received partial payment of the recourse claims . The rest of the claims is written down resulting in expense of NOK 1.6 billion for 2013. In 2014, NOK 77 million related to the write downs were reversed following received payments.

[4] Impairment of reversal of NOK 0.4 billion on shares in subsidiaries relates to Telenor Business Partner Invest AS. The company has closed an agreement regarding the sale of the shareholdings in Evry ASA, and following the obtained price, the impairment losses from previous years are reversed.

/07/ Income taxes

NOK in millions	2014	2013
Profit before taxes	**11 299**	21 768
Current taxes	-	-
Current withholding tax	(12)	(9)
Resolution of disputed items and adjustment in previous years' current income tax	(45)	488
Change in deferred taxes	163	(935)
Income tax income/(expense)	**106**	**(456)**
Tax basis:		
Profit before taxes	11 299	21 768
Non-taxable interest income related to resolution of disputed items		(68)
Non-deductible expenses and tax-free income	(366)	63
Group contribution previous year	(6 190)	(6 600)
Group contribution previous year – tax-free	(11 565)	(18 934)
Changes in temporary differences recognised in income statement	2 009	(9 713)
Group contribution current year	7 188	6 151
Correction of losses carried forward from previous years	45	-
Tax loss carried-forward (utilised)	(2 420)	7 333
Tax basis for the year	**-**	**-**
Current taxes at nominal income tax rate in Norway (27%)	**-**	**-**
Effective tax rate		
Income tax expense at corporate income tax rate in Norway (27%)	(3 051)	(6 095)
Non-deductible expenses and tax-free income	99	(18)
Received Group contribution, tax-free	3 123	5 302
Withholding tax paid during the year used for income deduction	(12)	(9)
Resolution and adjustments of disputed item	(39)	501
Other	(13)	(1)
Effect of changes in tax rates	-	(136)
Income tax expense	**106**	**(456)**
Effective tax rate in %	**(0.9%)**	**2.1%**

NOK in millions	2014	2013	Changes
Temporary differences as of 31 December			
Non-current assets	47	53	(6)
Interest element in connection with fair value hedges of liabilities	(1 919)	(581)	(1 338)
Other non-current receivables	(2)	(3)	1
Financial derivatives	430	801	(371)
Losses on guarantees	(280)	-	(280)
Other accruals for liabilities	(42)	(82)	40
Pension liabilities	(550)	(495)	(55)
Group contribution	(7 188)	(6 151)	(1 037)
Unused tax credits carried forward	(40)	(40)	-
Unused tax loss carried-forward	(4 913)	(7 333)	2 420
Total temporary differences as of 31 December	**(14 457)**	**(13 831)**	**(626)**
Tax rate	27%	27%	
Net deferred tax assets	**3 904**	3 734	170
Changes in net deferred tax assets			
Recorded to other comprehensive income [1]			7
Recognised in the income statement			163

[1] Deferred taxes recognised in other comprehensive income is primarily related to tax on the change in fair value of derivatives that are designated as hedging instruments in cash flow hedges and re-measurement of defined benefit pension plans. Other comprehensive income elements are presented gross in the comprehensive income with the related tax effect on a separate line.

The statutory tax rate in Norway is 27% effective from 1 January 2014.

Adjustments of disputed items in 2014 are related to income from Telenor Brand rented out to foreign subsidiaries. Norwegian Tax authorities has increased the taxable income with NOK 138,8 million for the period 2010 to 2012 resulting in an additional claim of payable tax of NOK 39 million. Telenor has provided for this as a tax expense. For 2013 the taxable income has been increased with NOK 48 million resulting in a corresponding reduction in the tax loss carried forward.Telenor has disagreed with the tax authorities' position and appealed to the Tax Appeal Board («Skatteklagenemnda»).

Adjustments of disputed items in 2013 are related to refund of taxes paid due to reassessment of 2006 tax returns. During the third quarter of 2010, Telenor ASA received a reassessment by the Norwegian tax authorities of its 2006 and 2007 tax returns, concerning gain on a Total Return Swap agreement with OJSC VimpelCom shares as the underlying object. Following the receipt of the reassessment Telenor provided for a tax expense of NOK 0.8 billion, which was paid in 2010. Telenor disagreed with the tax authorities' position and appealed the reassessment. In 2013, the Tax Appeal Board decided the 2006-reassessment in Telenor ASA's favour, due to statute of limitations rules. Telenor ASA received a total repayment of NOK 0.5 billion, which was recognised as tax expense reduction with NOK 482 million and non-taxable interest income with NOK 68 million. The ruling upheld the reassessment for 2007 and Telenor ASA has taken this decision to court.

Payment on guarantee provided on behalf of Unitech Wireless Private Ltd. was executed during the third quarter of 2012 with a total of NOK 10,620 million. The operation in Unitech Wireless Private Ltd. was in 2013 transferred to Telewings Communications Services Private Ltd., and Telenor ASA has only received partial recourse for claims under the guarantees. Losses related to the recourse rights and claim for guarantee commission are hence finally determined, and were treated as tax-deductible losses on operation realized in 2013.

/08/ Intangible assets

2014

NOK in millions	Accumulated cost as of 1 January	Additions	Disposals	Amortisations and impairment losses	Accumulated amortisations and impairment losses	Carrying amount as of 31 December
Licences and legal rights (12 - 15 years)	333	-	-	(29)	(186)	147
Software purchased (5 years)	433	1	-	(12)	(418)	16
Work in progress	5	3	-	-	-	8
Total intangible assets	**771**	**4**	**-**	**(41)**	**(604)**	**171**

2013

NOK in millions	Accumulated cost as of 1 January	Additions	Disposals	Amortisations and impairment losses	Accumulated amortisations and impairment losses	Carrying amount as of 31 December
Licences and legal rights (12 - 15 years)	345	-	(12)	(30)	(157)	176
Software purchased (5 years)	421	12	-	(24)	(406)	27
Work in progress	25	3	(23)	-	-	5
Total intangible assets	**791**	**15**	**(35)**	**(54)**	**(563)**	**208**

/09/ Other financial assets

NOK in millions	2014	2013
Capital contribution in Telenor Pension Fund [1]	298	298
Derivatives financial instruments	622	704
Fair value hedging instruments	2 788	1 395
Other financial assets external	21	51
Total other non-current financial assets	**3 729**	**2 448**
Short-term interest-bearing receivables Group companies	289	-
Receivables Group companies	295	290
Short term placement > 3 months	-	-
Other current financial assets external	444	420
Total other current financial assets	**1 028**	**710**

[1] The amount capitalised in the statement of financial position is the cost price, which is considered an approximation of fair value. Telenor ASA holds the entire core capital in the Telenor Pension Fund. The capital contribution to Telenor Pension Fund is classified as available for sale.

/10/ Equity and dividends

Allocation of equity and dispositions over the last 2 years is shown in a separate table, see statement of changes in shareholders' equity. Nominal value per share is NOK 6. As of 31 December 2014 Telenor ASA had no treasury shares.

	2014	2013
Dividends		
Dividends per share in NOK – paid	7.00	6.00
Dividends per share in NOK - proposed by the Board of Directors	7.30	7.00

Total dividends for 2013 of NOK 10.6 billion were paid in May 2014. The Board of Directors proposes payment of dividends of NOK 11 billion to shareholders for 2014. See note 23 in the consolidated financial statement for further information.

/11/ 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 according to policies and procedures approved by the Board of Directors of Telenor ASA. 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 market mainly through certificates and bonds. In addition, Telenor ASA has established committed syndicated revolving credit facilities of EUR 2.0 billion with maturity in 2019 and of EUR 0.8 billion with maturity in 2017.

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 costs taken to income statement, as a result of changes in interest rates in the market. Changes in the market rates also influences fair value of 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 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 uses derivatives as forward currency contracts and interest rate swaps to manage the risk exposure related to changes in currency and interest rates. All derivative contracts are measured at fair value with changes through profit and loss. This also applies to derivative contracts for Group companies. If the derivatives are designated for cash flow hedge accounting or as part of a hedge of net investment , the changes in fair value are recognised as other comprehensive income.

See also note 2 'Summary of significant accounting policies' and note 28 'Managing capital and financial risk management' in the consolidated financial statements where financial risks and accounting for 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 statement, these are grouped into the classes and categories described below. The estimated fair values of the financial instruments are based on market prices and the valuation methodologies per class are described below.

Fair value hierarchy

Telenor ASA measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in measuring the fair value of financial instruments in the Fair value through profit and loss and Available for sale 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 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).

Interest-bearing liabilities
Fair values of interest-bearing liabilities are based on quoted prices where available. Interest-bearing liabilities that are not traded in an active market 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 nominal amount is assessed to be a reasonable approximation of fair value. The effect of not discounting is considered to be immaterial for this class of financial instruments.

Equity investments
Fair values for listed shares are based on quoted prices at the end of the reporting period. Fair value of unlisted shares is calculated using commonly used valuation techniques, or measured at cost if the investment does not have a quoted market price in an active market and the fair value cannot be reliably measured.

Trade payables and other non-interest bearing financial liabilities
For trade payables and other non-interest bearing financial liabilities the nominal amount is assessed to be a reasonable approximation of fair value. The effect of not discounting is considered to be immaterial for this class of financial instruments.

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

Derivatives
Fair values of currency swaps, foreign currency forward contracts and interest rate swaps are estimated based on calculating the net present value of future cash flows, using interest rate curves, exchange rates and currency spreads as of 31 December 2014 and 2013, respectively.

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

2014

NOK in millions	Carrying amount	Total as of 31 December 2014	2015	2016-2018	2019-2023	2024->
Interest-bearing liabilities						
Bonds and Commercial Paper	45 602	43 869	-	17 271	15 302	11 296
Other interest-bearing liabilities	1251	1251	14	1 237	-	-
Total interest-bearing liabilities external	**46 853**	**45 120**	**14**	**18 509**	**15 302**	**11 296**
Other interest-bearing liabilities Telenor Group	14 410	14 410	14 410	-	-	-
Drawing on Group cash pools	1 341	1 341	1 341	-	-	-
Interest-bearing liabilities Telenor Group	**15 751**	**15 751**	**15 751**	**-**	**-**	**-**
Non-interest-bearing liabilities						
Trade and other payables external	927	927	927	-	-	-
Trade and other payables Telenor Group	141	141	141	-	-	-
Derivative financial instruments non-current liabilities	2 814	2 814	1 200	842	729	44
Other non-current non-interest-bearing liabilities	189	189	189	-	-	
Total non-interest-bearing liabilities	**4 071**	**4 071**	**2 457**	**842**	**729**	**44**
Total	**66 675**	**64 942**	**18 222**	**19 351**	**16 030**	**11 339**
Future interest payments	-	6 368	929	2 856	2 228	356
Total including future interest payments	**66 675**	**71 310**	**19 043**	**22 206**	**18 259**	**11 695**

2013

NOK in millions	Carrying amount	Total as of 31 December 2013	2014	2015-2017	2018-2022	2023->
Interest-bearing liabilities						
Bonds and Commercial Paper	40 330	39 942	3 370	8 382	17 711	10 478
Other interest-bearing liabilities	1 503	1 503	14	1 213	23	254
Total interest-bearing liabilities external	**41 833**	**41 444**	**3 383**	**9 595**	**17 734**	**10 732**
Other interest-bearing liabilities Telenor Group	21 314	21 314	21 314	-	-	-
Drawing on Group cash pools	2 481	2 481	2 481	-	-	-
Interest-bearing liabilities Telenor Group	**23 795**	**23 795**	**23 795**	**-**	**-**	**-**
Non-interest-bearing liabilities						
Trade and other payables external	937	937	937	-	-	-
Trade and other payables Telenor Group	128	128	128	-	-	-
Derivative financial instruments non-current liabilities	878	878	406	382	82	9
Other non-current non-interest-bearing liabilities	197	197	197	-	-	-
Total non-interest-bearing liabilities	**2 140**	**1 541**	**1 262**	**197**	**82**	**-**
Total	**67 768**	**66 781**	**28 440**	**9 793**	**17 815**	**10 732**
Future interest payments	-	7 767	845	2 833	3 193	897
Total including future interest payments	**67 768**	**74 548**	**29 285**	**12 625**	**21 009**	**11 629**

For specification regarding external interest-bearing liabilities in Telenor ASA, see note 27 in the consolidated financial statements.

/12/ Current non-interest-bearing liabilities

NOK in millions	Category	2014	2013
Trade payables to Group companies	FLAC [1]	141	128
Financial derivatives	FVTPL [2]	-	10
Current non-interest-bearing liabilities within the Group		**141**	**138**
Trade payables external	FLAC	927	937
Government taxes, tax deductions, holiday pay etc.	NF [3]	107	109
Income taxes payable	NF	39	-
Financial derivatives	FVTPL	1 200	396
Other current liabilities	FLAC	82	88
Current non-interest-bearing external liabilities		**2 355**	**1 530**

[1] FLAC: Financial liabilities at amortised cost.
[2] FVTPL: Fair value through profit and loss.
[3] NF: Non-financial assets and liabilities.

/13/ Guarantees

NOK in millions	2014	2013
Guarantee liabilities	3 124	2 570

The table above does not include purchased bank guarantees. The guarantee liabilities mainly consist of guarantees issued by the parent company Telenor ASA on behalf of subsidiaries.

/14/ Contractual obligations

As of 31 December 2014, Telenor ASA had committed purchase obligations. These obligations are primarily car lease agreements that Telenor ASA had entered into on behalf of other Group companies.

Total obligations as of 31 December 2014 was NOK 25 million for period 2015-2018, of which NOK 16 million applies to 2015. The obligation as of 31 December 2013 was NOK 25 million, of which NOK 16 million related to 2014.

/15/ Related parties

Telenor ASA's transactions with its major shareholder, the Norwegian State represented by the Ministry of Trade, Industry and Fisheries, are discussed in note 32 to the consolidated financial statements.

Telenor ASA's other related parties consist mainly of subsidiaries of the Group. Telenor ASA sells and buys services from these companies, see note 1 for further description, and provides loans and receives deposits from the companies. When permissible by local rules and regulations, subsidiaries owned 90% or more are part of Telenor ASA's cash pool systems and the internal bank in Group Treasury. Through the internal bank, the subsidiaries can get loans, place excess liquidity and make currency exchanges.

In addition, Telenor ASA receives dividends that are recognised as financial income, see note 6. Group contributions and dividends recognised in 2014 and 2013 of NOK 17,755 million and NOK 25,534 million, respectively, are received from companies within Other units.

Sales and purchases of services, receivables and liabilities

	2014				2013			
NOK in million	Sales	Purchases	Receivables	Liabilities	Sales	Purchases	Receivables	Liabilities
Subsidiaries								
Norway	180	28	101	6	185	23	64	8
Sweden	41	1	17	-	42	4	18	-
Denmark	31	2	16	-	31	-	15	-
Hungary	24	2	11	2	23	-	17	-
Serbia	19	1	17	2	20	-	15	-
Bulgaria	19	-	9	-	-	-	-	-
Montenegro	2	1	2	-	2	-	1	-
dtac – Thailand	40	-	45	11	45	-	35	3
DiGi – Malaysia	30	3	63	1	30	-	62	-
Grameenphone – Bangladesh	28	-	144	1	32	-	179	1
Pakistan	32	(1)	73	6	33	-	19	3
India	9	2	21	1	1	-	48	9
Broadcast	28	-	35	-	34	-	13	-
Myanmar	11	-	19	1	-	(1)	12	-
Other units	17	487	134	114	11	522	162	104
Total	**511**	**526**	**707**	**145**	**489**	**548**	**660**	**128**

Financial transactions, receivables and liabilties

	2014				2013			
NOK in million	Interest income	Interest expense	Receivables	Liabilities	Interest income	Interest expense	Receivables	Liabilities
Subsidiaries								
Norway	190	132	6 930	6 329	14	160	684	6 300
Sweden	27	8	1 016	2 416	30	13	933	1 843
Denmark	44	-	4 280	217	60	-	4 571	-
Hungary	4	-	599	9	-	24	40	-
Montenegro	-	1	-	797	-	-	-	752
Broadcast	34	49	888	2 697	136	36	1 666	4 087
India	52	4	1 844	-	13	-	1 496	-
Myanmar	9	-	11	-	-	-	-	-
Other units	2	1	15	1 945	1 674	487	10 152	8 332
Total	**362**	**195**	**15 583**	**14 410**	**1 927**	**720**	**19 542**	**21 314**

/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 interests correspond to voting interest if not otherwise stated.

Shares in subsidiaries

NOK in millions	Office	Ownership interest in % 2014	Ownership interest in % 2013	Carrying amount as of 31 December 2014	Carrying amount as of 31 December 2013
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 Global Shared Services AS [1]	Norway	100.0	100.0	626	49
Telenor Communication II AS [2]	Norway	100.0	100.0	1 732	670
Telenor Mobile Holding AS	Norway	100.0	100.0	69 824	69 824
Telenor Business Partner Invest AS [3]	Norway	100.0	100.0	1 150	788
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 [4]	Norway	98.9	98.9	172	172
Telenor Services 1 AS	Norway	100.0	100.0	2	2
Telenor GTI AS	Norway	100.0	100.0	1 600	1 600
Aeromobile Holding AS	Norway	100.0	100.0	65	65
Cinclus Technology AS	Norway	100.0	100.0	-	-
Telenor Digital AS [5]	Norway	100.0	100.0	360	-
Total				**98 822**	**96 460**

[1] Telenor Global Shared Services AS received a capital increase of 577 million, of which 421 million by converting debt to equity.
[2] Telenor Communications II AS received in 2014 in total 1 062 million in capital increase, The increase were used for investments in new businesses, and strengthening the equity in existing subsidiaries.
[3] Telenor Business Partner Invest AS owns 30,24% of the shares in Evry ASA. Following a signed agreement regarding the sale of the shareholdings in Evry ASA and the price obtained, the previous years impairments of the holdings are reversed.
[4] The remaining 1,1% of the shares in Maritime Communications Partner AS are owned by Telenor Communication II AS.
[5] Telenor Digital AS received in 2014 a capital increase of 360 million.

Shares in subsidiaries owned through subsidiaries

	Office	Ownership interest in % 2014	Ownership interest in % 2013
Telenor Networks Holding AS			
Telway AS	Norway	100.0	100.0
Telenor Global Services AS	Norway	100.0	100.0
Telenor Svalbard AS	Norway	100.0	100.0
Telenor Norge AS	Norway	44.5	44.5
Datametrix AS	Norway	100.0	100.0
Canal Digital Kabel TV AS [6]	Norway	100.0	100.0
Telenor International Centre AS			
Telenor Russia AS	Norway	100,0	100.0
Telenor India Private Ltd.	India	99.9	99.9
Telenor Intercom Holding AS			
Nye Telenor Mobile Communications 1 AS	Norway	100.0	100.0

Telenor Communication II AS			
Telenor Venture VI AS	Norway	100.0	100.0
Telenor Next Holding AS	Norway	100.0	100.0
Telenor Kapitalforvaltning AS	Norway	100.0	100.0
Smartcash AS [3] [4]	Norway	–	100.0
Telenor Media Invest AS	Norway	100.0	100.0
TMMH AS	Norway	100.0	100.0
Telenor Traxion AS	Norway	100.0	100.0
Telenor Business Internet Services AS	Norway	100.0	100.0
Telenor Online Partner AS	Norway	100.0	100.0
MicroEnsure Asia Ltd [4]	Great Britain	–	51.0
Telenor Common Operation Zrt	Hungary	100.0	100.0
Telenor Financial Services AS (prev. Telenor Global FS Operations AS) [3]	Norway	100.0	–
Telenor Media Partner AS [1]	Norway	100.0	–
Telenor GO Pte Ltd [1]	Singapore	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
Nye Telenor Mobile Communications II AS	Norway	100.0	100.0
Telenor Norge AS	Norway	55.5	55.5
Telenor Danmark Holding A/S	Denmark	100.0	100.0
Telenor Sverige Holding AB	Sweden	100.0	100.0
Telenor East Holding II AS	Norway	100.0	100.0
Telenor Connexion Holding AB	Sweden	100.0	100.0
Telenor Broadcast Holding AS			
Telenor Satellite Broadcasting AS	Norway	100.0	100.0
Telenor UK Ltd.	Great Britain	100.0	100.0
Canal Digital AS	Norway	100.0	100.0
Norkring AS	Norway	100.0	100.0
Conax AS [2]	Norway	–	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
Telenor Real Estate Hungary	Hungary	100.0	100.0
Frognerseterveien 23 AS [1]	Norway	100.0	–
Grønnegata 55 AS [1]	Norway	100.0	–
Ilderveien 9 AS [1]	Norway	100.0	–
Kirkegata 45 Lillehammer AS [1]	Norway	100.0	–
Kirkegata 59 AS [1]	Norway	100.0	–
Kongens gate 8 / Kirkegaten 9 AS [1]	Norway	100.0	–
Kongens gate 21 AS [1]	Norway	100.0	–
Nordbyveien 1 AS [1]	Norway	100.0	–
Nygaten 4 AS [1]	Norway	100.0	–
Skolegata 8 AS [1]	Norway	100.0	–
Sælidveien 40 AS [1]	Norway	100.0	–

Telenor Digital AS			
Telenor Financial Services AS (prev. Telenor Global FS Operations AS) [3)	Norway	–	100.0
TSM Nordic AS [3), 4)]	Norway	–	51.0
Telenor Digital TSM AS	Norway	100.0	100.0

1) Established in 2014.
2) Sold in 2014.
3) Ownership taken over by another Telenor company.
4) Reduced ownership and reclassified to associated company.

Other significant subsidiaries (owned through holding companies)

	Office
Telenor Sverige AB	Sweden
Telenor A/S	Denmark
DiGi.Com Bhd	Malaysia
Telenor Magyarország Zrt	Hungary
Telenor d.o.o.	Serbia
Telenor Pakistan (Private) Ltd.	Pakistan
Total Access Communications Plc. (dtac)	Thailand
Grameenphone Ltd.	Bangladesh
Unitech Wireless Private Limited	India
Telewings Communications Services Private Ltd.	India
Telenor Bulgaria EAD	Bulgaria
Telenor Myanmar Ltd.	Myanmar

Responsibility Statement

«We confirm that, to the best of our knowledge, the consolidated financial statements for the year ended 31 December 2014 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 2014 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, 17 March 2015

Svein Aaser
Chairman

Frank Dangeard
Deputy Chairman

Jon Erik Reinhardsen
Board member

Marit Vaagen
Board member

Dr. Burckhard Bergmann
Board member

Sally Davis
Board member

Dag J. Opedal
Board member

Barbara Milian Thoralfsson
Board member

Bjørn André Anderssen
Board member

Brit Østby Fredriksen
Board member

Harald Stavn
Board member

Jon Fredrik Baksaas
President & CEO

Auditor's Report 2014

Building a better working world

Statsautoriserte revisorer
Ernst & Young AS

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To the Annual Shareholders' Meeting of
Telenor ASA

AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements of Telenor ASA, comprising the financial statements for the Parent Company and the Group. The financial statements of the Parent Company and the Group comprise the statement of financial position as at 31 December 2014, the income statement, the statements of comprehensive income, cash flows and changes in equity for the year then ended as well as a summary of significant accounting policies and other explanatory information.

The Board of Directors' and Chief Executive Officer's responsibility for the financial statements

The Board of Directors and Chief Executive Officer are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the Parent Company and the International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal control as the Board of Directors and Chief Executive Officer determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements for the Parent Company and the Group.

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Opinion on the financial statements of the Parent Company

In our opinion, the financial statements of Telenor ASA have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2014 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Opinion on the financial statements of the Group

In our opinion, the financial statements of the Group have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Group as at 31 December 2014 and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the EU.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report and on the statements on corporate governance and corporate social responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Directors' report and in the reports on corporate governance and social responsibility concerning the financial statements, the going concern assumption and the proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the Board of Directors and Chief Executive Officer have fulfilled their duty to ensure that the Company's accounting information is properly recorded and documented as required by law and generally accepted bookkeeping practice in Norway.

Oslo, 17 March 2015
ERNST & YOUNG AS

Anders Gøbel
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been made for information purposes only.)

Statement from the Corporate Assembly of Telenor ASA

On 17 March 2015, 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 2014 as presented to the Corporate Assembly by transfer of NOK 11,405 million to retained earnings and a dividend payment of NOK 3,80 per share as dividend in June, and for the authority to resolve further dividends, pursuant to which the Board intends to resolve a dividend of NOK 3.50 pr. share to be paid in November 2015.

Financial Calendar 2015

06 May 2015	Telenor's result for the 1st quarter 2015
20 May 2015	Annual General Meeting 2015
22 July 2015	Telenor's result for the 2nd quarter 2015
28 October 2015	Telenor's result for the 3rd quarter 2015

Key Figures

	2010 [1]	2011 [1]	2012 [1]	2013 Restated	2014
Organic revenue growth [2]	6%	7%	5%	2%	3%
EBITDA before other income and expenses/Revenues (%)	30.8%	31.0%	32.3%	35.1%	35.4%
EBIT margin	13.2%	10.5%	9.6%	21.3%	23.5%
Capex excl. licences and spectrum/Revenues (%)	12.2%	11.6%	12.1%	14.3%	15.8%
Operating cash flow margin [3]	18.6%	19.4%	20.2%	20.7%	19.5%
Net interest-bearing liabilities [4]	19 276	17 231	33 082	39 395	47 126
Net interest-bearing liabilities/EBITDA	0.67	0.57	1.03	1.15	1.18
Earnings per share	8.69	4.45	5.63	5.74	6.03
ROCE [5]	9.9%	7.4%	11.0%	13.5%	10.7%
Total Return [6]	20.6%	7.8%	20.1%	34.9%	10.0%

[1] Figures for 2010, 2011 and 2012 are not adjusted for discontinued operations in Denmark.
[2] Organic revenue is defined as revenue adjusted for the effects of acquisition and disposal of operations and currency effects.
[3] Operating cash flow is defined as EBITDA before other income and expenses – Capex, excluding licences and spectrum.
[4] Starting from 2011, net interest-bearing liabilities is defined as interest-bearing debt excluding net present value of licence liabilities.
[5] Return on capital employed (ROCE) is based on Net Income excluding financial items, other income, other expense, write downs of associated companies and joint ventures, gain/loss on disposal of associated companies and joint ventures.
[6] Dividends are reinvested on ex-dates.

Disclaimer
This report contains statements regarding the future in connection with Telenor's growth initiatives, profit figures, outlook, strategies and objectives. All statements regarding the future are subject to inherent risks and uncertainties, and many factors can lead to actual profits and developments deviating substantially from what has been expressed or implied in such statements.

Sustainability Report

Introduction

The Norwegian Parliament adopted in 2013 a statute creating a duty for large companies to report on how they follow up material sustainability issues. These changes to the Norwegian Accounting Act require this report to be provided by the Board of Directors and to be published in the annual report or in another public document referred to in the report.

The amendment requires a large enterprise to account for what the company is doing to integrate respect for human rights, labour rights and social issues, the environment and anti-corruption into their business strategies, daily operations and relationship with stakeholders. The report shall at least contain information on policies, principles, procedures and standards the company uses to integrate the above considerations. In addition to the requirements of the Norwegian Accounting Act, Telenor Group is committed to the disclosure of its social and environmental performance, focusing on material issues and communicating its progress in line with stakeholder expectations.

The ten focus areas covered in this report on social responsibility are based on a materiality assessment process in 2013 in line with stakeholder expectations. The assessment has been conducted on the basis of Global Reporting Initiative (GRI) G4 guidelines. More information is available at www.telenor.com/sustainability.

The Board of Directors of Telenor ASA has decided that the statement on how the company is delivering on material social responsibility issues should be provided as a separate section in the annual report for 2014.

DNV GL has been engaged by Telenor to carry out a claims check of this sustainability section of the annual report for 2014. The engagement has been undertaken in accordance with an agreed upon procedure based on DNV GL's general procedure for assessments of sustainability reporting (Verisustain), which has been tailored to the specific Telenor requirements. The DNV GL's independent review is to be found on the web site www.telenor.com/sustainability/reporting.

This sustainability report for 2014 includes our Danish operations, even though Telenor Denmark is classified as discontinued operation following the proposed joint venture with TeliaSonera currently subject to approval by the European Commission.

Governing principles, policies and manuals

Telenor Group has adopted a code of conduct, governance principles, policies and manuals that we use to integrate material sustainability issues into our business strategies, daily operations and relationship with stakeholders. These internal rules are adopted by and implemented in all subsidiaries where Telenor Group has operational control. More information is available at www.telenor.com/about-us/corporate-governance.

Human rights

From policies to action

At Telenor, respect for human rights is important for how we run our business. Mobile services can contribute to the fulfilment of rights through the many opportunities that connectivity and access to telephones and internet bring.

At the same time we recognise that there may also be a potential negative impact from our business activities.

Our commitment to respect human rights is reflected in our Code of Conduct, Supplier Conduct Principles, and policies and manuals which are applicable Group-wide. The requirements therein reflect international frameworks like the UN Global Compact's ten principles and the UN Guiding Principles on Business and human rights.

We are maintaining our focus on understanding risks and integrating mitigating actions into our business processes, for example through implementing human rights due diligence across our business units. We are approaching this from a continuous learning and improvement perspective. As a company we face many challenges, and a rights respecting approach can therefore be demanding.

Challenges related to privacy and freedom of expression and to potential misuse of access to telecom data and networks by authorities continue to be high on our agenda. Although telecommunications enable the exchange of ideas and expression of opinions, we see that authority requests for access to our data and networks may present human rights risks.

Furthermore, we have maintained a high level of attention to various human rights challenges facing us in new markets such as Myanmar.

Status and ambitions

In 2014, we focused on implementing our human rights-related policy requirements. For example, we initiated human rights due diligence at business unit (BU) level by using our toolkit developed in 2013. The guidance in this document draws on the UN Guiding Principles on Business and Human Rights, and helps the BUs identify risks and opportunities, and outline mitigating actions. The process has been supported by Group-led training and workshops and advice from independent experts. We have learned that this is a long-term process, not a one-time project. It takes time, requires cross-functional collaboration and must be based on a continuous-improvement approach. We have taken the first step on this journey and will continue to integrate human rights efforts into our business processes in 2015.

Telenor has continued its engagement with the Telecommunications Industry Dialogue on Freedom of Expression and Privacy, and a report on our alignment with the Industry Dialogue Guiding Principles can be found on our website www.telenor.com/status-industry-dialogue.

We have also continued and strengthened our internal efforts relating to privacy and freedom of expression. In order to better understand how there could potentially be a negative impact on human rights as a consequence of authorities' access to our data and networks, training and workshops have been conducted with all BUs. On this basis we continue to develop our policies, guidance and processes. For more information see the Privacy and data protection section.

During 2014, we had a special focus on Myanmar. Continuing to work with the risk identified in our initial 2012 due diligence, we have taken many steps to further improve our processes and follow-up. This includes issues related to supply chain sustainability, privacy and freedom of expression, land rights and conflict areas, as well as wider sustainability challenges such as corruption, child labour, employees' safety and security, and the environment. We gave an update on our activities within these areas in August 2014.

Telenor believes that engagement with stakeholders is important. Going forward we will seek to be open about challenges e.g. through updates such as the one we gave on Myanmar. We will also continue our participation in initiatives like the Telecommunications Industry Dialogue on Freedom of Expression and Privacy.

As we take the next steps in our work on human rights, implementation and training remain a priority. Our ambition is to take our business unit due diligence process forward, as well as to further improve our approach to privacy and freedom of expression.

Labour rights

From policies to action

Telenor is committed to respecting the principles of labour rights as laid down in the UN Global Compact and the ILO's fundamental conventions. These principles relating to respect for the rights to freedom of association and collective bargaining and the elimination of forced labour, child labour and discrimination in the work place are reflected in Telenor's Code of Conduct, Group Policy People and Supplier Conduct Principles.

Telenor believes in employee involvement, through management dialogue with employees or their recognised employee representatives. Throughout Telenor Group we are promoting partnerships based on good and trusting dialogue.

Status and ambitions

In 2014 Telenor further developed the dialogue with the Telenor Works Council – Europe (TWC-E), where European employee representatives meet with Telenor Group Management. TWC-E held two meetings in 2014 with the objective of enhancing information exchange and discussions in relation to transnational issues.

In 2014, Telenor continued the dialogue with UNI Global Union, based on our global agreement as a platform and framework for dialogue on fundamental labour rights and agreed rules of engagement.

In 2014, Telenor maintained its commitment to employee involvement in its operations throughout the Group, and in several of our Asian operations employee involvement is provided for through local co-operation bodies (People Council), where employee representatives meet with the management.

Further, Digi in Malaysia has acknowledged the establishment of a DiGi union and after a negotiation process the parties entered into a collective agreement at the end of 2014. In Bangladesh, Grameenphone is awaiting a decision by the Labour Court, in a case filed by employees of Grameenphone related to union registration.

Going forward, we aim to further develop employee involvement throughout Telenor Group, utilising employees' experiences and insight, as part of ensuring decent work conditions for our employees.

Ethics and anti-corruption

From policies to action

Telenor endorses the ten principles of the UN Global Compact (UNGC), which present clear standards of business ethics. As a member of the UNGC, we report annually on progress in embedding our ethical culture in all parts of our organisation. Telenor Group's commitment to integrity and transparency is clearly stated in our Code of Conduct. The Code of Conduct is the guardian of integrity within the Telenor Way and defines the standards by which we conduct business and behave as responsible and accountable representatives of Telenor. The document is signed by all employees upon joining the company, and re-signed whenever substantial updates are made.

Telenor is firmly opposed to corruption in all forms and is committed to doing business in accordance with the highest ethical standards. Telenor's zero tolerance for corruption and its ethical standards are set out in its Code of Conduct, Anti-Corruption Policy and other governing documents. Telenor's firm commitment to opposing any form of corruption requires a structured approach to integrating ethics and anti-corruption considerations across all functions and levels. Telenor's Group Anti-Corruption Policy states that Telenor shall actively attempt to ensure that corruption does not occur in Telenor's business activities. To this end, Telenor shall work against corruption through an adequate and risk-based Anti-Corruption Programme based on international best practice. This shall be implemented in all Telenor's subsidiaries directly or indirectly controlled by Telenor ASA.

Telenor has an organization with clearly defined roles and responsibilities for the implementation of the Anti-Corruption Programme, both at Telenor Group and business unit levels. The Group Policy Anti-Corruption and the effectiveness of the Anti-Corruption Programme are assessed and revised on a regular basis, with the aim of alignment with prevailing international standards.

Telenor Group is a multinational company with operations in very different markets. Some of the markets in which we operate are emerging economies with potentially complex and sensitive political and social contexts and will have different challenges with respect to anti-corruption and other sustainability risks. Telenor's governing documents set one single standard which shall govern all business activities, regardless of where such activities take place.

Telenor believes that taking a risk-based approach to address specific local risks is key to ensuring implementation of our ethical standard in all our markets. Regular and Group-wide risk assessments are one key element in Telenor's Anti-Corruption Programme. All business units have a responsibility to conduct regular risk assessments and risk-based reviews of their anti-corruption procedures. The risk assessments are followed up at Group level. Risks shall be responded to with the adaptation and implementation of local requirements to ensure that such risks are managed in accordance with Telenor's ethical standards.

Any reported alleged incident of corruption shall be handled by the Ethics and Compliance Officer and be classified as a material incident. Any alleged bribery of public officials shall be handled at Group level.

A description of Telenor's Anti-Corruption Programme is publicly available on our web site

- www.telenor.com/anti-corruption
- www.telenor.com/wp-content/uploads/2014/12/Governance-and-Anti-Corruption-in-Telenor_Summary.pdf

Status and ambitions

In 2014 there was a need for minor adjustments to the Code of Conduct due to changes in Telenor's governing documents and the need to reflect business development and changes in the society, e.g. a new vision and mission and matters such as anti-corruption, conflict of interest, terrorism, cybercrime and fraud. The adjustments to the Code were adopted by the Telenor ASA Board of Directors on 24 June 2014 for further distribution and implementation in the business units through the Governance Work Programme 2014. As the changes were minor, the updated Code did not require a resigning process.

A major upgrade of the Ethics and Compliance framework was conducted in 2012 and new procedures and organisational changes were implemented in 2013 (Group Manual Ethics and Compliance and Group Governing Principles). Group Legal stated in its strategy for 2014 that a further upgrade of Group Ethics and Compliance's scope, management and competencies should be explored. One of the Ethics and Compliance initiatives in 2014 was to enter into a project with Deloitte to assess the compliance functions within selected companies without delving deeply into the various compliance areas. Input from the benchmark and internal surveys will be taken into consideration in the ongoing improving efforts of Ethics and Compliance in 2015.

During 2014, the reporting mechanism for compliance incidents has been actively used on both local and Group level, and compliance incidents are handled and concluded in accordance with the requirements in the global Ethics & Compliance framework. More details are available on our web site www.telenor.com/about-us/corporate-governance/ethics-compliance.

In 2014, Telenor continued its Group-wide implementation and monitoring of the Anti-Corruption Policy and Anti-Corruption Programme. The Telenor Anti-Corruption Handbook was launched with a web-based app for smartphones, tablets and laptops in June 2014. The app is publicly available on telenor.com: www.telenor.com/media/articles/2014/download-our-anti-corruption-app.

Further priorities in 2014 were Telenor's Group-wide anti-corruption risk assessment procedures, monitoring activities, support and follow-up of business units and review and implementation of Telenor Group's procedures for integrity due diligence of business partners. These efforts will continue during 2015, in addition to Telenor's ongoing focus on training and awareness of employees and the supply chain.

Information regarding the ongoing VimpelCom Ltd. investigations is to be found in the Telenor ASA Board of the Director's report for 2014.

Climate and environment

From policies to action

Telenor is committed to protecting the environment by undertaking initiatives to promote greater environmental responsibility and support business initiatives using communications services to develop eco-efficient solutions. This includes adhering to local regulations and internationally recognised environmental and energy efficiency standards across the Group.

As the threat of climate change increases, so does the risk to business. The risk includes potential damage to vital infrastructure and utilities through the impact of more extreme weather events. At the same time, climate change represents a business opportunity for the mobile industry to enable greenhouse gas (GHG) emission reductions in key sectors of the economy through the provision of innovative products and services for the power sector, transportation sector, manufacturing sector, service and consumer sector, agricultural sector and building sector.

Telenor – as an active member of the Global e-Sustainability Initiative (GeSI) – has contributed to the thought leadership position around the ICT-enabled low carbon economy through the SMART2020 report in 2009 and the SMARTer2020 report in 2013.

The mobile industry will experience continued growth in its total energy consumption and carbon footprint as mobile operators continue to increase their coverage, acquire more customers and develop more mobile broadband services due to market needs. Telenor Group's key focus is to stabilise its energy consumption by improving the energy efficiency of its networks, as these represent around 80% of its total energy consumption. All business units will focus on choosing cost-efficient energy-efficiency initiatives: network swaps, the sourcing of energy-efficient technologies, infrastructure-sharing and more energy-efficient data centres and buildings. In Asia, the business case for the use of solar panels instead of diesel generators has improved as costs have fallen. It still implies a substantial investment, but our operations in Pakistan and Bangladesh have started scaling up their transformation to solar energy.

We also focus on other environmental aspects such as waste management and hazardous substances in equipment purchased. Electronic waste contains toxic materials that may present health hazards and run the risk of environmental damage through land contamination or water and air pollution. It is important for Telenor to reuse and recycle network equipment and handsets. We ensure that these processes are conducted according to internationally recognised standards and regulations.

Status and ambitions

In 2014, total energy consumption in Telenor Group was approximately 3,200 GWh. The associated emission of greenhouse gases in Telenor Group is estimated to a total of 1.1 million tonnes of CO_2.

In 2014, close to 60% of our procurement processes with a contract value greater than USD 250,000 used a specified set of sustainability criteria.

In 2014, more than 120,000 meetings were carried out in Telenor's global organisation using video conferencing and virtual meeting solutions instead of actual travel.

In 2014, Telenor Group once again received CDP's top ranking for climate change transparency and performance for the global telecom sector. This achievement is the result of the effort of all business units in the energy efficiency area.

In 2014, Grameenphone was awarded the prestigious global Green Mobile Award by GSMA for its extensive Climate Change Programme. Digi was ranked the top company in the national MYCarbon Awards 2014 for environmental reporting in Malaysia.

In 2014, ISO 14001-compliant environmental management systems were followed up on in all business units, and the work was also initiated in Telenor Myanmar. Five of our business units – Telenor Bulgaria, Telenor Serbia, Telenor Hungary, Digi and Uninor – are all certified according to ISO 14001.

During 2014, Telenor strengthened its policy on waste management. All business units shall secure sustainable waste management. All electronic waste shall be reused, recycled or safely disposed of and all business units shall ensure that these processes are conducted according to internationally recognised standards and regulations.

Mobile handset recycling initiatives have been established in nine business units: Telenor Hungary, Telenor Serbia, Telenor Montenegro, Digi in Malaysia, dtac in Thailand, Telenor Sweden, Telenor Denmark, Telenor Norway and Telenor Bulgaria. During 2014, more than 180,000 mobile handsets and mobile batteries were collected and recycled in an appropriate way.

Looking forward, our key climate measure will be to improve the energy efficiency of all business units – such as by upgrading our networks and integrating energy requirements into procurement processes.

Telenor will in 2015 work with industry organisations to refresh our insights and information on the ICT sector's role in a low-carbon transition in the lead-up to the United Nations Climate Change Conference in Paris in December 2015. Our ambition is to inform policymakers about mobilising ICT in their low-carbon strategies and to engage customers and users of ICT in order to change its pivotal role.

The growing demand for ICT products and devices, and their increasingly short lifespans, has resulted in e-waste becoming one of the fastest growing waste streams globally, and our ambition for next year is to follow up and strengthen the recycling programmes in all business units.

Sustainable supply chain

From policies to action

Telenor strives for high standards and continuous improvement in our own operations and throughout the entire supply chain.

Telenor has adopted a set of Supplier Conduct Principles (SCPs) for all of Telenor's contracting parties. The SCPs are based on internationally recognised standards and include human rights, health and safety, labour rights, environment and anti-corruption.

It is important to build capacity among suppliers and reinforce their understanding of employees' health and safety, labour rights and environmental management, as well as to monitor their compliance with Telenor standards.

Improvement of supply chain sustainability in our operations can only be achieved through close co-operation with the supplier, and the goal of continuous improvement must always remain part of our focus.

Status and ambitions

In 2014, the focus was on mitigation of supply chain risk, health and safety of our suppliers' employees and anti-corruption work in the supply chain. To secure the quality of this, Telenor carried out more than 5,200 supplier inspections (ranging from simple site visits to more comprehensive inspections or audits) across the Group in 2014, of which 75% were unannounced inspections. Approximately 500 major non-conformities were identified during the inspections. All major non-conformities are followed up with the suppliers with mitigation plans and closing processes.

More than 2,500 of these inspections were carried out in Myanmar, where Telenor has a special focus on risk in its supply chain. In 2014, 5 cases of child labour, 29 cases of underage labour and 16 cases of suspected underage labour were found and mitigated in Myanmar.

Since 2008, Telenor has carried out more than 15,000 sustainability inspections in our supply chain. In 2015, we will continue to conduct a high number of supplier inspections and audits.

Telenor has a strong focus on transparency. As an example, we carried out an open Myanmar sustainability update in August 2014. In this session, Telenor executives provided information on the sustainability risk and mitigation of risk in this area.

Telenor has an Agreement on Responsible Business Conduct that legally binds our suppliers to follow the Telenor SCPs and to accept active monitoring by Telenor. In 2014, Telenor signed a total of close to 17,500 such agreements on responsible business conduct.

In 2014, we also prioritised capacity-building among suppliers by HSSE training together with awareness training. Telenor acknowledges the need for intensified supplier capacity-building – especially in our Asian markets – and we will therefore prioritise this in 2015.

Through its participation in the Joint Audit Co-operation (JAC) together with other telecommunications operators (currently 10 members), Telenor gained access to the results of thirty-five sustainability audits of global suppliers in 2014. Telenor executed four of these audits of global suppliers on behalf of JAC in 2014. After carrying out an audit, a Corrective Action Plan (CAP) listing all findings is agreed upon between the auditee and the auditor.

Telenor is an active member of the UN Global Compact Supply Chain Advisory Group and Global e-Sustainability Initiative (GeSI).

Occupational health, safety and security

From policies to action

Telenor Group continues to focus on maintaining a positive working environment and a culture that nurtures occupational health, safety and personnel security (OHS&S). The company works across all of its business units to maintain and improve its readiness for security and safety risks.

Telenor's OHS&S approach covers its employees as well as contractors, vendors and suppliers. We believe that the health, safety, security and wellbeing of our employees are vital to our business and make a difference in employee engagement. They also increase productivity, e.g. by reducing absenteeism and thus reducing costs.

Telenor faces a range of OHS&S-related challenges in the markets in which it operates. Traffic-related incidents remain a challenge, and in 2014 Telenor also experienced risks related to political instability, violent crime, economic uncertainty and instability in some markets.

Status and ambitions

In 2014, the sickness absence rate for the whole Telenor Group was 1.5%. We shall be aware of possible variations on quality of reported data due to different local national procedures and regulations related to reporting of sickness.

In 2014, more than 19,000 employees and in-house contractors attended HSSE related awareness training sessions.

In 2014, Telenor Group had one reported work-related fatality among its employees; in December 2104 a Grameenphone employee died of injuries from a traffic accident.

Telenor will continue to work with its partners and vendors to monitor and implement health and safety measures and provide them with proactive support in OHS&S matters.

Enabling services

From policies to action

Telenor Group's vision focuses on how we empower the societies; where we provide the power of digital communication, enabling everyone to improve their lives, build societies and secure a better future for all. Telenor works systematically to ensure digital inclusion through extending physical area coverage, as well as enabling people to benefit from our communication services, be it through improved accessibility, provision of training or through innovative services like mobile banking.

Telenor believes that the mobile phone can help transform the lives of individuals, allowing financial inclusion, access to knowledge and making health services affordable and accessible for all. Bringing the benefits of mobile communication to a wider audience is one of Telenor's key objectives. This is what Telenor calls Enable.

Telenor Group`s objective is to create shared value, including maximising the impact of our communication services for society and our business. Our projects are built around our core services and technology and our strategic approach is to work with strong partners and through well-functioning networks.

Status and ambitions

As of 2014, Telenor had rolled out the 4G mobile technology standard in five countries and 3G in eight countries, with more countries on the roadmap. By 2016, nearly all of our markets will have 3G or 4G. Six of our operations have also rolled out or are evaluating Wi-Fi offerings. In our mature markets we are adding network capacity to sustain and improve the mobile data user experience as networks become congested.

In February 2014 Telenor and UNICEF signed a global partnership agreement. By joining forces with UNICEF, we wish to leverage the reach and capability of connectivity for children's survival and development.

In 2014, Telenor Pakistan, UNICEF and local authorities launched a pilot project in the provinces of Sindh and Punjab to augment birth registration rates using cellular technology.

In 2014, dtac in Thailand, UNICEF and the Ministry of Health stepped up the efforts of the «Best start» initiative, which currently provides more than 69,000 users with free mobile information services to promote healthy mothers and children. The mobile phone will serve as the tool to convey life-saving information to pregnant women and new mothers and allow newborns the best possible start in life, under-pinning one of the UN Millennium Goals.

In 2014, dtac and the Rak Ban Kerd project *1677 Farmer Information Superhighway in Thailand continued their partnership focusing on providing agricultural data to farmers. The project also offers advice on agricultural techniques, capacity-building and support in obtaining standards and certifications.

Grameenphone established five online schools in different remote locations of the country in 2014. With this expansion, a total of ten online schools now provide quality education to close to 700 economically disadvantaged students.

In 2014, Telenor Group continued its work on Enable projects in Serbia, connecting the Roma population. In Pakistan, the efforts to bank the unbanked through EasyPaisa continued.

Telenor and the Wikimedia Foundation continued their partnership in 2014, building on the commitment to bring Wikipedia to Telenor customers free of data charges and encourage the creation of articles on Wikipedia in local language in our markets. Telenor has now launched Wikipedia Zero in Montenegro, Malaysia, Myanmar, Thailand and Bangladesh. We are continuously looking at new Telenor markets to expand the partnership.

Going forward, we will continue in our efforts to provide people with Internet access so as to allow financial inclusion, access to knowledge, and make health services affordable and accessible for all.

Privacy and data protection

From policies to action

Privacy and freedom of expression are among the internationally recognised human rights. Telecommunications generally contribute to freedom of expression. However, on some occasions the authorities may have a legitimate need to require telecommunications companies to comply with requests that limit privacy or free communication.

It is a fundamental principle of Telenor that it is governed by strict policies and that it always seek to ensure the proper handling of such requests from the authorities in order to limit the risk that our networks are being used to impose illegitimate restrictions on privacy or freedom of expression.

Telenor believes in increasing transparency and introducing safeguards against potential abuse. Telenor will continue to take active part in the industry dialogue with the authorities on surveillance and access to our customers' data.

Privacy and data protection are becoming increasingly material issues in all parts of society. Customers expect mobile operators to provide real-time, relevant and individualised services. Such services require the augmented use of personal data. On the other hand, we see an increase in customer awareness of privacy-related matters. Technology has enabled communication, but it has also enabled surveillance. Mobile users are increasingly looking at how their privacy is safeguarded, irrespective of technologies, business models and data flows.

Today, switching from one mobile operator to another can be done easily and fast. Hence consumers' trust in operators' ability to handle and protect their personal data has become increasingly important. The different approaches taken to address data privacy concerns directly influence whether trust is strengthened or weakened.

Telenor takes pride in its efforts to safeguard the integrity of the vast volumes of information we collect and process. Even though national requirements vary throughout our operations, we strive to be transparent and informative about how we handle our customers' and employees' personal information. Telenor is convinced that being transparent about our use of customer data is the best way to ensure trust in our services.

The mobile industry needs to find mobile-friendly ways to help users to make informed decisions about their personal information and privacy. Another key challenge is to ensure that user privacy is respected and protected by those designing and building new services and applications.

All customer data shall be managed with confidentiality, in accordance with strict standards, so as to prevent unauthorised access. In a wider perspective, this responsibility also involves respecting crucial human rights such as freedom of expression.

Status and ambitions

In 2014, Telenor initiated an internal project to strengthen its position on privacy, addressing both how we handle existing customer data and how we design our products going forward.

In 2014, Telenor supported the development of the GSMA Mobile Connect Privacy Principles, which are expected to be approved by GSMA's members in first half of 2015. The principles establish a privacy baseline that applies to all parties that provide Mobile Connect-branded identity services. The principles build on the existing mobile privacy principles of GSMA and are consistent with legal frameworks in Europe, Asia and the US.

There are continuous developments in the regulatory regimes around the world. Across our markets we are seeing regulators taking new steps to strengthen privacy regulation. Telenor will continue its focused work on privacy to meet both regulatory requirements and the expectations of its customers.

Telenor Group will continue to improve its common internal framework for how it processes personal information in all its business operations. We are committed to ensuring that all our business units take action to prevent unauthorised access to personal data, and to ensure the safe and sound development of new services and applications.

Economic contribution to society

From policies to action

Our business makes a significant economic contribution to thirteen countries in Europe and Asia. Digital services empower peoples' lives and create countless business opportunities. Investments sustain economic growth, local jobs and competencies – and company taxes support public services such as education and healthcare.

Each of these contributions is vital to local society and implies strong obligations to maintain efficient operations and sustainable business conduct.

Telenor is committed to delivering affordable mobile services and Internet for All. New digital services have a great local impact on development and people's daily lives. Mobile services offer new business opportunities which enhance skills and reduce a country's brain-drain. The business community in each country can enhance that local impact by ensuring efficient operations and low costs. Government can enhance the local impact by way of efficient and balanced taxation which allows scope for investment and customer value.

As an investor, Telenor is committed to its shareholders creating optimal value from investment. Foreign capital has become a more scarce resource in many markets during recent years. If taxation increases at the expense of further investment, it might reduce growth and the welfare of citizens. This is why Telenor advises governments to levy taxes and fees in a fair and predictable way, to secure crucial investment in the countries.

As a taxpayer, Telenor is committed to operating correctly and according to laws and regulations by reporting and paying taxes at the level it is legally obliged to. Corporate compliance with tax laws and regulations plays an important role in enhancing respect for the rule of law. Tax compliance and transparency contribute to protecting society against fraud and illicit fiscal practices.

Status and ambitions

While global growth partly resumed in late 2013, economic slowdowns returned in several of our markets in

2014. Growth in Asia remained slow, and governments in Central and Eastern Europe struggled with fiscal challenges. In accordance with the positions of international organisations, Telenor has advised governments to meet deficits with predictable and balanced measures, and to share the burden evenly across a broad tax base. Telenor is committed to local growth, crucial investment and fair taxation in accordance with law, on an equal footing with other companies and industries.

During 2014, some governments prolonged the trend of excessive taxation against selected industries, in a targeted and non-predictable way. There is universal support for the principle of paying for exclusive licenses and radio frequencies, or contributing to the real costs of regulation – a support shared by governments and industry alike. But there is an increasing trend of distortive taxation in excess of that, with diverging tax levels between different industries, within the same country.

Sector-specific taxation includes the levy of higher taxes on some industries than others, such as import duties, gross revenue taxes, revenue share and indirect taxes. This practice has been intensified in several European countries from 2009 onwards and in the wake of the financial crisis. Several European nations issued sector-specific taxation on the telecoms industry during the crisis, often against broadly accepted principles of taxation.

Hungary introduced excessive taxes on banking, energy and tele-communications in 2009-2010, and sector taxes were prolonged in 2013 and 2014. Total taxation reached a record level of 40% to 45% of the total price of mobile services, to the detriment of both consumers and businesses. Sector taxes even surpassed the level of corporate income tax from 2010 onwards. Mobile sector taxes exceeding the universal company taxes are evident in Asia, where countries like Bangladesh and Pakistan have increased the sector tax burden during recent years. Sector taxation directs investment away from industries which would create higher value, given equal tax treatment.

Countries which generally abstained from distortive sector-specific taxes include the Nordic countries, Bulgaria and Serbia. During 2014, taxation was reduced in the Nordic countries in an effort to further enhance investment and economic growth.

The following table shows Telenor Group's economic impact country-by-country, including revenues, EBITDA, capital expenditure, the expected corporate income taxes for 2014 and number of employees. Sector-specific taxes, VAT and other fiscal contributions and levies, which often exceed the total corporate income tax, are not included in this table.

Digital responsibilities

From policies to action

At Telenor we have an ambition to deliver Internet for All. Not for the privileged few but for everyone, everywhere. To achieve that ambition we need to examine the barriers that prevent people from enjoying the benefits that connectivity offers. While we are confident that the Internet enriches children's lives, we also know that children's drive to explore comes with certain risks.

As a particularly vulnerable group, children should receive special attention and a supportive eco-system should aim to address the risks and

2014	Revenues	EBITDA	Capex	Profit before taxes	Corporate income tax (CIT)	Employees
All figures in NOK million						Total - per 31.12
Norway	34 071	12 602	4 862	6 787	1 893	6 209
Sweden	13 543	3 842	1 525	2 280	507	2 083
Denmark	5 570	597	733	(263)	(20)	2 022
Hungary	4 254	1 382	1 227	875	207	1 169
Bulgaria	2 723	1 039	681	(431)	(29)	2 020
Serbia	3 039	1 110	283	794	109	1 403
Montenegro	541	185	46	185	13	317
Thailand	17 671	6 026	2 721	2 748	600	4 717
Malaysia	13 513	6 079	1 750	5 048	1 176	2 133
Bangladesh	8 367	4 435	1 232	2 839	1 225	4 722
Pakistan	6 247	2 379	2 301	1 651	635	4 641
India	4 212	1 164	1 374	616	4	3 318
Myanmar	290	(508)	4 281	(745)	-	367

grow the resilience of younger users. This eco-system needs to involve a range of different stakeholders.

At Telenor we see a role that we can play in several areas, and we have identified five focus areas where we want to make progress going forward. Across Telenor Group, our business units will strive to:

- Reach out to schools to grow awareness and provide education to children, parents, guardians and teachers
- Ensure guidance on the availability of meaningful and easy-to-use parental controls
- Provide access to toll-free child helplines with capacity to support children who have been exposed to harm
- Make available effective mechanisms for reporting illegal and harmful content
- Maintain effective mechanisms to prevent the spread of child sexual abuse

Status and ambitions

In 2014, Telenor Group Executive Management called on all Telenor business units to develop their position within the five focus areas pertaining to digital responsibility and child online safety.

In November 2014, the GSMA formed a partnership with Child Helpline International (CHI) to protect young people and safeguard their right to be heard. Together the GSMA and CHI will establish a roadmap for promoting child helplines across the globe. Telenor Group has been an enthusiastic supporter of this partnership and will promote quality helplines and support efforts to also reach such geographic locations where there is no service today.

Several of our business units started engaging with youth, teachers and parents to grow their digital resilience during 2014. At dtac in Thailand, a broad alliance was created to this end, involving government sector agencies, NGOs, UNICEF and dtac. For the age group 6-12 (Digikidz) the approach is about engagement with parents, schools and teachers. For older children and young adults a different approach is taken, which includes nationwide talk shows and a Youth's Voice campaign.

In India, Uninor kicked off their WebWise campaign in 2014. This centred on a group of seventeen WebWise ambassadors at Uninor and a partnership with a local Indian NGO called Jaagoteens. Content was developed to educate schoolchildren, and workshops were held at seven locations. In total, sixty-eight workshops were held and twenty-nine schools and more than 10,000 students were visited. During these visits a survey was conducted among all the students.

The Use Your Head campaign is Norway's most extensive drive against digital bullying. Since 2009 more than 550 schools have been visited and almost 166,000 pupils and 33,000 adults have improved their understanding of the issues surrounding digital bullying. In 2014, a Use Your Head app was developed and ambassadors in a celebrity programme came forward with their own experiences of digital bullying. The campaign uses relevant and effective communication channels and involves employees and their networks to reach out to the target groups.

Going forward into 2015, Telenor Norway will expand its target group to also include younger children (10-13 years), and the focus will be on further educating adults/parents.

Telenor will continue to engage with organisations that are dedicated to promoting children's rights in 2015. Our goal is to help children across all our markets to develop digital life skills. We are also determined to support the effort to end cyberbullying. To achieve this we are working with UNICEF and the Red Cross, as well as a string of smaller specialist NGOs. Government agencies are often involved and we see this as an area where real progress is best achieved through alliance-building and mutually reinforcing partnerships.

Fornebu, 17 March 2015

Svein Aaser
Chairman

Frank Dangeard
Deputy Chairman

Jon Erik Reinhardsen
Board member

Marit Vaagen
Board member

Dr. Burckhard Bergmann
Board member

Sally Davis
Board member

Dag J. Opedal
Board member

Barbara Milian Thoralfsson
Board member

Bjørn André Anderssen
Board member

Brit Østby Fredriksen
Board member

Harald Stavn
Board member

Jon Fredrik Baksaas
President & CEO

A glance at the Telenor group

Telenor
Norway
Telenor is the country's leading telecommunications operator.

Telenor
Sweden
Telenor is the third largest mobile operator in Sweden.

Telenor
Denmark
Telenor is the second largest mobile operator in Denmark.

Telenor
Hungary
Telenor is the second largest mobile operator in Hungary.

Telenor
Serbia
Telenor is the largest mobile operator in Serbia.

Telenor
Montenegro
Telenor is the largest mobile operator in Montenegro.

Telenor
Bulgaria
Telenor is the second largest operator in Bulgaria.

The Telenor Group is listed on the Oslo Stock Exchange

Telenor
Pakistan
Telenor is the second largest mobile operator in Pakistan.

Uninor
India
The Indian greenfield mobile operator Uninor launched its services in December 2009 and has presence in seven Indian telecom circles.

Grameenphone
Bangladesh
Grameenphone is the largest mobile operator in Bangladesh.
Grameenphone is listed on the Dhaka Stock Exchange (DSE) Ltd and the Chittagong Stock Exchange (CSE) Ltd.

Telenor
Myanmar
License signed in February 2014 and services launched 8 months later.
Ambitions to become market leader.

dtac
Thailand
dtac is the second largest mobile operator in Thailand and is listed on the Stock Exchange of Thailand.

Digi
Malaysia
Digi is the third largest mobile operator in Malaysia. Digi is listed on Bursa Malaysia.

VimpelCom
Telenor Group holds an economic stake of 33 per cent in VimpelCom Ltd. with 222 million customers (Q4 2014) in 14 markets.

17 March 2015

telenor group

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