Annual report 2008

2008 was a busy year for the Telenor Group. We delivered solid results and upheld market positions, in spite of challenging macro economic conditions. The decision to enter the Indian market, and a strengthened focus on sustainable operations, were other significant milestones for the Telenor Group in 2008.

telenor
group

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

Dear shareholder,

2008 was a busy year for the Telenor Group. We delivered solid results and upheld market positions, in spite of challenging macro economic conditions. With 22 million net subscriber additions during the year the Telenor Group reached 164 million mobile subscribers worldwide. The decision to enter the Indian market, and a strengthened focus on sustainable operations, were other significant milestones for the Telenor Group in 2008.

Jon Fredrik Baksaas
President & CEO

In the first half of 2008 some of our markets experienced reduced purchasing power as a result of increasing prices on fuel and basic goods. Further, the financial crisis and economic slowdown hit globally in the second half of 2008. In spite of this our operations performed well throughout the year, with full year revenues and EBITDA, including Kyivstar, at all time high. The Telenor Group continued its strategy of capturing growth in emerging markets combined with cash flow generation from more mature markets.

Following the disclosure of unacceptable working conditions at local suppliers of towers to Grameenphone in Bangladesh, Telenor launched an extensive project to assess and improve the health, safety, security and environmental conditions in our companies and towards our suppliers. This work is a process of continuous improvement, and the project is now established as a permanent group-wide structure. In spite of the challenge in Bangladesh, Telenor was ranked number one on the Dow Jones Sustainability Indexes in the telecom sector for the second consecutive year. We see this as a recognition of our long-term efforts in responsible and sustainable business throughout our operations.

The climate challenge has been high on the agenda also in 2008. Our communication services can be a part of the solution to the climate crisis, and we acknowledge that we need to start with ourselves. The Telenor Group has established ambitious goals of reducing the carbon intensity of the group's operations in the coming 10 year period.

Telenor's decision to enter India has received reactions from shareholders. While understanding the different opinions around this, given the current global financial crisis, I want to underline Telenor's long-term industrial history and focus. Entering the Indian mobile market represents a unique opportunity to take part in one of the fastest growing telecom markets in the world and leverage on Telenor's proven greenfield expertise and experience. The entry into India fits strongly with our industrial strategy, and I firmly believe that it will create long-term shareholder value.

The telecom sector has so far been less affected by the global economic slowdown than other industries. However, we expect a more challenging business environment in 2009, and our strategies and operations will be adjusted according to this. The operational focus in 2009 will be cost efficiency and control of capital expenditure, in order to secure cash flows. Successful launch of operations in India will be given high attention. Also, we will continue to vigorously defend our investments in Russia and Ukraine. With successful execution on these areas I believe the Telenor Group is well prepared and positioned for the challenges and opportunities going forward.

Report of the Board of Directors

Despite challenging surroundings, the Telenor Group delivered good organic revenue growth and stable margins in 2008, and achieved a net income for the year of NOK 14.8 billion. The Group maintained its market positions and passed 164 million mobile subscriptions by the end of the year.

MAIN EVENTS DURING 2008

The Telenor Group delivered continued growth and stable margins in 2008, in spite of the global financial crisis and economic downturn. In some of our markets the global economic trends were augmented by political instability and inflationary pressure. Although the telecom sector has so far proven to be more resilient to the economic slow-down than other industries, the turbulent environment has to some extent impacted subscriber growth and telecom usage in 2008, especially in some of our Asian markets.

During 2008 Telenor maintained its market positions and added 22 million mobile subscriptions, reaching a total of 164 million. Our operations in Thailand, Pakistan, Bangladesh and Russia were the main contributors to the subscriber growth.

In our Nordic markets the subscriber growth was driven by the strong growth in mobile broadband. During 2008 we also experienced increasing demand for mobile broadband in Hungary and Serbia. User friendly solutions and attractive price plans contributed to this development. To support the increasing demand for mobile broadband in these markets, Telenor made substantial investments in 3G and HSPA coverage and capacity during the year.

In April 2008, Telenor became aware of unacceptable working conditions at several suppliers to its subsidiary Grameenphone in Bangladesh. In response, Telenor initiated a group-wide project to review and improve health, safety, security and environmental standards across the supply chain. The project has resulted in updated standards for suppliers, and updated procedures for following up suppliers to detect and remedy non-compliance. In September 2008, Telenor was named sector leader in mobile telecoms on the Dow Jones Sustainability Indexes (DJSI) for the second year in a row.

In October 2008, Telenor signed an agreement to acquire a 60% stake in the Indian mobile operator Unitech Wireless. With this investment Telenor pursues its strategy of combining cash flow from mature markets with capturing growth in emerging markets. In spite of the transaction being negatively received in the capital market, the Board believes that the investment in one of the world's largest and fastest growing mobile markets, combined with our proven track-record in Asian mobile markets, will contribute to profitable growth and long-term industrial development of the Group. Unitech Wireless is consolidated from 20 March 2009. For more details, please see Events after the balance sheet date.

The long-lasting conflict between Telenor and Alfa Group, Telenor's partner in Kyivstar (Ukraine) and VimpelCom (Russia), continued during 2008. In January 2008 a federal district court in New York confirmed the arbitration ruling from October 2007, stating that Alfa Group was in non-compliance with the shareholder agreement in Kyivstar. Alfa Group started to attend board meetings and share-holder meetings in December 2008, after being held in contempt of US courts and thus heavily fined. The Court has yet to determine whether Alfa Group now also has complied with the court's orders to honour the non-compliance with the competition clause of the shareholder agreement. In August 2008 a court in Siberia held Telenor liable for damages of USD 2.8 billion, for allegedly hav-ing delayed VimpelCom's entry into Ukraine. The case was filed by Farimex Products, a company which Telenor believes to have close connections to the Alfa Group. On the first round of appeal, the claim was reduced by the appeals court to USD 1.7 billion. Telenor has appealed also this ruling, and the case is still ongoing. For more details please see Events after the balance sheet date and note 34 of the consolidated financial statements.

FINANCIALS

Revenues in 2008 were NOK 97.2 billion compared to NOK 92.5 billion in 2007. The revenue growth of 5% was in line with Telenor's outlook for 2008 as outlined in the Annual Report for 2007. The increase in revenues was mainly related to growth in the Asian operations and Broadcast, in addition to the acquisitions of Tele2 in Denmark and IS Partner in EDB Business Partner. Furthermore, there were increased revenues related to projects in Telenor Cinclus, which is included in Other units. On average, for the full year 2008, compared to 2007, the Norwegian Krone appreciated against most currencies. In total, this has led to a negative effect on revenues, reducing the revenue growth by approximately 1.5 percentage point.

EBITDA before other income and expenses increased by NOK 1.3 billion to NOK 30.3 billion, while the corresponding EBITDA margin of 31.2% was in line with 2007. Considerable margin improvements in the operations in Serbia and Pakistan were offset by margin deterioration in other operations. The EBITDA margin before other income and expenses for 2008 was in line with the expectations as outlined in the Annual Report for 2007.

Operating profit was NOK 15.2 billion compared to NOK 15.0 billion in 2007. Operating profit was negatively affected by non-recurring items of NOK 0.9 billion including loss contracts in Telenor Cinclus and Broadcast, loss on disposal of fixed and intangible assets related to a failed project with IBM in Fixed Norway and costs related to headcount reductions in the Nordic operations.

Profit before taxes was NOK 19.0 billion compared to NOK 20.0 billion in 2007. Profit from associated companies increased by NOK 0.4 billion and also included gain of NOK 1.6 billion from disposal of the shares in Golden Telecom. Net financial items decreased by NOK 1.5 billion, which was mainly related to a negative change in fair value of financial instruments in 2008 compared to a positive change in 2007. In addition, operating profit increased as mentioned above. Telenor's net income in 2008 was NOK 14.8 billion, NOK 7.83 per share. The corresponding figures for 2007 were NOK 19.2 billion and NOK 10.72 per share, respectively. In addition to the explanations given above the reduction of NOK 4.4 billion in net income was due to a higher effective tax rate for 2008 compared to the very low 10.9% effective tax rate for 2007, which was a consequence of recognition of deferred tax assets that have been impaired in prior years, as well as a gain on sale of discontinued operations, Telenor Satellite Services, in 2007.

Total investments in 2008 amounted to NOK 22.5 billion, of which NOK 20.6 billion were capital expenditure (capex) and NOK 1.9 billion were investments in businesses. Capex increased by NOK 1.1 billion, mainly due to the launch of the satellite Thor 5 in Broadcast, the acquisition of a 3G licence in DiGi, additional 2G spectrum in Grameenphone and a 4G licence in Sweden. This was partially offset by lower network investments in several operations. In addition to the factors mentioned above, capex in 2008 was mainly related to network expansion in the international mobile operations, as well as expansion of 3G and HSPA in the Nordic markets. Capex as a proportion of revenues was 21% in 2008, in line with the expectation of around 20% that was outlined in the Annual Report for 2007.

The net cash inflow from operating activities were NOK 25.6 billion in 2008 compared to NOK 23.7 billion in 2007. The change was mainly related to Telenor being in a tax paying position in Norway from the end of 2007. The net cash outflow from investing activities for the year 2008 was NOK 14.8 billion, a decrease of NOK 1.0 billion which was mainly related to lower capex payments. Paid capex was NOK 3.2 billion lower than reported capex for the year 2008, mainly due to no cash outflows related to DiGi's capitalisation of 3G spectrum, Broadcast's capitalisation of the satellite Thor 5, Grameenphone's partly paid spectrum acquisition and in general higher network roll-out at the end of 2008. Paid and reported capex were around the same level as for the year 2007. The net cash outflow from financing activities for the year 2008 was NOK 9.5 billion, an increase of NOK 3.9 billion, which is mainly explained by increased share buy-back and dividends paid.

At the end of 2008, total assets in the balance sheet amounted to NOK 187.2 billion with an equity ratio (including minority interests) of 47.3% compared to NOK 160.8 billion and 46.4%, respectively, in 2007. Total current liabilities at the end of 2008 were NOK 48.2 billion compared to NOK 38.3 billion at the end of 2007. Net interest-bearing liabilities increased from NOK 39.9 billion at the end of 2007 to NOK 45.5 billion at the end of 2008. The increase of NOK 5.6 billion was mainly related to the depreciation of the Norwegian Krone from the end of 2007 to the end of 2008. The increase in debt facilities was only slightly higher than the repayment of debt, while the net change in liquid assets was marginal. In the Board's view, Telenor holds a satisfactory financial position.

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

TELENOR'S OPERATIONS

Telenor's main operations are divided into three geographic areas: The Nordic countries, Central Eastern Europe and Asia. Of the 12 operations in these regions, the businesses in Norway, Sweden, Denmark and Russia offer both mobile and fixed telecommunication services, while the other businesses offer mobile telecommunication services. In addition to the mobile and fixed operations, the Group's core business comprises Telenor Broadcast, which has a leading position in the Nordic market for TV services. Other units of the Group include activities that support the core business as well as some financial investments.

Nordic countries

In the mature Nordic markets the number of mobile subscribers increased by 342,000, reaching 6.7 million. The growth was primarily driven by successful uptake of mobile broadband in Norway and Sweden.

Revenues in Mobile Norway in 2008 decreased by 2% compared to 2007, mainly due to lower wholesale revenues following the migration of the Tele2 agreement with full effect from the second quarter of 2008, which was only partially compensated by a national roaming agreement with Network Norway from September 2008. Retail revenues, however, increased by 6% mainly driven by increased use of mobile voice and data services. Cost efficiency measures initiated early 2008 contributed to retaining the EBITDA margin before other income and expenses in line with 2007. In Fixed Norway, increased revenues from broadband and wholesale products did not fully compensate for lower revenues from telephony. Revenues declined by 3% in 2008, compared to a 4% reduction in 2007. The EBITDA margin before other income and expenses decreased mainly due to a shift towards products with a lower gross margin in addition to the consolidation of the low margin business Datametrix from September 2008.

Revenues in Telenor Sweden declined by 5% compared to 2007. Mobile revenues declined by 2% mainly as a result of reduction in interconnect and roaming charges. Fixed revenues declined by 9% as a result of reduction in the number of PSTN and DSL subscriptions and a declining ARPU. Lower focus on broadband services based on third party DSL and increased focus on mobile broadband led to a lower DSL subscription base. EBITDA and EBITDA margin before other income and expenses increased slightly compared to 2007.

Telenor in Denmark had a revenue growth of 8% from 2007 to 2008, mainly due to the acquisition of Tele2 Denmark in July 2007. Fixed revenues have shown a declining trend during 2008 due to reduction in DSL and PSTN subscriptions and increased price pressure. Mobile revenues increased slightly mainly due to a higher subscription base. EBITDA before other income and expenses remained stable, while the EBITDA margin declined, mainly due to the consolidation of the low margin business Tele2.

Capex in the Nordic region was mainly related to 3G and increased capacity on HSPA related to growth in mobile broadband.

Central Eastern Europe

In Central and Eastern Europe, Telenor's operations in Hungary, Serbia and Montenegro are consolidated. Kyivstar in Ukraine and VimpelCom in Russia are reported as associated companies. Revenues in Pannon in Hungary remained stable although the number of subscriptions increased by 10%. Higher revenues from increased usage and a larger subscription base were offset by reduction in interconnect and roaming fees as well as lower handset sales. EBITDA margin before other income and expenses increased slightly, mainly from lower handset subsidies. The financial performance in Telenor Serbia has improved significantly during 2008, compared to 2007, which was a transition phase after the company was acquired in 2006. There was an 8% revenue growth in 2008 corresponding to a 3.5% increase in the number of subscriptions. Good cost control and lower handset subsidies improved the EBITDA margin before other income and expenses to 45% compared to 36% for 2007. In Promonte in Montenegro, revenues remained stable in 2008, compared to a 25% growth in 2007, mainly related to a maturing market and increased competition following the entrant of a third mobile operator in 2007. The EBITDA margin before other income and expenses decreased by 2.5 percentage points during 2008. Capex in the CEE region as a proportion of revenues declined from a range of 14–23% in 2007 to 9–16% in 2008, mainly due to a reduction in 3G investments. In addition, capital expenditure in 2007 included the renewal of a 2G licence in Pannon and the acquisition of a 3G licence in Promonte.

Although Kyivstar financially is being reported as an associated company, the company is followed up by management in line with other subsidiaries. In 2008, Kyivstar continued to deliver a solid financial and operational performance with a 10% revenue growth and an EBITDA margin before other items of 58%.

Kyivstar was deconsolidated on 29 December 2006, due to injunctions in Ukraine prohibiting Kyivstar's management from providing financial information to Kyivstar's external auditors and its shareholders, including Telenor. After the termination of the last injunction on 23 November 2007, Kyivstar has provided Telenor with unaudited financial information and was reported as an associated company from the fourth quarter of 2007. Due to Storm's boycott of Kyivstar's governing bodies since spring 2005, the corporate governance of the company was stymied. To restore corporate governance in Kyivstar, Telenor filed for arbitration in February 2006. In spite of a unanimous arbitration award, later upheld by the federal court in New York, Storm would not comply. Hence, on 23 January 2008, Telenor filed a contempt motion with the federal court in New York against Storm LLC, its two direct shareholders Alpren Ltd. and Hardlake Ltd., and Altimo Holdings & Investments Ltd. The court ruled on 19 November 2008, finding for Telenor on all accounts and ordering Storm to take all steps necessary to restore corporate governance in Kyivstar. On 16 December 2008 the shareholders met at two extraordinary general meetings of shareholders to bring the charter in compliance with Ukrainian law. For further information, see Events after the balance sheet date and note 3, 21 and 34 to the consolidated financial statements.

Asia

In Asia, Telenor has operations in Thailand, Malaysia, Bangladesh and Pakistan. Revenue growth in 2008 was mainly driven by subscriber growth and in Grameenphone and DiGi also by increased use of mobile services. During 2008, the operations in Asia added close to 13 million subscriptions, reaching 66 million, mainly driven by Telenor Pakistan and Grameenphone in Bangladesh. In spite of increased competition and price pressure, revenues increased by 17% in Telenor Pakistan and by 9% in Grameenphone and in DiGi in Malaysia. In DTAC in Thailand, revenues remained stable compared to 2007 in spite of subscriber growth, mainly due to the introduction of the interconnect regime impacting usage patterns, but also as a consequence of factors like political uncertainty and high inflation affecting consumer spending negatively.

The EBITDA margin before other income and expenses for 2008 in Telenor Pakistan increased significantly as a result of subscriber growth and by reducing the number of leased lines in favour of employing its own fibre network. In DTAC, improved traffic balance contributed to a higher margin. Grameenphone managed to maintain its EBITDA margin before other income and expenses in line with last year. Market growth in Bangladesh slowed down during the second half of 2008, hence decreasing the subscriber acquisition costs. Furthermore, during the third quarter of 2008, the major operators in Bangladesh increased the starter-kit prices. In Malaysia, number portability was introduced in the third quarter of 2008. Intensified competition and increased sales and marketing activities, encouraging subscribers to move to DiGi, led to a reduction in EBITDA margin before other income and expenses.

Investments in the Asian operations in 2008 were primarily related to network expansion and enhancing quality and capacity in line with traffic levels. In addition to this, DiGi acquired a 3G licence in consideration for issuance of new shares, with no cash effect, while Grameenphone acquired additional 2G spectrum.

Broadcast

Telenor Broadcast maintained its leading position in the Nordic market for TV services and continued its expansion worldwide through Conax, offering security solutions for digital TV. Revenues in2008 grew by 14%, partly due to Conax, higher revenues from terrestrial and satellite TV-transmission, and higher sale of additional services to our Nordic pay-TV subscribers. In the first quarter of 2008, a new satellite, Thor 5, was launched and in the fourth quarter of 2008, the digital terrestrial network in Norway was finalised. EBITDA before other income and expenses in 2008 was NOK 1,630 million compared to NOK 1,683 million in 2007. The decline was mainly related to a reduction in EBITDA margin in Canal Digital, primarily due to a higher share of the customers subscribing to basic packages rather than premium packages and increased costs related to CRM and distribution of boxes.

Other units

Revenues in Other units increased by NOK 2.1 billion, or 23%, to NOK 11.0 billion. The growth was mainly related to the acquisition of IS Partner in EDB Business Partner in 2008 and higher project revenues in Telenor Cinclus. EBITDA before other income and expenses was NOK 18 million in 2008 compared to NOK 126 million in 2007.

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

RESEARCH AND DEVELOPMENT

The Telenor Group has substantial activities and many projects within research and development. In 2008, research and development expensed in the profit and loss was NOK 554 million, while the total costs of research, development and innovation were estimated to NOK 1.1 billion.

Telenor's research activities are basically located to the central Research & Innovation unit. In addition there are development and innovation activities both centrally and in all subsidiaries. Research and development is essential to secure the Group's competitive strength in present and future markets. Telecom, IT and media industries experience a time of rapid change and huge challenges.

Technological changes lead to convergence of technologies that were earlier separate, and this causes increasing competition both within and across existing industries. New growth areas for Telenor, like mobile and fixed broadband services, mobile financial services, and communications with and between objects (M2M), are all supported by the Group's research and development activities.

HEALTH, SAFETY, SECURITY AND ENVIRONMENT (HSSE)

In 2008 the Telenor Group has worked proactively and systematically on the continuous improvement of occupational health and safety. Focus has been placed on absence due to sickness and rehabilitation, leadership training, ergonomics, employee security and crisis management. A total of 198 HSSE reviews were carried out in 2008, including 96 in Norway. During the year, 4,964 employees took part in HSE training programmes, including 359 in Norway.

Absence due to sickness in Norway was 4.70% in 2008, a marginal reduction of 0.05 percentage points compared to 2007. The average rate of absence due to sickness in other parts of the Group was 1.8%. A total of 58 lost time work injuries were recorded in 2008 among Telenor employees. A total of 69 minor injuries and 33 near miss accidents were also registered. One work related fatal accident was reported among Telenor employees, and a total of 49 were reported from subcontractors. The corresponding figures for the Norwegian part of the Group are 7 lost time injuries, 8 minor injuries, 2 near miss accidents and no fatal accidents.

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

Since 1996, Telenor in Norway has had a two year course and work training programme for the physically disabled: Telenor Open Mind, with the aim of giving participants the opportunity to be included in regular working life through relevant work training and experience. So far about 75% of the participants have entered the regular labour market after completing the programme. An external evaluation (Sintef 2006) estimated that Telenor Open Mind led to socio-economic savings of at least NOK 100 million in the period 1996–2006. In 2007, similar activities were initiated in DiGi (Malaysia) and in Telenor Sweden, and in 2008 Telenor Serbia also launched programmes for the physically disabled.

In April 2008, Telenor became aware of unacceptable working conditions at several suppliers to its subsidiary Grameenphone in Bangladesh. In response, Telenor initiated a Group wide project (HIT) to review and improve health, safety, security and environment (HSSE) standards across the supply chain. The project has resulted in updated standards for suppliers, a new focus on identifying HSSE risk, and updated procedures for following-up with suppliers to detect and remedy non-compliance. As part of the HIT project, Det Norske Veritas (DNV) executed 65 supplier assessments in 11 countries, which were based on relevant local law, Telenor contractual requirements, and requirements of ISO 14001, OHSAS 18001 and SA 8000 standards. The assessments identified lack of awareness on health, safety and environmental issues, labour rights and local law requirements in some countries. Other findings showed working hours exceeding legal limits, inconsistent use of personal protective equipment, and that a formal management system with regard to environment, health & safety and social accountability rarely existed. All the local HIT teams have started to work with the local suppliers to ensure compliance with the relevant requirements and standards and rectify the findings from DNV. Telenor has also initiated awareness building programmes with suppliers in order to increase awareness of HSSE challenges.

PEOPLE AND ORGANISATION

At the end of 2008, the Telenor Group had 38,800 employees, of which 10,400 in Norway and 28,400 outside Norway. This is an increase of 200 employees in Norway, as well as an increase in international operations of 2,800 employees since 2007. In addition there are approximately 5,500 employees in Kyivstar.

Telenor recognises the importance of attracting and retaining skilled and motivated employees and managers with a strong commitment to the business in line with Telenor's ethical guidelines and values. In 2008, the group continued the global Telenor Development Process (TDP) which consists of a number of sub-processes. The joint effect of the process is an organisation, managers and employees that develop and produce results in accordance with Telenor's strategy and core values. We see a consistent development of leadership capabilities and knowledge and understanding of Telenor core values and codes of conduct among employees. In 2008 we have established a foundation for a uniform way to manage talents across the organisation. Further we have established a basis for better utilisation of knowledge across the

Telenor Group through development of the virtual workplace and increased mobility.

Telenor is committed to ensuring diversity in the group and can demonstrate good results in this area. This work focuses on women, ethnic minorities, senior employees and those with disabilities. In 2008 we have established a senior policy in the Norwegian part of the Telenor Group. Telenor sets requirements for diversity in recruitment and management development programmes. We recognise that a good balance between work and private life is becoming increasingly important for today's talents and managers, both male and female.

Statistics show that 37% of the total workforce consists of women in the Norwegian part of the Group. The corresponding figure for managers is 36%. In 2008, the Board of Telenor ASA consisted of 36% women and 64% men.

CORPORATE RESPONSIBILITY

The Telenor Group continuously works to make corporate responsibility a part of the way we do business – both strategically and operatively. We become an integral part of the societies we join and it is therefore vital that we also operate responsibly in all aspects of our business. Achieving this requires close engagement with, and awareness of, the social and economic challenges and needs in the Telenor Group's different markets.

Several studies have shown that mobile communications can contribute to sustainable growth and benefit the living conditions of individuals and communities. The Telenor Group seeks to maximise this potential through offering innovative products and services that extend the benefits of mobile communications to as many people as possible. In 2008, Telenor continued to work with partners across different markets to develop projects in areas that have not previously had access to mobile communication.

In April 2008, Telenor became aware of the need for an increased focus on monitoring and following up standards in our supply chain, after unacceptable working conditions were revealed at several suppliers to our subsidiary Grameenphone in Bangladesh. In response, Telenor initiated a Group-wide project to address supply chain follow-up. This included updating our Supplier Conduct Principles and implementing a new system for assessing risks of non-compliance. We further strengthened our process for monitoring compliance through both announced an unannounced supplier visits. For further information on the actions taken on this issue, please refer to the Health, Safety, Security and Environment section of this report.

During 2008, Telenor made great strides in its establishment of a comprehensive climate strategy. The Telenor Climate Change Programme was launched in January 2008. The Programme focused its work on four key work streams: reducing internal emissions, evaluating sources of renewable energy, exploring business opportunities and engaging employees. Development of strategies to reduce internal emissions was well underway, with a focus on improving network efficiency and improving the energy efficiency of buildings and IT infrastructure. Telenor further significantly extended its application of virtual working tools in order to replace non-essential business travel, which will contribute to reducing CO_2 emissions.

Telenor also initiated improvements of its non-financial accounting and reporting, with an initial emphasis on environment related data. Building on the foundation laid in 2007, Telenor strengthened its process for measuring CO_2 emissions. Emission measurements include the CO_2 emissions caused by the production of electricity bought from the electric power plants in the countries in which Telenor operates, in addition to our own electricity production. Total emissions for 2008 are calculated to be approximately

722 000 tonnes of CO_2. Network operations accounted for 82% of emissions, while buildings accounted for 8% and the figure for transport and business travel was 8%.

In 2008, Telenor was named sector leader in mobile telecommunications on the Dow Jones Sustainability Indexes (DJSI) for the second year in a row. The ranking is based on a thorough review of Telenor's performance on the social, environmental, and economic aspects of sustainability.

For more information on Telenor's corporate responsibility please visit http://www.telenorgroup.com/en/corporate-responsibility/.

RISK FACTORS AND RISK MANAGEMENT

The Telenor Group's activities are exposed to a number of financial, operational, regulatory, industry and political risks. Some risk factors are specific to the Group's business operations while others exist where the Group has more limited opportunity to influence and control. The Board ensures that the Group undertakes the steps necessary to manage its risk profile. For Telenor's strategy to be successful and inspire the necessary confidence among shareholders, risk assessment and risk management must form part of the Group's core expertise. The Board assess risks thoroughly in connection with new investments, and on an ongoing basis in relation to existing investments.

The Group management has endorsed the roll out of a Group-wide risk management process for assessing and managing the Group's risk profile. Through this, risk management helps to underpin Telenor's competitiveness by developing a culture and practices that systematically recognise threats to the business and propose responses to them. Risks are assessed, assigned ownership and followed up with appropriate risk strategies.

Financial risk

As a consequence of the recent financial crisis, the financial risks in general have increased. Telenor has managed these exposures in accordance with Group Policy Treasury, and the Board and management is comfortable with the current situation. Telenor is exposed to foreign exchange rate fluctuations and changes in interest rates. A substantial part of Telenor's revenues are generated in other currencies than the Norwegian Krone. Exchange rate fluctuations may also affect the value of Telenor's debt, the cost of debt and capital expenditures. Exchange rate risk related to some net investments in foreign operations is partly hedged by issuing financial instruments in the currencies involved, when this is considered appropriate. Committed cash flows in foreign currency equivalent to NOK 50 million or above, are hedged economically by using forward contracts.

Telenor is exposed to interest rate risk through funding and cash management activities. The main consideration regarding management of interest rate risk is to reduce the financial risk and minimise interest cost over time. In order to manage interest rate fluctuations, financial instruments are used, such as fixed rate debt and interest rate swaps.

Telenor is also exposed to credit risk mainly related to accounts receivables and investments in financial institutions. Stringent requirements have been set for financial institutions creditworthiness and restrictions have been set on aggregated credit exposure for each counterparty. Telenor attaches importance to financial flexibility, and has taken measures to ensure satisfactory flexibility through access to a diversified set of funding sources. Telenor has established sufficient committed credit facilities, and debt maturities are spread relatively evenly in time to mitigate refinancing and liquidity risk.

Supplementary information about risk factors and risk management is provided in note 30 of the consolidated financial statements.

Operational risk

Telenor's performance is influenced by the economic conditions in the markets in which it operates. The global economy and the global financial system have been experiencing significant turbulence during 2008. Continued deterioration in the economies throughout the world may significantly impact Telenor's earnings and financial position. Emerging markets such as Russia, Ukraine, Thailand, Pakistan and Bangladesh are subject to greater risks than more developed markets.

In some of the emerging markets in which Telenor operates, Telenor has invested in low ARPU subscribers in anticipation that their mobile telecommunications spending will increase with GDP growth. In more mature markets, Telenor's ability to achieve further revenue growth from mobile communications services may be constrained if Telenor fails to successfully develop and market new mobile communications services.

The quality and reliability of Telenor's telecommunications services depends on the stability of our networks. These networks are vulnerable to damage or service interruptions, which may be caused by external factors. In 2008, power outages have frequently occurred in Pakistan, affecting network availability and increasing our operating costs due to the need to use generators for back-up power supply.

Regulatory risk

Telenor's operations are subject to extensive regulatory requirements in the countries in which it operates. Telenor is required to comply with sector specific regulation governing the licensing, construction and operation of Telenor's telecommunications, cable television, broadcasting and satellite networks and services, as well as competition and consumer protection laws (which include access and price regulation) applicable to the telecommunications industry in each of the markets in which Telenor operates.

The regulatory framework applicable to Telenor as a domestic operator in Norway or as a foreign operator in the other markets in which it operates may be discriminatory and could impair Telenor's ability to compete effectively in its existing or new markets, and may adversely affect its ability to operate its business, including its level of flexibility in setting tariff structures for interconnection and roaming services.

Telenor derives an increasingly higher portion of its revenues and profits from its international operations. As a result, regulatory uncertainty or unfavourable regulatory developments in certain countries could adversely affect Telenor's results and business prospects.

Telenor depends on licences and access to spectrum, and numbering resources in order to provide communications services in new markets and to satisfy future subscriber growth in its existing markets. In certain situations, new spectrum licences may have a significant impact on the competitive environment. 3G licences or other spectrum licences are expected to be issued in the coming years in Pakistan, Bangladesh, Thailand and Ukraine. If Telenor is not successful in acquiring spectrum licences or is required to pay higher rates than expected this might impact Telenor business strategy, and/or Telenor could be required to make additional investments to maximise the utilisation of existing spectrum.

In several of the countries where Telenor operates, the government has imposed sector specific taxes and levies. The introduction of or increase in sector specific taxes and levies may adversely impact Telenor's business.

Industry risk

Competition in the mobile telecommunications industry is based mainly on price, network coverage, quality and customer service. In all markets in which Telenor operates, Telenor faces a substantial number of direct competitors. In addition, Telenor indirectly competes against several other operators that provide fixed-line and other types of telecommunications services.

Telenor's ability to provide commercially viable telecommunications services depends, in part, upon its arrangements with third parties, including other telecommunications operators. Telenor relies on network interconnection and other arrangements with other telecommunications operators to allow its subscribers to communicate with subscribers of other mobile and fixed-line telecommunications service providers. Any failure of these third parties to perform within the agreed service requirements could materially affect Telenor's business reputation and results of operation. Further, Telenor may not be able to maintain its existing arrangements with these parties on terms that are commercially acceptable, and any material increase in costs in connection with such arrangements could have a material adverse effect on Telenor's business, reputation and results of operations. In addition, any interruption of service may impact Telenor's quality of technological service and increase its churn rate.

The global telecommunications industry is characterized by increasing diversity and rapid changes in technology and service offerings. As a result, Telenor may face increasing competition from the application of technologies which are currently being developed, or which may be developed in the future, by Telenor's existing competitors, new market entrants or telecommunications equipment firms. Future development or application of new or alternative technologies, services or standards could require significant changes to Telenor's business model, the development of new products or investments.

Political risk

Political instability in the countries in which Telenor operates could adversely affect Telenor's business, financial conditions and operating results. The reversal of reform policies or arbitrary exercise of governmental discretion targeted at specific individuals or companies could harm Telenor's business in emerging markets more generally.

Weak legal systems in emerging markets create an uncertain environment for investment and business activities. The tax systems in many of the emerging markets in which Telenor operates are uncertain and various tax laws are subject to different interpretations.

Also see note 34 to the consolidated financial statements.

SHARES AND SHAREHOLDER ISSUES

The Telenor share is listed on the Oslo Stock Exchange and was one of the most traded shares on the Oslo Stock Exchange in 2008. The share price declined by 64% during the year. By comparison, the Dow Jones STOXX 600 Telecommunications Index (SXKP) and the Oslo Benchmark Index (OSEBX) declined by 37% and 54%, respectively. in the same period. The Telenor share traded at NOK 46.30 as of 31 December 2008, which corresponds to an equity value of NOK 77 billion.

In accordance with the authority given by the Annual General Meeting on 8 May 2008, Telenor reduced the share capital by a total of NOK 134.3 million on 15 July 2008. This was done by cancelling 10,305,222 own shares and by redeeming 12,080,502 shares held by the Kingdom of Norway.

At year-end 2008, Telenor's share capital was NOK 9,947 million, divided into 1,657,888,846 shares. The company had 41,916 shareholders at year-end. The 20 largest shareholders held 78.9% of the outstanding shares. At the end of 2008, Telenor did not hold any own shares.

Through active communication with capital markets and shareholders in 2008, Telenor ensured that all significant information material required for an external evaluation of the Group was published in accordance with applicable rules and guidelines.

CORPORATE GOVERNANCE

The Board places emphasis on Telenor maintaining a high standard of corporate governance in line with Norwegian and international rules and recommendations. An in-depth description of Telenor's practice and management of these issues is available at http://www.telenor.com/en/about-us/corporate-governance/

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

With regard to the Board's use of sub-committees and the Board's work within risk management and internal control, a more in-depth description of this is available at Telenor's website together with the other description of corporate governance in Telenor.

COMPOSITION AND WORK OF THE BOARD

Telenor's Board of Directors has a diverse composition and competence tailored to the company's needs. None of the Board members, apart from the employee representatives, are employees of Telenor or have carried out work for Telenor. The Board's work complies with Telenor's instructions for Board members and the applicable guidelines and procedures. The Board has also carried out a self-assessment of its own activities and competence. The Board of Directors held 20 Board meetings in 2008.

In May 2008 the Corporate Assembly elected Burckhard Bergmann as new member to the Board for a period of one year. Hence the Board was expanded to 11 members and hereby consists of Harald Norvik (Chairman), Bjørg Ven (Vice Chairman), Burckhard Bergmann, Paul Bergqvist, John Giverholt, Liselott Kilaas, Kjersti Kleven, Olav Volldal, Bjørn André Anderssen (employee representative), Mai Krosby (employee representative) and Harald Stavn (employee representative).

EVENTS AFTER THE BALANCE SHEET DATE

On 28 October 2008 Telenor executed an agreement to acquire a controlling interest in Unitech Wireless, through subscription for new shares. Telenor and Unitech Ltd have agreed to proceed with completion of the transaction with certain adjustments. While Telenor's initial investment under the agreement will continue to be the previously agreed INR 61.2 billion (approximately USD 1.2 billion), it has been agreed that Telenor would be holding 67.25% in Unitech Wireless after this investment, instead of previously agreed 60% (subject to regulatory approval). On 20 March 2009, Telenor made the first capital injection in Unitech Wireless of INR 12.5 billion (approximately USD 250 million), thereby completing the transaction. Following this investment, Telenor's ownership share in Unitech wireless was 33.5%. Telenor's remaining investment of INR 48.7 billion (approx. USD 970 million) will be completed in three tranches during 2009. See note 4 for more information about the transaction.

On 29 December 2008, the Eighth Arbitrazh Appellate Court in Omsk in Siberia cancelled the USD 2.8 billion judgment issued against Telenor in August 2008 in Khanty-Mansiysk, Siberia. The claim was made by Farimex Products, in which Farimex alleged that Telenor's nominees on the VimpelCom Board delayed VimpelCom's acquisition of the Ukrainian mobile operator Ukrainian Radio Systems (URS). The Omsk court said it would reconsider the case from the beginning. Then on 20 February 2009, the Court in Omsk held Telenor liable for approximately USD 1.7 billion in damages. The Court denied Farimex's motion to arrest Telenor's VimpelCom shares, but said that the damage claim could be enforced by both VimpelCom and Farimex. On 4 March 2009, Telenor appealed the courts decision. On 11 March 2009, a US federal court in New York held four Alfa Group companies in contempt for the second time for their failure to comply with the court's orders confirming the Kyivstar arbitration award. Shortly after this hearing ended, a Russian bailiff acting on behalf of Farimex Products had arrested all of Telenor's shares in VimpelCom. On 23 March 2009, Telenor's request for a stay order of the decision by the court in Omsk until the appeal has been heard was denied by the court in Tyumen, Siberia. The appeal is expected to be heard by the court in Tyumen in May 2009. For more information about this case and the shareholder conflict between Telenor and Alfa Group, see note 3, 21 and 34.

OUTLOOK FOR 2009

Based on the proforma group structure including Kyivstar (excluding the investment in India) and currency rates as of 31 December 2008:

- Telenor's outlook for 2009 is affected by increased uncertainty in terms of future global growth. Our best estimate at this point is that organic revenues for 2009 will be in line with 2008.
- The EBITDA margin before other income and expenses is expected to be around 34%.
- We expect capex as a proportion of revenues, excluding licences and spectrum, to be in the range of 15–17%.
- Telenor expects that the investment in India will contribute with marginal increase in organic revenues, an EBITDA loss in the range of NOK 2–2.5 billion and capex in the range of NOK 5.5–6.5 billion for 2009.

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

ANNUAL RESULT AND ALLOCATIONS

The result for the year 2008 for Telenor ASA was NOK 1,609 million, after receipt of a group contribution of NOK 5,059 million. The Board proposes the following allocation:

Transferred to retained earnings: NOK 1,609 million.

After this allocation, Telenor ASA's distributable equity totalled NOK 20,524 million as of 31 December 2008.

At the Annual General Meeting in May 2009, the Board will propose that no dividend will be paid for 2008. The proposal is related to the decision to fund the Unitech Wireless investment in India through cash flow and issuance of additional debt.

Fornebu, 26 March 2009

Harald Norvik Chairman of the Board of Directors	Bjørg Ven Vice-chairman of the Board of Directors

John Giverholt Board member	Kjersti Kleven Board member	Olav Volldal Board member	Liselott Kilaas Board member	Burckhard Bergmann Board member
Paul Bergqvist Board member	Harald Stavn Board member	May Krosby Board member	Bjørn Andre Anderssen Board member	Jon Fredrik Baksaas President & CEO

CONSOLIDATED INCOME STATEMENT

Telenor Group 1 January – 31 December

NOK in millions, except per share amounts	Note	**2008**	2007	2006 (unaudited)
Revenues	6	**97 194**	92 473	91 077
Operating expenses				
Costs of materials and traffic charges	7	**26 356**	25 924	22 547
Salaries and personnel costs	8	**13 400**	12 071	11 369
Other operating expenses	9, 11	**27 134**	25 494	24 169
Other (income) and expenses	10	**912**	(273)	305
Depreciation and amortisation	12	**14 104**	13 958	14 721
Impairment losses	12	**106**	314	258
Operating profit		**15 182**	**14 985**	**17 708**
Profit from associated companies	21	**6 836**	6 462	2 353
Financial income and expenses				
Financial income	13	**722**	568	903
Financial expenses	13	**(3 058)**	(2 690)	(2 306)
Net currency gains (losses)	13	**(487)**	(208)	(301)
Net change in fair value of financial instruments at fair value through profit or loss	13	**(452)**	845	1 293
Net gains (losses and impairment losses) of financial assets and liabilities	13	**260**	9	1 878
Net financial items	13	**(3 015)**	**(1 476)**	**1 467**
Profit before taxes		**19 003**	**19 971**	**21 528**
Taxes	14	**(4 193)**	(2 168)	(3 148)
Profit from continuing operations		**14 810**	**17 803**	**18 380**
Profit (loss) from discontinued operations	15	**-**	1 400	155
Net income		**14 810**	**19 203**	**18 535**
Net income attributable to:				
Non-controlling interests (Minority interests)		**1 745**	1 187	2 615
Equity holders of Telenor ASA		**13 065**	18 016	15 920
Earnings per share in NOK:				
From continuing operations				
Basic	16	**7.83**	9.89	9.35
Diluted	16	**7.82**	9.88	9.35
From total operations				
Basic	16	**7.83**	10.72	9.44
Diluted	16	**7.82**	10.71	9.44

CONSOLIDATED BALANCE SHEET

Telenor Group as of 31 December

NOK in millions	Note	2008	2007
ASSETS			
Deferred tax assets	14	2 815	2 771
Goodwill	17, 18	34 227	29 672
Intangible assets	19	31 153	26 476
Property, plant and equipment	20	59 772	48 974
Associated companies	21	20 811	20 425
Other non-current assets	23	6 020	3 040
Total non-current assets		**154 798**	**131 358**
Prepaid taxes		104	38
Inventories		1 357	1 828
Trade and other receivables	22	20 909	19 872
Other financial current assets	23	1 079	895
Cash and cash equivalents	24	8 925	6 841
Total current assets		**32 374**	**29 474**
Total assets		**187 172**	**160 832**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of Telenor ASA	25	80 947	68 797
Non-controlling interests (Minority interests)	25	7 621	5 858
Total equity	25	**88 568**	**74 655**
Liabilities			
Non-current interest-bearing financial liabilities	26	40 452	39 725
Non-current non-interest-bearing financial liabilities	29	944	1 074
Deferred tax liabilities	14	4 696	3 744
Provisions and obligations	27, 28	4 315	3 330
Total non-current liabilities		**50 407**	**47 873**
Current interest-bearing financial liabilities	26	15 581	7 524
Trade and other payables	29	28 676	26 829
Current tax payables	14	1 707	2 667
Current non-interest-bearing liabilities	29	1 377	598
Provisions and obligations	27	856	686
Total current liabilities		**48 197**	**38 304**
Total equity and liabilities		**187 172**	**160 832**

Fornebu, 26 March 2009

Harald Norvik
Chairman of the Board of Directors

Bjørg Ven
Vice-chairman of the Board of Directors

John Giverholt
Board member

Kjersti Kleven
Board member

Olav Volldal
Board member

Liselott Kilaas
Board member

Burckhard Bergmann
Board member

Paul Bergqvist
Board member

Harald Stavn
Board member

May Krosby
Board member

Bjørn Andre Anderssen
Board member

Jon Fredrik Baksaas
President & CEO

CONSOLIDATED CASH FLOW STATEMENT

Telenor Group 1 January – 31 December

NOK in millions	Note	**2008**	2007	2006 (unaudited)
Proceeds from sale of goods and services		**98 656**	91 211	92 956
Payments to suppliers of goods and services and of other operating expenses		**(54 852)**	(49 517)	(48 610)
Payments to employees, pensions, social security tax and tax deductions		**(13 142)**	(12 068)	(11 864)
Proceeds from interest income		**707**	694	868
Proceeds from dividends		**1 258**	649	122
Proceeds from other financial income		**196**	104	104
Payments of interest expenses		**(2 753)**	(3 361)	(2 524)
Payments of other financial expenses		**(65)**	(68)	(131)
Other proceeds and payments related to operating activities		**(73)**	(24)	(91)
Payment of income taxes and public duties		**(4 303)**	(3 924)	(189)
Net cash flow from operating activities [1]		**25 629**	23 696	30 641
Proceeds from sale of property, plant and equipment (PPE) and intangible assets		**137**	167	134
Purchases of PPE and intangible assets		**(17 465)**	(19 063)	(19 224)
Proceeds from disposal of subsidiaries and associated companies, net of cash disposed	24	**4 154**	8 256	1 037
Purchases of subsidiaries and associated companies, net of cash acquired	24	**(1 321)**	(5 942)	(21 964)
Proceeds from sale of other investments		**405**	1 053	3 810
Payments for other investments		**(713)**	(313)	(288)
Net cash flow from investment activities		**(14 803)**	(15 842)	(36 495)
Proceeds from borrowings		**14 549**	30 276	48 643
Repayments of borrowings		**(15 083)**	(30 870)	(36 065)
Proceeds from issuance of shares, including from non-controlling interests		**338**	538	110
Purchase of treasury shares		**(2 108)**	(440)	(953)
Repayment of equity and dividends paid to non-controlling interests in subsidiaries		**(1 514)**	(919)	(976)
Dividends paid to shareholders of Telenor ASA	24	**(5 678)**	(4 201)	(3 389)
Net cash flow from financing activities		**(9 496)**	(5 616)	7 370
Effects of exchange rate changes on cash and cash equivalents		**754**	(319)	(179)
Reclassified cash and cash equivalents to Investment in Kyivstar		**-**	-	(3 221)
Net change in cash and cash equivalents		**2 084**	1 919	(1 884)
Cash and cash equivalents at 1 January		**6 841**	4 922	6 806
Cash and cash equivalents at 31 December		**8 925**	6 841	4 922
Of which cash and cash equivalents in discontinued operations at 31 December		**-**	-	294
Cash and cash equivalents in continuing operations at 31 December	24	**8 925**	6 841	4 628

[1] **Reconciliation**

Profit before taxes including profit from discontinued operations	19 003	20 237	21 764
Income taxes paid	(3 870)	(3 187)	(357)
Net (gain) loss including impairment losses and change in fair value of financial items	394	(1 359)	(3 277)
Depreciation, amortisation and impairment losses	14 210	14 333	15 241
Profit and loss from associated companies	(6 836)	(6 467)	(2 362)
Dividends received from associated companies	1 258	643	113
Changes in inventories	652	(923)	(363)
Changes in trade accounts receivable and prepayments from customers	1 926	(2 993)	(519)
Changes in trade accounts payable	(703)	718	203
Difference between expensed and paid pensions	133	42	(166)
Currency (gains) losses not relating to operating activities	441	168	219
Change in other operating working capital assets and liabilities	(979)	2 484	145
Net cash flow from operating activities	**25 629**	**23 696**	**30 641**

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Telenor Group – for the years ended 31 December 2007 and 2008

NOK in millions	Attributable to equity holders of Telenor ASA: Total paid in capital [1]	Other reserves [1]	Retained earnings	Cumulative translation differences [1]	Total	Non-controlling-interests[1]	Total equity
Balance as of 1 January 2007	19 424	6 171	30 787	1 611	57 993	4 735	62 728
Translation differences	–	–	–	(5 026)	(5 026)	(145)	(5 171)
Business combinations and increased ownership interests in subsidiaries	–	7	–	–	7	–	7
Gain and loss on transactions with non-controlling interests	–	2 835	–	–	2 835	–	2 835
Available-for-sale investments:							
– Valuation gains (losses) taken to equity	–	25	–	–	25	(1)	24
– Transferred to profit or loss on sale	–	(8)	–	–	(8)	–	(8)
Cash flow hedges:							
– Valuation gains (losses) taken to equity	–	(4)	–	–	(4)	4	–
– Transferred to profit or loss for the period	–	–	–	–	–	–	–
Tax on items taken directly to or transferred from equity	–	(182)	–	(425)	(607)	(1)	(608)
Net income (loss) recognised directly in equity	**–**	**2 673**	**–**	**(5 451)**	**(2 778)**	**(143)**	**(2 921)**
Profit for the period	–	–	18 016	–	18 016	1 187	19 203
Total recognised income and expense for the period	**–**	**2 673**	**18 016**	**(5 451)**	**15 238**	**1 044**	**16 282**
Transfer from share premium account	(5 000)	5 000	–	–	–	–	–
Dividends	–	(4 201)	–	–	(4 201)	(919)	(5 120)
Share buy back	(20)	(422)	–	–	(442)	(29)	(471)
Sale of shares, share issue, and share options to employees	2	38	–	–	40	14	54
Equity adjustments in associated companies	–	169	–	–	169	–	169
Transactions with non-controlling interests in subsidiaries	–	–	–	–	–	1 013	1 013
Balance as of 31 December 2007	**14 406**	**9 428**	**48 803**	**(3 840)**	**68 797**	**5 858**	**74 655**
Translation differences	–	–	–	7 120	7 120	1 021	8 141
Business combinations and increased ownership interests in subsidiaries	–	(9)	–	–	(9)	–	(9)
Gain and loss on transactions with non-controlling interests	–	493	–	–	493	–	493
Available-for-sale investments:							
– Valuation gains (losses) taken to equity	–	(47)	–	–	(47)	(2)	(49)
– Transferred to profit or loss on sale	–	–	–	–	–	–	–
Cash flow hedges:							
– Valuation gains (losses) taken to equity	–	(313)	–	–	(313)	(62)	(375)
– Transferred to profit or loss for the period	–	–	–	–	–	–	–
Tax on items taken directly to or transferred from equity	–	83	–	1 298	1 381	18	1 399
Net income (loss) recognised directly in equity	**–**	**207**	**–**	**8 418**	**8 625**	**975**	**9 600**
Profit for the period	–	–	13 065	–	13 065	1 745	14 810
Total recognised income and expense for the period	**–**	**207**	**13 065**	**8 418**	**21 690**	**2 720**	**24 410**
Transfer from share premium account	(3 000)	3 000	–	–	–	–	–
Cancellation of shares	(1 274)	1 274	–	–	–	–	–
Dividends	–	–	(5 678)	–	(5 678)	(1 590)	(7 268)
Share buy back	(116)	(1 992)	–	–	(2 108)	–	(2 108)
Sale of shares, share issue, and share options to employees	–	21	–	–	21	2	23
Equity adjustments in associated companies	–	(1 775)	–	–	(1 775)	–	(1 775)
Transactions with non-controlling interests in subsidiaries	–	–	–	–	–	631	631
Balance as of 31 December 2008	**10 016**	**10 163**	**56 190**	**4 578**	**80 947**	**7 621**	**88 568**

[1] See note 25.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Telenor Group

CONTENTS NOTES

01 GENERAL INFORMATION, COMPLIANCE AND CHANGES IN INTERNATIONAL FINANCIAL REPORTING STANDARDS

General information

Telenor ASA (the Company) is a limited liability company incorporated in Norway. The Company is subject to the provisions of the Norwegian Act relating to Public Limited Liability Companies. The Company's principal offices are located at Snarøyveien 30, N-1331 Fornebu, Norway. Telephone number: +47 810 77 000. Telenor is a telecommunication company and the principal activities of the Company and its subsidiaries (the Group) are described under segments in note 5.

These consolidated financial statements have been approved for issuance by the Board of Directors on 26 March 2009 and will be subject for authorisation by the Annual General Meeting at 11 May 2009.

Statement of compliance

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

Adoption of new and revised standards and interpretations

In the current year, Telenor has adopted all of the new and revised Standards and Interpretations issued by the IASB and approved by the EU that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2008. The implementation of IFRIC 11/IFRS 2 Group and Treasury Share Transactions had no impact on Telenor.

Telenor has early adopted the following standards and interpretations:

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

IFRIC 12 Service Concession Arrangement (to be approved by EU). Telenor adopted this interpretation in 2005. There were no changes in Telenors accounting policies as a consequence of the final interpretation. The interpretation is expected to be approved by EU and to be effective from 1 January 2009.

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

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

IAS 1 Presentation of financial statement – amended – (shall be applied from the year beginning on or after 1. January 2009). The revised standard separates non-owner and owner changes in equity. The statement of changes in equity will only include details on transactions with owners. All non-owner transactions are presented on a single line. In addition the standard introduces a statement of comprehensive income presenting income and expenses of non-owner transactions either as addition in the income statement or as a separate statement of comprehensive income. This will change the presentation of Telenor's financial statement.

IFRS 3R Business Combination – (shall be applied from the year beginning on or after 1 July 2009). The standard introduces a number of changes that will impact acquisition cost, the amount of goodwill and reported results after implementation. The revised standard shall be applied prospectively and future business combinations will be affected by this revision.

IAS 27R Consolidated and separate financial statements – amended – (shall be applied from the year beginning on or after 1 July 2009). The standard requires that changes in ownership interest of a subsidiary are accounted for as an equity transaction. Furthermore the amended standard changes the accounting for loss of control in a subsidiary. In addition, the standard requires that losses are allocated to non-controlling interests even if these become negative. The revised standard shall be applied prospectively and future transactions with non-controlling interests will be affected.

IFRS 2 Share-based payments – amended – (shall be applied for the year beginning on or after 1 January 2009). The amendment clarifies the definition of vesting condition and prescribes treatment for an award that has been cancelled. These changes will not lead to changes in how Telenor accounts for their existing share-based payments.

IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged items – amended – (shall be applied from the year beginning on or after 1 July 2009). The amendment addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. It clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as hedged item. This will have no impact on Telenor's financial statements.

Improvements to IFRSs; Several IFRSs have been subject to changes primarily in order to remove inconsistencies and to clarify the wording. There are separate transition provisions for each standard. These changes have limited effect for Telenor with exception of:

- IAS 38 Intangible assets (shall be applied for the year beginning on or after 1 January 2009). The change related to depreciation method opens for more flexibility in the future. Telenor will consider this when assessing depreciation methods.

IAS 32 Financial instruments disclosures/IAS 1 Presentation of financial statement – Amended – Puttable financial instruments and obligations arising on liquidation (shall be applied for the year beginning on or after 1 January 2009). The amended standards require entities to classify puttable financial instruments and obligation on liquidation as equity, provided the financial instruments have particular features and meet specific conditions. This will have no impact on Telenor's financial statements.

IFRS 7 Financial Instruments – disclosure (shall be applied from the year beginning on or after 1 January 2009, but is not yet approved by the EU). The amendments require enhanced disclosures about fair value measurements and liquidity risk. The amendments will impact Telenor's financial statements.

IFRIC 13 Customer loyalty programs (shall be applied from the year beginning at 1 July 2008 or later). This IFRIC requires customer loyalty credits to be accounted for as a separate component of the sales transaction in which they are granted. A portion of the fair value of the consideration received is allocated to the award credits and deferred. This is then recognised as revenue over the period that the award credits are redeemed. This will have no impact on Telenor's financial statements.

IFRIC 16 Hedges of a net investment in a foreign operation (shall be applied from the year beginning on or after 1 October 2008 but not yet approved by the EU). This IFRIC clarifies the accounting treatment in respect of net investment hedging. This will have no impact on Telenor's 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 adopted by EU.

02 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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%), derivative financial instruments, which are carried at fair value. Loans, receivables and other financial obligations are carried at amortised cost. The significant accounting policies adopted are summarised below.

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

Basis of consolidation and non-controlling interests

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

The financial statements of the subsidiaries are prepared for the same reporting periods as the parent company, using consistent accounting policies. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date of control is obtained and until the control ceases, respectively. Intercompany transactions, balances, revenues and expenses and unrealised group internal profit or losses are eliminated on consolidation.

Non-controlling interests in subsidiaries are presented within equity separately from the equity attributable to the owners of the parent. Non-controlling interests consist of the proportionate fair value of net identifiable assets of those interests at the date of the business combination and the non-controlling interests' share of changes in equity since the date of the combination. The Group accounts for transactions with the non-controlling interest using the hybrid entity concept/parent entity method (detailed policy is disclosed under "Business Combinations").

Foreign currency translation

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

The Group has foreign entities with functional currency other than the Norwegian Krone. At the reporting date, the assets and liabilities of foreign entities with functional currencies other than the Norwegian Krone are translated into the Norwegian Krone at the rate of exchange at the balance sheet date and their income statements are translated at the average exchange rates. The translation differences arising from the translation are recognised as a separate component of equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Current/non-current classification

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

Business combinations

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

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

Transactions with non-controlling interests

Transactions with the non-controlling interests are accounted for using the hybrid entity concept/parent entity method.

Acquisitions of non-controlling interests results in goodwill, being the difference between the consideration paid and the acquired share of the carrying value of net assets in the subsidiary and contingent liabilities at fair value as of the date of the additional acquisition. The change in fair value between the date of consolidation and subsequent share purchase for the portion of identifiable assets, liabilities and contingent liabilities acquired in the period is recorded against the shareholders' equity.

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

Investments in associated companies

An associate is an entity over which the Group has significant influence and that is not a subsidiary or a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but without the ability to have control over those policies. Significant influence normally exists when Telenor has 20% to 50% voting power through ownership or agreements. Significant influence may also exist when Telenor has more than 50 % ownership interest, but where other shareholders have participating rights which prevent Telenor from exercising control.

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

Any goodwill is included in the carrying amount of the investment and is assessed for impairment as part of the investment. At each reporting date the Group evaluates if there are identified indications that the investment may be impaired. If there are such indications, the recoverable amount of the investment is estimated in order to determine the extent of the impairment loss (if any).

Where a Group entity transacts with an associate of the Group, profits or losses are eliminated to the extent of the Group's interest in the relevant associated company.

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

Interests in joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control. That is when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control.

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

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

Goodwill and cash generating units

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

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. In identifying whether cash inflows from an asset (or group of assets) are largely independent of the cash inflows from other assets (or groups of assets), the management considers various factors including how management monitors the entity's operations (such as by product or service lines, businesses, geographical areas). The Group has identified that a cash generating unit often will be the separate networks in the separate geographical areas (countries), distinguishing between different technologies (mobile, fixed and broadcast). If different technologies (cash generating units) are monitored together on segment level by the management, the goodwill is tested at this level. The group of cash generating units is not larger than an operating segment determined in accordance with IFRS 8 Operating Segment.

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

Non-current assets held for sale and discontinued operations

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

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

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

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

Revenue recognition and measurement

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

Revenues primarily comprise sale of

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

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

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

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

Connection fees

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

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

Sale of software

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

Discounts

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

For discount schemes (loyalty programmes etc) where Telenor has past history so that reliable estimates can be made, the accrued discount is limited to the estimated discount that is expected to be utilised by the customer. When reliable estimates on expected discounts to be utilised cannot be made, it is expected that the customer will utilise 100% of the discount. The exact amount and earnings period of the discount often must be based on estimation techniques, with any changes in estimates being recorded in the period the estimate changes or the final outcome is known.

Presentation

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

Revenues from roaming are recognised gross based on general accepted accounting principles within the Telecom industry.

Transit traffic are recognised based on a evaluation of the substance in the agreement, and will be recognised gross or net pending on if Telenor act as and principal or agent in the transaction.

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

Interest and dividend income

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

Pensions

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

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

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

Leasing

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

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

The Group as lessor

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

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

The Group as lessee

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

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

Financial Instruments

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Telenor has grouped financial assets and liabilities into the following classes: trade receivables and other current and non-current financial assets, equity securities, cash and cash equivalents, trade payables and other non-interest bearing financial liabilities, interest-bearing liabilities and derivatives, see also note 30.

Financial assets are classified in the following categories: at fair value through profit or loss (FVTPL), held-to-maturity investments (HTM), loans and receivables (LAR) and available-for-sale (AFS). Financial assets at fair value through profit or loss consist of assets held for trading and include derivatives. Loans and receivables consist of unquoted non-derivative assets with fixed or determinable payments. Financial assets available-for-sale consist of assets designated as available for sale or assets that are not classified in one of the other categories. Telenor has no financial assets classified as held-to-maturity investments.

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

The classification of the financial instrument is done based on the nature and purpose of the financial instrument and is determined at the initial recognition. Telenor has not used the fair value option that exists in IAS 39, to upon initial recognition designating a financial asset or liability as an instrument at fair value through profit and loss.

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

Trade receivables and other current and non-current financial assets

Trade and other current and non-current financial assets include trade receivables, other financial non-current interest-bearing and non-interest-bearing assets (except capital contribution to Telenor Pension Fund) and bonds and commercial papers with original maturity beyond three months, see note 22 and 23. These assets are a part of the category loans and receivables and are measured on initial recognition at fair value and subsequently measured at amortised cost using the effective interest rate method adjusted for provision for any impairment. Impairment for estimated irrecoverable amounts is recognised in profit or loss when a loss event and objective evidence that the asset is impaired, exists. The impairment is calculated by taking into account the historic evidence of the level of bad debt experienced for customer types and the aging of the receivable balance. Individual trade receivables are impaired when management assess them not to be collectible.

Equity securities

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

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

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 profit or loss on the line net change in fair value of financial instruments at fair value through profit or loss.

Dividends on equity securities in both categories are recognised as financial income in profit or loss when the right to receive the dividend is established (normally when dividends are declared by the General Assembly).

Cash and cash equivalents

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

Trade payables and other non-interest bearing financial liabilities

Trade payables and other non-interest bearing financial liabilities include trade payables, liabilities to associated companies and other current and non-current non-interest bearing financial liabilities, see note 29. These liabilities are a part of the category financial liabilities at amortised cost and are initially recognised in the balance sheet 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 profit or loss.

Derivatives

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

The derivative financial instruments are initially and subsequently measured at fair value. Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are recognised in profit or loss as financial income or expense. For detailed information related to derivative financial instruments and hedging see note 30.

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

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

Hedging

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

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

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

Cash flow hedges

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

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

Amounts recognised directly to equity are transferred to profit or loss when the hedged transaction affects profit or loss, such as when hedged financial income or financial expense is recognised or when a forecast sale or purchase occurs. Where the hedged item is the cost of a non-financial asset or liability, the amounts recognised to equity are transferred to the initial carrying amount of the non-financial asset or liability.

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

Fair value hedges

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

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

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

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

Hedges of a net investment

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

Income taxes

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

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

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

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

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

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

Inventories

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

Costs related to connection fees

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

Advertising costs, marketing and sales commissions

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

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated to reduce the cost of assets, other than land that is not depreciated, to their estimated residual value, if any, over their estimated useful lives. The cost of assets includes professional fees and, for qualifying assets, borrowing costs are capitalised. Depreciation commences when the assets are ready for their intended use.

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

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in "other (income) expense" in the income statement 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 for most assets as this best reflects the consumption of the assets, which often is the passage of time. Residual value is estimated to be zero for most assets, except for commercial buildings and vehicles that the Group does not expect to use for the assets' whole economic life.

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

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

Intangible assets

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

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

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

Research and development costs

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

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

Impairment of non-financial assets other than goodwill and other assets with indefinite useful life

At each reporting date the Group evaluates if there are identified indications that property, plant and equipment or intangible assets may be impaired. If there are such indications, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any). Intangible assets 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 pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

Provisions

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

Assets retirement obligations

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

Share based payments

The Group has issued equity-settled share-based payments to certain employees. Such payments include both closed share option programme and a grant of a fixed monetary compensation where the participant is required to invest the net amount into Telenor shares. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on the Group's estimate of the shares that will eventually vest, adjusted for the effect of non market-based vesting conditions.

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

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

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

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

Cash Flow Statement

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

Treasury shares

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

03 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

As for the time being the financial crisis has not affected Telenor's financial statement substantially. The most significant effects have been the impact on translation differences due to translation from functional currency in foreign subsidiaries to presentation currency, which is NOK.

Critical judgments in applying the entity's accounting policies

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

Kyivstar

Telenor owns 56.5% of the voting shares of Kyivstar G.S.M ("Kyivstar"), and the company was accounted for as a consolidated subsidiary until 29 December 2006. As further described in note 34, proper corporate governance in Kyivstar was not restored due to Storm's (the other shareholder in Kyivstar) continued failure to attend shareholder meetings, which was necessary to be able to appoint an operational Board of Directors in Kyivstar. 16 December 2008 two general meeting in Kyivstar were held were Storm met. The meetings elected the Board of Directors, appointed the Auditing Commission, changed articles of association and decleared dividend for 2004 and 2005. The Kyivstar Board of Directors met and elected Ernst & Young as the company's independent auditor. Even though there have been progress in restoring corporate governance, Telenor's assessment is that control is not restored. Accordingly, the Company has determined that it currently is not able to demonstrate control over Kyivstar. Based on an assessment of the facts and circumstances, the Company has determined that significant influence exists, and accordingly, Kyivstar is accounted for as an associated company from 29 December 2006.

Consolidation of DiGi

DiGi entered into a definitive agreement in early 2008 with Time dotCom Bhd for the proposed transfer of the 3G spectrum, to be satisfied via a share issuance of 27.5 million new DiGi shares, see note 37. The transaction was completed on 7 May 2008 and reduced Telenor's ownership interest in DiGi from 50.8% to 49.0%. Telenor continues to consolidate DiGi as a subsidiary and the transaction was accounted for as a transaction with non-controlling interests.

DiGi is listed at Bursa Malaysia Securities Berhad and the shares in DiGi are widely dispersed. When Telenor owns 49% of the shares, 98% of the shares have to be present at the General Meeting for Telenor not having the majority of the votes at General Meeting. As a consequence of this Telenor has the power to direct DiGi's activities. Telenors assessment is that control is upheld through majority of the votes at the General Meeting and in the Board of Directors. Continuing consolidation based on defacto control will be assessed on a running basis.

Key sources of estimation uncertainty – critical accounting estimates

The preparation of financial statements in accordance with International Financial Reporting Standards (IFRS) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

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

Revenue recognition

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

Business combinations, see also note 4

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

The significant acquired intangible assets recorded by Telenor in connection with business combinations include customer bases, customer contracts, brands, licenses, service concession rights, roaming agreements and software.

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

Pension costs, pension obligations and pension plan assets, see also note 28

Calculation of pension costs and net pension obligations (the difference between pension obligations and pension plan assets) are made based on a number of estimates and assumptions. Changes in, and deviations from, estimates and assumptions (actuarial gains and losses) affect the fair value of net pension liabilities. Changes in the discount rate have individually most significant impact, see note 28 where a sensitivity analysis for changes in certain actuarial assumptions and how they influence the pension obligations and the pension costs is included. The basis for the assumptions is also described in this note.

Deferred tax assets, see also note 14

Deferred tax assets are recognised as the amount that are more likely than not to be realised. Significant judgement is required to determine the amount that can be recognised and depends foremost on the expected timing, level of taxable profits as well as tax planning strategies. The judgements relates primarily to losses carried forward in some of our foreign operations. If realisation of the deferred tax assets earlier not recognised becomes probable, a tax income will be reported in the period in which the probability level for realisation changes. New transactions and when new tax rules are introduced there may be disagreements on the interpretation of the rules and the transitional rules. Please refer to note 14 for additional information on the Group's uncertain tax positions.

Depreciation and amortisation, see also note 12, 19 and 20

Depreciation and amortisation expenses are based on management estimates of residual value, amortisation method and the future useful life of property, plant and equipment and intangible assets. Estimates may change due to technological developments, competition, changes in market conditions and other factors and may result in changes in the estimated useful life and in the amortisation or depreciation charges. Technological developments are difficult to predict and our views on the trends and pace of development may change over time. Some of the assets and technologies, in which the Group invested several years ago, are still in use and provide the basis for the new technologies. The useful lives of property, plant and equipment and intangible assets are reviewed at least annually taking into consideration the factors mentioned above and all other important relevant factors. Estimated useful lives for similar types of assets may vary between different entities in the Group due to local factors as growth rate, maturity of the market, history and expectations for replacements or transfer of assets, climate and quality of components used. In case of significant changes in our estimated useful lives, depreciation and amortisation charges are adjusted prospectively.

Impairment, see also note 17, 18, 19, and 20

Telenor has made significant investments in property, plant and equipment, intangible assets, goodwill, associated companies and other investments. These assets and investments are tested, as described, for impairment annually (goodwill, intangible assets with indefinite useful life and intangible assets not yet brought into use) or when circumstances indicate there may be a potential impairment. Factors that indicates impairment which could trigger an impairment testing include the following: significant fall in market values; significant underperformance relative to historical or projected future operating results; significant changes in the use of our assets or the strategy for our overall business, including assets that are decided to be phased out or replaced and assets that are damaged or taken out of use, significant negative industry or economic trends; significant regulatory decisions and significant cost overruns in the development of assets.

Estimating recoverable amounts of assets and companies must in part be based on management's evaluations, including determining appropriate cash generating units, determining the discounting factors, estimates of future performance, revenue generating capacity of the assets and assumptions of the future market conditions. Political risk premium is included in the discounting factors. A significant part of Telenor's operation are in emerging markets. The political and economical situation in these countries may change rapidly and the global financial turmoil and recession has a significant impact on these countries. Country related risk needs to be reflected in Telenor's estimates of future cash flows and discount rates for the purpose of evaluation impairments.

The risk premium has increased significantly for some countries during 2008. Changes in circumstances and in management's evaluations and assumptions may give rise to impairment losses in the relevant periods, refer to note 18.

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

Associated companies, see note 21

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

From 29 December 2006, Kyivstar is reported as an associated company (see above). As further described in note 34, Kyivstar has not been able to issue board and shareholder approved financial statements due to Storm's (the other shareholder in Kyivstar) continued failure to attend shareholder meetings in Kyivstar up to 16 December 2008. Kyivstar management is providing Telenor with monthly, quarterly and annual financial information. Telenor is actively involved in the operations of Kyivstar, and internal controls over financial reporting are implemented, evaluated and tested within Kyivstar with oversight by Telenor. There is a possibility that when the independent auditors have completed the audit of Kyivstar's financial statements, discrepancies may emerge between the unaudited financial information for 2006, 2007 and 2008 that has been provided by Kyivstar and the final audited financial statements.

Subsequent to the release of the fourth quarter report Telenor has identified some errors in the financial statement for Kyivstar. The adjustments made to Telenor's financial statement for the year 2008 compared to the quarterly report, amounts to NOK 252 million on the line profit from associated companies. Ernst & Young is as described in the process of completing an audit of the statutory financial statements for the years 2006, 2007 and 2008 and as a result additional adjustments may be identified.

Legal proceedings, claims and regulatory discussions, see also note 34

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

Through the operations in many emerging markets, Telenor 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 judgments relating to legal proceeding and regulatory issues in these countries will involve a relatively higher level of uncertainty.

04 BUSINESS COMBINATIONS AND DISPOSALS

The following acquisitions and disposals have taken place in 2008, 2007 and 2006. All business combinations are accounted for by applying the acquisition method of accounting. The summary does not include capital increases or other types of financing by Telenor.

Acquisitions in 2008

NOK IN MILLIONS Company	Country	Change in ownership interest %	Business	Consideration
IS Partner AS	Norway	100	IT outsourcing services	1 350
Datametrix [1]	Norway	100	IP-based communication	212
Tameer Microfinance Bank	Pakistan	51	Micro financing	95

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

Business Combinations 2008

Of the acquisitions one has been defined as material business combination in 2008.

IS Partner AS, Norway

On 9 January 2008, EDB Business Partner announced the acquisition of 100% of the issued share capital of IS Partner AS. The total consideration for the shares was NOK 1,350 million, which was paid in cash. The transaction was completed on 11 February 2008. The value was set based on fair value after negotiations between the parties. The Norwegian Competition Authority approved the transaction on 31 January 2008.

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

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

NOK IN MILLIONS	IS Partner AS carrying amount at the acquisition date	Fair value adjustments	Fair values	Preliminary fair values 11.02.08
Customer Base	-	149	149	163
Software	2	14	16	20
Property, plant and equipment	108	-	108	108
Other financial non-current assets	5	-	5	7
Trade and other receivables	370	153	523	463
Cash and cash equivalents	229	-	229	255
Deferred tax liability	33	(83)	(50)	(70)
Provision and obligation	(249)	(20)	(269)	(211)
Trade and other payables	(323)	-	(323)	(433)
Net assets	**175**	**213**	**388**	**302**
Goodwill			962	982
Total consideration for the shares, satisfied by cash			1 350	1 284
Liabilities assumed			-	-
Total consideration, satisfied by cash			**1 350**	**1 284**

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

IS Partner contributed NOK 1,492 million in revenues and NOK 137 million to the Telenor Group's profit after taxes from total operations for the period between the date of consolidation and 31 December 2008. This does not include Telenor's interest expenses related to the financing of the acquisition.

Individually immaterial acquisitions during 2008

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

NOK IN MILLIONS	Carrying amount at the acquisition dates	Fair value adjustments	Fair Values
Customer Base	-	12	12
Software	10	1	11
Trademarks	-	6	6
Other intangible assets	74	18	92
Deferred tax assets	9	(3)	6
Property, plant and equipment	22	-	22
Other financial non-current assets	13	-	13
Inventories	70	-	70
Trade and other receivables	110	-	110
Other financial current assets	84	1	85
Cash and cash equivalents	156	-	156
Non-current interest bearing financial liabilities	(155)	-	(155)
Non-current non-interest bearing financial liabilities	(7)	-	(7)
Deferred tax liability	(3)	(15)	(18)
Trade and other payables	(140)	-	(140)
Current tax liabilities	(1)	-	(1)
Current non-interest bearing financial liabilities	(124)	-	(124)
Current interest bearing financial liabilities	(35)	-	(35)
Provisions	(2)	-	(2)
Net assets	**81**	**20**	**101**
Non-controlling interest	7	(1)	6
Net assets acquired	74	21	95
Goodwill			303
Total net assets acquired			398
Total consideration for the shares, satisfied by cash			394
Total consideration for the shares, satisfied by other equity intruments			4
Total consideration for the shares			398
Liabilities assumed, satisfied by cash			35
Total consideration			**433**

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

These companies contributed NOK 204 million in revenues and negative NOK 122 million to the Telenor Group's profit from total operations for the period between the date of consolidation and 31 December 2008.

Unitech Wireless

On 17 March 2009, Telenor announced the acquisition of a 33.5% ownership interest in Unitech Wireless. The acquisition was completed 20 March 2009 by a capital contribution in Unitech Wireless of NOK 1.7 billion paid in cash. Telenor gains control through the share agreement. The value was set based on fair value after negotiations between the parties. The transaction is not included in the consolidated financial statements as of 31 December 2008.

Unitech Wireless will offer mobile services to residential and business customers in India.

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

NOK IN MILLIONS	Unitech Wireless carrying amount before transaction	Fair value adjustments	Preliminary fair values 20.03.2009
Licence	2 175	1 406	3 581
Property, plant and equipment	4	-	4
Trade and other receivables	26	-	26
Cash and cash equivalents	1 758	-	1 758
Non-current interest bearing financial liabilities	(2 320)	-	(2 320)
Deferred tax liability	-	(478)	(478)
Trade and other payables	(60)	-	(60)
Current non-interest bearing financial liabilities	(447)	-	(447)
Net assets	**1 136**	**928**	**2 064**
Non-controlling interest	755	617	1 372
Net assets acquired	381	311	692
Goodwill			974
Total consideration for the shares, satisfied by cash			1 666
Liabilities assumed			-
Total consideration, satisfied by cash			**1 666**

Useful life of licences at the date of acquisition was estimated to 19 years. The goodwill arising on the acquisition of Unitech Wireless is a residual value and is attributable to assembled workforce, anticipated profitability of the operations and includes deferred tax liabilities related to the excess values.

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

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

NOK IN MILLIONS, EXCEPT PER SHARE AMOUNTS	2008
Revenues	97 616
Profit before taxes and non-controlling interest	19 216
Net income	13 277
Net income per share in NOK	7.96

The results are adjusted for Telenor's interest expenses and the result in the period prior to the acquisition. The interest expenses are calculated based on the total consideration and the average interest rate in 2008 for loans in Norwegian kroner. The information has been prepared for comparative purposes only and are not necessarily indicative of the result of operations which actually would have been the result had the acquisitions been in effect in the beginning of the annual reporting period or of future results.

Disposals in 2008

Telenor has disposed some minor subsidiaries during 2008, which resulted in a loss of NOK 9.4 million.

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

Acquisitions in 2007

NOK IN MILLIONS Company	Country	Change in ownership interest %	Business	Consideration
Spray Telecom AB [1]	Sweden	100.0	Broadband/Telephony operation	148
CEK AB	Sweden	100.0	Operation and application services	230
Tele2 A/S	Denmark	100.0	Mobile, broadband and telephony operation	598
TeamR3 A/S	Denmark	100.0	Operation and application services	98
Talkmore Holding AS	Norway	100.0	Mobile telecommunication	133

[1] Eiendeler kjøpt av Glocalnet AB.

Business Combinations 2007

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

Tele2, Denmark

On 12 July 2007, Telenor acquired 100% of the issued share capital of Tele2 A/S, Denmark. The aggregate cost of the business combination was approximately NOK 598 million of which NOK 522 million was paid in cash for the shares and liabilities of NOK 76 million assumed liabilities from the former owner. The value was set based on fair value after negotiations between the parties.

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

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

NOK IN MILLIONS	Tele2s carrying values at the acquisition date	Fair value adjustments	Fair Values
Deferred tax assets	205	-	205
Customer base	-	174	174
Software	17	(2)	15
Trademarks	-	9	9
Property, plant and equipment	72	35	107
Other financial non-current assets	5	17	22
Trade and other receivables	492	12	504
Non-current non-interest bearing financial liabilities	(2)	-	(2)
Deferred tax liability	-	(61)	(61)
Provisions	(11)	-	(11)
Trade and other payables	(38)	-	(38)
Current non-interest bearing financial liabilities	(444)	-	(444)
Current interest bearing financial liabilities	(152)	-	(152)
Net assets	**144**	**184**	**328**
Goodwill			194
Total consideration for the shares, satisfied by cash			522
Liabilities assumed			76
Total consideration			**598**

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

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

Individually immaterial acquisitions during 2007

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

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

NOK IN MILLIONS	Carrying amount at the acquisition dates	Fair value adjustments	Fair Values
Deferred tax assets	34	-	34
Customer base	-	234	234
Licences	-	19	19
Software	1	-	1
Trademarks	-	2	2
Other intangible assets	12	-	12
Property, plant and equipment	37	-	37
Other financial non-current assets	1	-	1
Inventories	1	-	1
Trade and other receivables	163	-	163
Other financial current assets	2	-	2
Cash and cash equivalents	55	-	55
Non-current interest bearing financial liabilities	(74)	-	(74)
Deferred tax liability	-	(34)	(34)
Provisions	(1)	(2)	(3)
Trade and other payables	(72)	-	(72)
Current tax liabilities	(5)	-	(5)
Current non-interest bearing financial liabilities	(58)	(2)	(60)
Total net assets	**96**	**217**	**313**
Non-controlling interest	14	6	20
Net assets acquired	82	211	293
Goodwill			474
Total consideration for the shares, satisfied by cash			767
Liabilities assumed			66
Total consideration, satisfied by cash			**833**

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

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

Information about the combined entity`s operating revenues and net income
The following financial information is presented as if the acquisition date for all business combinations that are completed in the period, was in the beginning of the annual reporting period;

NOK IN MILLIONS UNNTATT RESULTAT PR. AKSJE	2007
Revenues	93 161
Profit before taxes and non-controlling interest	19 978
Net income	18 032
Net income per share in NOK	10.73

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

Disposals in 2007

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

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

Discontinued Operation

On 25 October 2006, Telenor entered into an agreement with Apax Partners France for the sale of Telenor Satellite Services (TSS) to funds managed by Apax Partners for a cash consideration of USD 400 million, which correspond to a value of NOK 2,691 million. TSS was classified as discontinued operation in 2006. The gain recorded in 2007 was NOK 1,194 million. For further details, see note 15.

Acquisitions in 2006

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

1) Subsequently named Telenor Mobile Sweden.
2) Subsequently named Telenor Serbia.
3) Telenor owned 98.8% of the shares in Glocalnet as of 31 December 2006 and 2007. As of 31 December 2008, Telenor owns 100%.
4) Assets purchased by EDB Business Partner ASA.
5) After the acquisition Telenor owns 100% of the shares.
6) Telenor owned 89.4% of the shares in the company as 31 December 2006 and 99.5% 31 December 2007. The shares are sold to the subsidiary DTAC and as of 31 December 2008, DTAC owns 99,81%.

Business Combinations 2006

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

Telenor Mobile Sweden, Sweden

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

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

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

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

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

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

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

Telenor Serbia, Serbia

On 31 August 2006, Telenor acquired 100% of the issued share capital of Mobi63 d.o.o, Serbia for a cash consideration of approximately NOK 12 billion. The consideration was set based on an auction set up by Serbian authorities.

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

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

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

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

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

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

Individually immaterial acquisitions during 2006

During 2006 Telenor consolidated Glocalnet, Guide, Spring, DropIT, Avenir, Datarutin, TAG System, Comsel and Maritime Communication Partner and other acquisitions with a consideration less than NOK 50 million per acquisition.

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

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

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

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

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

The following financial information is presented as if the acquisition date for Telenor Mobile Sweden and Telenor Serbia was in the beginning of the annual reporting period:

NOK IN MILLIONS, EXCEPT PER SHARE AMOUNTS	2006
Revenues	92 842
Profit before taxes and non-controlling interest	21 431
Net income	15 912
Net income per share in NOK	9.44

The results are adjusted for Telenor's interest expenses and the result in the period prior to acquisition. The interest expenses are calculated based on the total consideration and the average interest rate in 2006 for loans in Norwegian kroner. The information has been prepared for comparative purposes only and are not necessarily indicative of the result of operations which actually would have been the result had the acquisitions been in effect in the beginning of the annual reporting period or of future results.

Disposals in 2006

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

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

05 KEY FIGURES SEGMENTS

The segment information for the period 2006 to 2008 are reported in accordance with Telenor's accounting principles based on IFRS and are in accordance with the reporting to Group Executive Management (chief operating decisions-makers). The segment reporting is consistent with financial information used by the chief operating decision-makers for assessing performance and allocating resources.

The Group's primary reportable segments are based on the business operations. The primary products and services are mobile communication, fixed line communication ("Fixed") and TV-based activities ("Broadcast"). In addition the Group reports Other operations as a separate segment. Compared to the consolidated financial statement for 2007, the segment definition has been changed, such that Mobile Sweden and Fixed Sweden are presented as Sweden, and Mobile Denmark and Fixed Denmark are presented as Denmark. Comparative financial information has been changed accordingly.

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

In January 2006, the Group increased its mobile operations in Sweden by through acquisition of an existing mobile operation. In March 2006, the Group expanded its operations in Sweden through purchase of the fixed operations, Glocalnet AB. In October 2006 Telenor acquired an existing mobile operation in Serbia.

In 2007 the Group expanded their business in Denmark through the acquisition of Tele2 Denmark.

Fixed Norway deliver services including analog PSTN, digital ISDN, broadbandtelephony, xDSL, internet and leased lines, as well as communication solutions.

Broadcast comprises the Group's TV-based activities within the Nordic region. This includes pay-TV services via satellite dish, cable TV-networks and satellite master antenna TV-networks systems. Broadcast own and operate the national terrestrial broadcast network in Norway and provides satellite broadcasting services to the Nordic region and Central and Eastern Europe, utilising three geo-stationary satellites. Broadcast also provide access services for pay-tv to more than 300 digital TV providers worldwide.

Other operations consist of several companies and activities that separately are not significant enough to be reported as separate segments. The main companies are EDB Business Partner ASA (51.3%-owned), Venture and Corporate functions and Group activities. EDB Business Partner ASA is an IT group listed on Oslo Stock Exchange, which delivers solutions and operating services. The main activity in Venture was Opplysningen AS, which was deconsolidated 1 July 2007 due to dilution of the shares, see note 4. Corporate functions and Group activities comprise activities such as real estate, research and development, strategic Group projects, Group treasury, international services, the internal insurance company and central staff and support functions.

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

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

Segment Information 2008

NOK IN MILLIONS	Revenues	External revenues	EBITDA before other (income) and expenses [1]	EBITDA [1]	Depreciation, amortisation and impairment losses	Operating profit (loss)	Total assets (segment assets)	Total liabilities (segment liabilities)	Investments
Mobile – Norway	12 877	12 068	4 610	4 582	808	3 774	8 479	4 103	1 023
Fixed – Norway	14 707	12 555	5 279	5 020	2 011	3 009	18 163	15 185	2 283
Sweden	9 532	9 422	2 040	1 943	2 092	(149)	32 732	5 840	1 540
Denmark	7 627	7 433	1 793	1 797	1 356	441	13 889	14 590	1 290
Kyivstar – Ukraine [2]	13 834	13 803	8 058	8 088	2 011	6 077	15 173	4 834	2 096
Pannon – Hungary	6 159	6 128	2 516	2 503	703	1 800	11 278	1 166	600
DTAC – Thailand	12 000	11 944	3 980	3 946	1 311	2 635	22 043	9 717	1 948
DiGi – Malaysia	8 112	8 105	3 666	3 668	1 093	2 575	10 097	5 599	2 675
Grameenphone – Bangladesh	5 049	5 048	2 342	2 345	1 234	1 111	10 959	8 212	2 258
Other mobile operations	7 952	7 811	2 468	2 466	1 882	584	41 953	9 312	3 740
Broadcast	8 170	8 071	1 630	1 505	760	745	16 115	13 545	2 410
Other operations	11 045	8 609	18	(345)	1 007	(1 352)	51 696	66 132	2 736
Eliminations	(6 067)	-	(38)	(38)	(47)	9	(57 595)	(56 227)	(18)
Operating segments	**110 997**	**110 997**	**38 362**	**37 480**	**16 221**	**21 259**	**194 982**	**102 008**	**24 581**
Kyivstar reclassified as associated company [2]	13 803	13 803	8 058	8 088	2 011	6 077	7 810	3 404	2 096
Total group	**97 194**	**97 194**	**30 304**	**29 392**	**14 210**	**15 182**	**187 172**	**98 604**	**22 485**

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

[2] Kyivstar was deconsolidated and accounted for as an associated company from 29 December 2006. Business segment information in 2008 is presented as if Kyivstar was still consolidated with reconciliation to the consolidated financial statements, which is consistent with the information provided to the chief operating decision maker.

Reconciliation of EBITDA

NOK IN MILLIONS	2008	2007	2006 (Unaudited)
Profit from total operations	**14 810**	**19 203**	**18 535**
Profit from discontinued operations	-	1 400	155
Profit from continuing operations	**14 810**	**17 803**	**18 380**
Taxes	(4 193)	(2 168)	(3 148)
Profit before taxes	**19 003**	**19 971**	**21 528**
Net financial items	(3 015)	(1 476)	1 467
Associated companies	6 836	6 462	2 353
Operating profit	**15 182**	**14 985**	**17 708**
Depreciation and amortisation	14 104	13 958	14 721
Write-downs	106	314	258
EBITDA	**29 392**	**29 257**	**32 687**
Other (income) and expenses	912	(273)	305
EBITDA before other (income) and expenses	**30 304**	**28 984**	**32 992**

Segment Information 2007

NOK IN MILLIONS	Revenues	External revenues	EBITDA before other (income) and expenses [1]	EBITDA [1]	Depreciation, amortisation and impairment losses	Operating profit (loss)	Total assets (segment assets)	Total liabilities (segment liabilities)	Investments
Mobile – Norway	13 142	12 290	4 716	4 703	726	3 977	8 337	4 062	1 283
Fixed – Norway	15 188	13 077	5 550	5 528	2 069	3 459	17 300	17 434	1 906
Sweden	9 990	9 897	1 973	1 973	2 469	(496)	28 764	4 844	1 340
Denmark	7 067	6 898	1 786	1 780	1 212	568	11 343	12 789	1 793
Kyivstar – Ukraine [2]	12 582	12 548	7 374	7 330	1 766	5 564	16 388	5 189	2 602
Pannon – Hungary	6 142	6 107	2 456	2 458	731	1 727	9 482	1 051	865
DTAC – Thailand	11 925	11 875	3 464	3 414	2 067	1 347	20 834	11 331	2 118
DiGi – Malaysia	7 430	7 424	3 594	3 581	1 128	2 453	6 952	3 804	1 163
Grameenphone – Bangladesh	4 622	4 621	2 122	2 122	883	1 239	6 839	4 870	3 038
Other mobile operations	7 112	7 017	1 777	1 773	1 520	253	35 329	5 041	9 314
Broadcast	7 137	6 994	1 683	1 699	658	1 041	14 717	12 527	1 319
Other operations	8 990	6 558	126	489	822	(333)	42 171	55 049	1 395
Eliminations	(6 306)	(285)	(291)	(291)	(13)	(278)	(47 682)	(46 625)	(16)
Operating segments	**105 021**	**105 021**	**36 330**	**36 559**	**16 038**	**20 521**	**170 774**	**91 366**	**28 120**
Kyivstar reclassified as associated company [2]	12 548	12 548	7 346	7 302	1 766	5 536	9 942	5 189	2 602
Total group	**92 473**	**92 473**	**28 984**	**29 257**	**14 272**	**14 985**	**160 832**	**86 177**	**25 518**

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

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

Segment Information 2006

NOK IN MILLIONS	Revenues	External revenues	EBITDA before other (income) and expenses [2]	EBITDA [2]	Depreciation, amortisation and impairment losses	Operating profit (loss)
Mobile – Norway	13 062	12 103	5 510	5 494	890	4 604
Fixed – Norway	15 824	13 744	5 488	5 417	2 275	3 142
Sweden	9 202	9 164	1 611	1 507	2 218	(711)
Denmark	6 359	6 173	1 653	1 613	1 394	219
Kyivstar – Ukraine [1]	10 956	10 947	6 530	6 516	1 616	4 900
Pannon – Hungary	5 951	5 937	2 207	2 205	1 137	1 068
DTAC – Thailand	8 124	8 088	2 943	2 944	1 413	1 531
DiGi – Malaysia	6 373	6 367	2 946	2 945	1 110	1 835
Grameenphone – Bangladesh	4 314	4 313	2 540	2 516	680	1 836
Other mobile operations	2 637	2 614	288	288	782	(494)
Broadcast	6 309	6 145	1 590	1 590	624	966
Other operations	8 272	5 811	(1)	(48)	841	(889)
Eliminations	(6 306)	(329)	(313)	(300)	(1)	(299)
Operating segments	**91 077**	**91 077**	**32 992**	**32 687**	**14 979**	**17 708**

[1] Unaudited.

[2] See table above for definition and reconciliation of EBITDA. EBITDA before other (income) and expenses is the segment result.

Geographic distribution of external revenues based on customer location

NOK IN MILLIONS	2008	2007	2006 (Unaudited)
Norway	33 944	31 932	32 140
Sweden	12 763	12 742	11 216
Other Nordic	9 212	8 444	7 550
Other Western Europe	1 435	1 318	1 121
Central Europe	9 964	9 931	7 602
The Ukraine [1]	55	44	10 510
Other Eastern Europe	136	217	415
Thailand	11 553	11 469	7 712
Other Asia [2]	17 708	15 953	12 414
Other countries	424	423	397
Total revenues	**97 194**	**92 473**	**91 077**

[1] The Ukraine includes Kyivstar in 2006. From 2007 Kyivstar is accounted for as an associated company using the equity method.

[2] Other Asia includes DiGi, Grameenphone and Telenor Pakistan

Assets by geographical location of the company

	Non-current assets excl. deferred tax assets and other non-current assets		Total assets	
NOK IN MILLIONS	2008	2007	2008	2007
Norway	30 119	26 606	50 505	41 446
Sweden	15 041	14 443	20 042	20 514
Other Nordic	11 500	9 344	14 558	11 855
Other Western Europe	88	57	436	206
Central Europe	24 241	21 672	26 736	24 084
Eastern Europe [1]	19 781	19 374	19 812	19 388
Thailand	17 210	14 768	22 092	20 844
Other Asia [2]	27 947	19 253	32 924	22 451
Other countries	36	30	67	44
Total assets	**145 963**	**125 547**	**187 172**	**160 832**

[1] Eastern Europe includes Kyivstar as an associated company.

[2] Other Asia includes DiGi, Grameenphone and Telenor Pakistan

06 REVENUES

NOK IN MILLIONS	2008	2007	2006 (Unaudited)
Analog (PSTN)/digital (ISDN, xDSL and BBT)	14 179	14 909	14 821
Mobile telephony	60 923	58 278	58 531
Leased lines	759	859	842
Satellite and TV-distribution	7 401	6 582	5 946
Other network based activities	1 830	2 134	2 429
IT operations and sale of software	7 942	6 075	5 300
Other	2 255	1 691	1 430
Total services	**95 289**	**90 528**	**89 299**
Customer equipment	1 905	1 945	1 778
Total products	**1 905**	**1 945**	**1 778**
Revenues	**97 194**	**92 473**	**91 077**

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

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

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

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

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

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

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

Other includes revenues from contracting, lease of properties etc.

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

07 COSTS OF MATERIALS AND TRAFFIC CHARGES

NOK IN MILLIONS	2008	2007	2006 (Unaudited)
Traffic charges — network capacity	16 526	17 346	15 163
Traffic charges — satellite capacity	93	39	71
Costs of materials etc	9 822	8 580	7 371
Own work capitalised (cost of materials and traffic charges)	(85)	(41)	(58)
Total costs of materials and traffic charges	**26 356**	**25 924**	**22 547**

Traffic charges include some operating lease expenses, primarily the lease of dedicated network and satellite capacity. These costs are included in the different cost categories in the table above and not shown separately because they in substance do not differ from the relevant cost categories. See note 32 for information about operating lease commitments.

08 SALARIES AND PERSONNEL COSTS

NOK IN MILLIONS	2008	2007	2006 (Unaudited)
Salaries and holiday pay	10 494	9 425	9 116
Social security tax	1 480	1 410	1 342
Pension costs including social security tax	1 026	811	627
Share-based payments, excluding social security tax [1]	38	35	38
Other personnel costs	852	793	615
Own work – salaries and personnel costs	(490)	(403)	(369)
Total salaries and personnel costs	**13 400**	**12 071**	**11 369**

[1] Include share options and employee share ownership program, excluding social security tax on these – see note 37.

The average number of man-years employed was 36,000 in 2008, 33,500 in 2007 and 31,500 in 2006. This includes approximately 330 and 540 man-years related to discontinued operations for 2007 and 2006 respectively.

09 OTHER OPERATING EXPENSES

NOK IN MILLIONS	2008	2007	2006 (Unaudited)
Operating leases of buildings, land and equipment	2 302	2 121	1 990
Other cost of premises, vehicles, office equipment etc	1 270	1 032	980
Operation and maintenance	6 029	5 202	5 469
Travel and travel allowances	717	606	560
Postage freight, distribution and telecommunication	593	523	508
Concession fees	3 646	3 434	2 563
Marketing and sales commission	6 789	6 844	6 244
Advertising	2 261	2 337	2 782
Bad debt	527	467	340
Consultancy fees and external personnel	2 745	2 504	2 213
Other	485	631	704
Own work capitalised	(230)	(207)	(184)
Total other operating expenses	**27 134**	**25 494**	**24 169**

Specification of bad debt expense:

NOK IN MILLIONS	2008	2007	2006 (Unaudited)
Provisions as of 1 January	1 244	1 031	950
Reclassified to held for sale	-	-	(35)
Kyivstar reclassified to Associated companies [1]	-	-	(52)
Provisions as of 31 December [2]	1 215	1 244	1 031
Change in provisions for bad debts	**(29)**	**213**	**168**
Reclassified to held for sale	-	-	-
Other changes in provisions for bad debts [3]	(157)	(40)	(77)
Realised losses for the year	825	394	341
Recovered amounts previously written off	(112)	(100)	(92)
Total bad debt expenses recognised in the income statement [4]	**527**	**467**	**340**

[1] See note 21 for further information.

[2] Provision of NOK 353 million as of 31 December 2008 (NOK 533 million as of 31 December 2007 and NOK 512 million as of 31 December 2006) relates to Pannon. Due to local Hungarian regulations, Pannon is not able to write off receivables without tax disadvantages if certain conditions are not met.

[3] Include effects from disposals and acquisitions of businesses and translation adjustments.

[4] The total bad debt expenses are mainly related to trade receivables. Losses on other current and long term receivables are insignificant. See note 22 for further information.

10 OTHER INCOME AND EXPENSES

NOK IN MILLIONS	2008	2007	2006 (Unaudited)
Gains on disposals of fixed assets and operations	(70)	(552)	(194)
Losses on disposals of fixed assets and operations	272	48	90
Expenses for workforce reduction and onerous (loss) contracts [1]	710	231	409
Total other (income) and expenses	**912**	**(273)**	**305**

[1] See note 27.

In 2008 gains on disposals were primarily related to sale of properties and fixed assets. In 2007 and 2006 gains on disposals were primarily related to sales of properties and businesses. Gains on disposals in 2007 were primarily related to the dilution of Telenor's ownership of the subsidiary Opplysningen AS, while gains on disposals in 2006 relates to the sale of the subsidiary Telenor Venture II ASA.

Losses on disposal in 2008 were primarily related to disposal of administrative equipment in Norway. Losses on disposal in 2007 were primarily related to disposal of equipment, while the disposal in 2006 was related to properties and equipment

Expenses for workforce reductions and onerous (loss) contracts in 2008 were primarily related to loss contracts in Telenor Cinclus, Danmarks Digital TV AS and EDB Business Partner and workforce reductions in Sweden and in Fixed – and Mobile Norway. Expenses for workforce reductions and onerous (loss) contracts in 2007 were primarily related to loss contracts in DTAC and Telenor Cinclus and workforce reductions in Fixed – Norway. In 2006 the expenses were primarily related to workforce reductions in Fixed Norway, EDB Business Partner, Sweden and loss contracts in Denmark.

11 RESEARCH AND DEVELOPMENT COSTS

Research and development costs that have been expensed amounted to NOK 554 million, NOK 505 million and NOK 495 million in 2008, 2007 and 2006 respectively. Expensed research and development activities relate to new technologies, new products, security in the network and new usages of the existing network.

12 AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES

Details of amortisation, depreciation and impairment losses:

	Property, plant and equipment [1]			Goodwill [2]			Intangible assets [3]			Prepaid leases		
NOK IN MILLIONS	2008	2007	2006 (Unaudited)	2008	2007	2006 (Unaudited)	2008	2007	2006 (Unaudited)	2008	2007	2006 (Unaudited)
Amortisation and depreciation	9 212	8 313	8 938	-	-	-	4 632	5 392	5 603	260	253	180
Impairment losses	7	42	150	93	265	67	6	7	38	-	-	3
Total	**9 219**	**8 355**	**9 088**	**93**	**265**	**67**	**4 638**	**5 399**	**5 641**	**260**	**253**	**183**

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

Estimated useful lives of property, plant and equipment and intangible assets are reviewed annually to ensure consistency with the expected economic recovery period for these assets based on current facts and circumstances. During 2008, no major changes were made in estimated useful lives compared to 2007 except for a decrease in amortisation period for the brand names Sonofon and Cybercity, which resulted in an increase in the amortisation by approximately NOK 316 million in 2008.

In 2007, no major changes were made in estimated useful lives compared to 2006.

During 2006 some changes were made in estimated useful lives, especially for some components in the different networks¸ including transmission equipment in the mobile operations and different platforms. The estimated useful lives for the majority of these assets were decreased. The change in useful lives during 2006 is estimated to have increased depreciation and amortisation by approximately NOK 166 million in 2006.

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

Details of impairment losses:

	2008				2007				2006			
NOK IN MILLIONS	Property, plant and equip-ment	Good-will[1]	Other intangible assets	Prepaid leases	Property, plant and equip-ment	Good-will[1]	Other intangible assets	Prepaid leases	Property, plant and equip-ment	Good-will[1]	Other intangible assets	Prepaid leases
Mobil – Norway	-	-	-	-	1	-	-	-	28	-	9	-
Fixed – Norway	1	-	-	-	7	-	-	-	1	-	12	-
Sweden	1	-	-	-	6	206	-	-	15	-	-	3
Denmark	-	-	-	-	-	36	-	-	-	56	-	-
Kyivstar – Ukraine (Unaudited)	-	-	-	-	-	-	-	-	31	-	-	-
Pannon – Hungary	-	-	-	-	-	-	-	-	58	-	1	-
DTAC – Thailand	-	-	-	-	-	-	-	-	-	-	-	-
DiGi – Malaysia	-	-	-	-	10	-	-	-	7	-	-	-
Grameenphone	-	-	-	-	9	-	-	-	-	-	-	-
Other mobile operations	1	-	-	-	3	-	1	-	-	-	-	-
Broadcast	4	-	2	-	6	23	-	-	7	11	-	-
Other operations	-	93	4	-	-	-	6	-	3	-	16	-
Total group	**7**	**93**	**6**	**-**	42	265	7	-	150	67	38	3

[1] See note 17.

The impairment loss of goodwill (NOK 93 million) in 2008 was related to goodwill in Telenor Cinclus, and was mainly due to lower market growth than initial expected.

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

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

13 FINANCIAL INCOME AND EXPENSES

NOK IN MILLIONS	2008	2007	2006 (Unaudited)
Interest income on cash and cash equivalents	480	394	745
Dividend income on available-for-sale financial assets	4	7	20
Other financial income	238	167	138
Total financial income	**722**	**568**	**903**
Interest expenses on financial liabilities measured at amortised cost	(3 060)	(2 650)	(2 555)
Other financial expenses	(152)	(153)	148
Capitalised interest	154	113	101
Total financial expenses	**(3 058)**	**(2 690)**	**(2 306)**
Net foreign currency gain (loss)	**(487)**	**(208)**	**(301)**
Net change in fair value of financial instruments at fair value through profit or loss	**(452)**	**845**	**1 293**
Gains on disposal of financial assets available-for-sale	17	26	1 885
Gains on disposal of financial assets at fair value through profit or loss	1	13	6
Losses on disposal of financial assets available-for-sale	(4)	(3)	(3)
Losses on disposal of financial assets at fair value through profit or loss	(4)	(3)	(1)
Impairment losses of financial assets available-for-sale	(5)	(6)	(9)
Impairment losses of other financial assets	-	(18)	-
Gains on financial liabilities measured at amortised cost	255	-	-
Net gains (losses and impairment losses) of financial assets and -liabilities	**260**	**9**	**1 878**
Net financial items	**(3 015)**	**(1 476)**	**1 467**

The change in financial income in 2008 was mainly due to increased volume of current deposits and an increase in other financial income related to overdue payment. Interest income in 2006 included NOK 280 million related to the Sonofon tax case in 2006 against the Norwegian tax authorities. Kyivstar was deconsolidated 29 December 2006, and is subsequently reported as an associated company, see note 21. In 2006, Kyivstar reported NOK 146 million as financial income.

Increased financial expenses in 2008 were mainly related to an increase in interest rates, as a consequence of a general increase of interest rates in the market. In 2006, financial expenses included a reversal of the provision for interest expenses of NOK 304 million related to the Sonofon tax case. Kyivstar reported NOK 312 million as financial expenses in 2006.

Borrowing costs included in the cost of qualifying assets (capitalised interest) during the year is based on the general borrowing programs for Norwegian subsidiaries and outside Norway based on the relevant subsidiaries' borrowing costs. Subsidiaries owned 90% or more are financed by Telenor. See note 26 Interest Bearing Liabilities for further information about interest rates on external borrowings.

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

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

Gains on financial liabilities measured at amortised cost are related to refinancing of interest bearing debt in Telenor Cinclus AS.

14 TAXES

NOK IN MILLIONS	2008	2007	2006 (Unaudited)
Profit before taxes	**19 003**	**19 971**	**21 528**
Current taxes	2 658	3 782	1 705
Deferred taxes	1 535	(1 614)	1 443
Income tax expense	**4 193**	**2 168**	**3 148**

The Norwegian tax group generated tax losses and is hence not in a current tax position in 2008. The net deferred tax income in 2007 was mainly caused by the recognition of deferred tax assets relating to tax losses in Sweden. In 2006, Telenor was repaid NOK 2,409 million in taxes which were recognised as a reduction in current taxes.

Effective tax rate

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

NOK IN MILLIONS	2008	2007	2006 (Unaudited)
Expected income taxes according to corporate income tax rate in Norway (28%)	5 321	5 592	6 028
Tax rates outside Norway different from 28%	(342)	121	(217)
Associated companies	(1 914)	(1 798)	(680)
Non-taxable income	(75)	(23)	(187)
Non-deductible expenses	336	476	365
Non-taxable gains/losses on sales of shares	138	(844)	(554)
Current and deferred taxes on retained earnings in subsidiaries and associated companies	430	222	414
Deferred tax assets not recognised current year	487	251	487
Change in previous years' valuation allowances	(199)	(1 355)	(49)
Previously not recognised deferred tax assets in business combinations	-	(217)	(67)
Impairment of goodwill that is not tax deductible	24	73	19
Tax credits	(51)	(133)	-
Resolution of significant disputed transactions	-	(247)	(2 409)
Other	38	50	(2)
Income tax expense (income)	**4 193**	**2 168**	**3 148**
Effective tax rate in %	**22.1**	**10.9**	**14.6**

Comments on selected line items in the preceding table

Tax rates outside Norway different from 28%

The tax rates for subsidiaries outside Norway are both higher and lower than the Norwegian tax rate of 28%. The most significant effects are related to the fact that Pannon GSM Rt. (Hungary: 22%) and Telenor Serbia (10%) have tax rates lower than 28%, while Grameenphone Ltd. (Bangladesh: 45%) and Telenor Pakistan (35%) have higher tax rates. For 2008, this reconciling item also includes the effects of changes in tax rates in Malaysia and Sweden.

Associated companies

Profits from associated companies are recognised on an after tax basis and therefore do not impact the Group's tax expense. The gain from the sale of shares in Golden Telecom in 2008 (see note 21) and the gain from the sale of shares in One GmbH in 2007 are included in this line. Kyivstar is treated as an associated company in 2007 and 2008. Tax on undistributed earnings in associated companies is included in the line "Current and deferred taxes on retained earnings in subsidiaries and associated companies".

Non-taxable gains/losses on sales of shares

The main item on this line in 2008 is the net change in fair value of the total return swap agreement in the underlying VimpelCom shares. In 2008, this agreement gave rise to a non-deductible loss of NOK 476 million, while the corresponding effect in 2007 was a non-taxable income of NOK 2,625 million, of which NOK 1,566 million was recorded as a gain in 2006. In 2006, the shares in Inmarsat were realised with a non-taxable gain of NOK 1,785 million.

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

Telenor has recognised deferred tax liabilities (primarily withholding tax) for undistributed earnings in subsidiaries and associated companies outside of Norway. Such provisions for deferred tax liabilities are made to the extent it is expected that dividends will be distributed in the foreseeable future. Undistributed earnings in foreign subsidiaries and associates for which deferred taxes have not been provided, amount to NOK 4,641 million. For associated companies deferred tax liabilities are recognised based on the total undistributed earnings (Telenor's share) because Telenor is not able to control the timing of the distribution of dividends. If loan covenants or other limitations on dividends exist, the deferred tax liabilities are recognised based on the dividend capacity in the company.

Deferred tax assets not recognised current year

Deferred tax assets are not recognised for deductible temporary differences (primarily carry forward of unused tax losses) in subsidiaries unless Telenor can demonstrate probable taxable profits that will be available against such deductible temporary differences. In 2008, this is primarily related to Telenor Pakistan. In 2007, this was the situation for Telenor Cinclus which is not a part of the Norwegian tax group, and Telenor Pakistan. This was primarily related to Sweden and Telenor Pakistan in 2006.

Change in previous years' valuation allowance

This line relates to deferred tax assets previously not recognised, and derecognition of previously recognised deferred tax assets. In 2008, this is primarily related to reversal of valuation allowances in the Swedish tax group as a result of high taxable income in the financial year of 2008. Due to the reorganisation of the fixed line operations in Sweden and the expansion of the Swedish tax group in 2007, the group's future utilisation of the tax deductible temporary differences (mainly tax losses to be carried forward) in the Swedish companies became probable, and consequently valuation allowances of NOK 1,517 million were reversed.

Previously not recognised deferred tax assets in business combinations

In 2007, NOK 194 million of deferred tax assets previously not recognised in the business combination for Bredbåndsbolaget (Sweden) was recognised. In addition NOK 23 million related to Canal Digital Denmark (Broadcast) was recognised. In 2006, Cybercity (Denmark) and Canal Digital Denmark (Broadcast) were able to demonstrate probable taxable profits and deferred tax assets were recognised related to these business combinations.

When recognising these deferred tax assets, the corresponding tax income is recognised in the income statement. As a result, the carrying amount of goodwill is reduced to the amount that would have been recognised if the deferred tax asset had been recorded at the acquisition date.

Impairment of goodwill that is not tax deductible

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

Tax credits

In 2007 and 2008, the effect of tax credits is primarily related to Telenor Serbia. These tax credits are a consequence of investments in infrastructure. Telenor Serbia has unused tax credits that can be carried forward for 10 years. In addition, Pannon reduced their current taxes in 2007 by NOK 23 million related to tax credits on investments. Pannon has no tax credits to be carried forward.

Resolution of significant disputed transactions

NOK IN MILLIONS	2008	2007	2006
Internal sale of Sonofon shares	–	–	(2 409)
RISK adjustment of Cosmote shares	–	(155)	–
Canal Digital Denmark	–	(92)	–
Total resolution of significant disputed transactions	**–**	**(247)**	**(2 409)**

Internal sale of Sonofon shares

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

RISK adjustment of Cosmote shares

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

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

Tax losses carried forward

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

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

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

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

Companies within the Norwegian tax group (Telenor ASA and all Norwegian subsidiaries owned by more than 90%) generated net tax losses in 2008. Previously unutilised tax losses were all absorbed in 2007.

Deferred tax assets are not recognised on carry forward of unused tax losses when Telenor cannot demonstrate that it is probable that taxable profit will be available against these deductible temporary differences. This is the situation for some of the operations in the Nordic countries, Thailand and Pakistan. In Thailand, no tax positions can be transferred between the companies. In Pakistan, deferred tax assets are not recognised for taxable losses in excess of taxable temporary differences. Some of the tax losses in the Swedish operations cannot be viewed as part of the net deferred tax liability position in the Swedish tax group, due to time restrictions limiting the possibility of utilisation.

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

NOK IN MILLIONS	Deferred tax assets 2008	Deferred tax liabilities 2008	Of which assets not recognised (valuation allowance) 2008	Deferred tax assets 2007	Deferred tax liabilities 2007	Of which assets not recognised (valuation allowance) 2007
Tangible and intangible assets	4 219	(8 082)	(34)	4 578	(6 435)	(25)
Undistributed earnings in foreign						
subsidiaries and associated companies	–	(1 340)	–	–	(979)	–
Other non-current items	2 619	(2 475)	(20)	1 432	(1 690)	–
Total non-current assets and liabilities	**6 838**	**(11 897)**	**(54)**	**6 010**	**(9 104)**	**(25)**
Total current assets and liabilities	**1 075**	**(329)**	**(36)**	**798**	**(215)**	**(31)**
Tax losses carried forward	**4 306**	**–**	**(1 784)**	**3 038**	**–**	**(1 444)**
Deferred taxes	12 219	(12 226)	(1 874)	9 846	(9 319)	(1 500)
Net deferred tax assets/liabilities	**–**	**(1 881)**	**–**	**–**	**(973)**	**–**
Of which deferred tax assets	–	2 815	–	–	2 771	–
Of which deferred tax liabilities	–	(4 696)	–	–	(3 744)	–

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

Changes in net deferred taxes

NOK IN MILLIONS	2008	2007	2006
As of 1 January	(973)	(2 689)	383
Recorded to equity [1]	1 399	(416)	36
Recorded to profit or loss	(1 535)	1 614	(1 443)
Exchange differences	(707)	401	188
Acquisition of subsidiaries	(65)	150	(1 588)
Disposal of subsidiaries	-	(33)	(265)
As of 31 December	**(1 881)**	**(973)**	**(2 689)**

[1] Deferred taxes recorded directly to equity are primarily attributable to exchange differences on foreign currency borrowings provided as net investment hedge or monetary items that are regarded as a part of the net investments. These exchange differences are charged directly to equity.

Changes in deferred tax assets not recognised (valuation allowances)

NOK IN MILLIONS	2008	2007	2006
Balance at the beginning of the year	1 500	3 057	2 289
Changes in deferred tax assets not recognised prior years	(216)	(1 580)	133
Net losses from subsidiaries	484	164	515
Other not recognised deferred tax assets current year	3	87	57
Acquisitions and disposals [1]	(2)	(42)	(13)
Currency adjustments	105	(186)	76
Balance at the end of the year	**1 874**	**1 500**	**3 057**

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

In 2008, the changes in deferred tax assets not recognised in prior years are primarily related to the Swedish tax group, as explained above. The significant changes on this line in 2007 were related to recognition of deferred tax assets after the reorganisation of the fixed line operations in Sweden and expansion of the Swedish tax group.

15 DISCONTINUED OPERATIONS

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

There were no discontinued operations in Telenor Group during 2008.

Telenor Satellite Services

Telenor Satellite Services, defined as discontinued operations since 2006, was sold on 5 September 2007 to investment funds managed by Apax Partners for a cash consideration of NOK 2,691 million, of which NOK 135 million were paid dividend before completion of the transaction. A gain of NOK 1,194 million was recognised in 2007. The gain was taxable, but was exempted from taxes under the exemption method.

Telenor Satellite Services was a subsidiary of Telenor ASA until the sale and is a provider of global communications solutions via satellite for users on land, at sea and in flight. Telenor Satellite Services was a part of the segment "Other operations".

UCOM

UCOM has been part of the DTAC – Thailand segment.

The Group increased its shareholding in UCOM in 2005 and at the same time UCOM received an irrevocable purchase offer for the company's core assets from parties external to the Group. These assets and liabilities were primarily organised in separate subsidiaries of the company, and were regarded as disposal groups that meet the criteria to be classified as held for sale and discontinued operations on acquisition according to IFRS 5. The disposals were approved by the General Meeting of UCOM in January and effected in February 2006. The sale price was NOK 246 million, whereof the loss amounted to NOK 22 million in 2006.

The results of Telenor's discontinued operations are presented below:

NOK IN MILLIONS	2008	2007	2006
Revenues	–	1 671	2 402
Expenses	–	(1 413)	(2 180)
Operating profit	**–**	**258**	**222**
Net financial items incl associated companies	–	7	14
Profit before taxes	**–**	**265**	**236**
Taxes	–	(59)	(59)
Profit from operations	**–**	**206**	**177**
Gain/loss from sale of discontinued operation	–	1 194	(22)
Attributable income tax	–	–	–
Profit from discontinued operations	**–**	**1 400**	**155**
Earnings per share in NOK from discontinued operations			
Basic	–	0.83	0.09
Diluted	–	0.83	0.09

Telenor had no assets and liabilities of discontinued operations at 31 December 2008 and 2007.

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

NOK IN MILLIONS	2008	2007	2006
Net cash flow from operating activities	–	192	485
Net cash flow from investing activities	–	(82)	(197)
Net cash flow from financing activities	–	–	(3)

16 EARNINGS PER SHARE

From total operations

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

Earnings

NOK IN MILLIONS, EXCEPT PER SHARE AMOUNT	2008	2007	2006 (Unaudited)
Net income for the purposes of basic earnings per share (profit for the year attributable to the equity holders of Telenor ASA)	13 065	18 016	15 920
Effect of dilutive potential shares	–	–	–
Earnings for the purposes of diluted earnings per share	**13 065**	**18 016**	**15 920**
Basic earnings per share	7.83	10.72	9.44
Diluted earnings per share	7.82	10.71	9.44

Number of shares

IN THOUSANDS	2008	2007	2006
Weighted average number of shares for the purposes of basic earnings per share	1 668 682	1 680 126	1 685 701
Effect of dilutive potential shares:			
Share options and bonus shares	1 627	1 552	1 003
Weighted average number of shares for the purposes of diluted earnings per share	**1 670 309**	**1 681 678**	**1 686 704**

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

From continuing operations

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

Earnings

NOK IN MILLIONS, EXCEPT PER SHARE AMOUNT	2008	2007	2006 (Unaudited)
Profit for the year attributable to the equity holders of Telenor ASA	13 065	18 016	15 920
Less:			
Profit for the year from discontinued operations	–	1 400	155
Net income for the purposes of basic earnings per share from continuing operations	**13 065**	**16 616**	**15 765**
Effect of dilutive potential shares	–	–	–
Net income for the purposes of diluted earnings per share from continuing operations	**13 065**	**16 616**	**15 765**
Basic earnings per share from continuing operations	7.83	9.89	9.35
Diluted earnings per share from continuing operations	7.82	9.88	9.35

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

17 GOODWILL

NOK IN MILLIONS	Telenor Denmark	Telenor Sweden	Pannon Hungary	Digi.com Malaysia	DTAC Thailand	Telenor Serbia	Other mobile operations	Broadcast	Other/ elimi-nations	Total
At 1 January 2007	**7 231**	**5 373**	**5 106**	**574**	**2 390**	**7 759**	**103**	**2 059**	**3 128**	**33 723**
Exchange differences 2007	(160)	(382)	(206)	(44)	63	(248)	(4)	(10)	(55)	(1 046)
Arising on acquisition of a subsidiaries	197	1	–	–	–	–	120	–	366	684
Derecognised on disposal of a subsidiaries	–	–	–	(54)	(189)	–	–	–	(66)	(309)
At 31 December 2007	**7 268**	**4 992**	**4 900**	**476**	**2 264**	**7 511**	**219**	**2 049**	**3 373**	**33 052**
Exchange differences 2008	1 744	346	874	111	263	645	28	10	71	4 092
Arising on acquisition of a subsidiaries	(5)	8	–	–	8	–	74	–	1 236	1 321
Reallocation of goodwill	–	–	–	–	–	–	(11)	–	–	(11)
Derecognised on disposal of a subsidiaries	–	–	–	(11)	–	–	–	–	–	(11)
At 31 December 2008	**9 007**	**5 346**	**5 774**	**576**	**2 535**	**8 156**	**310**	**2 059**	**4 680**	**38 443**
Impairment										
At 1 January 2007	**(3 027)**	**–**	**–**	**–**	**–**	**–**	**–**	**(110)**	**(3)**	**(3 140)**
Exchange differences 2007	25	–	–	–	–	–	–	–	–	25
Impairment loss 2007	(36)	(206)	–	–	–	–	–	(23)	–	(265)
Impairment at 31 December 2007	**(3 038)**	**(206)**	**–**	**–**	**–**	**–**	**–**	**(133)**	**(3)**	**(3 380)**
Exchange differences 2008	(729)	(14)	–	–	–	–	–	–	–	(743)
Impairment loss 2008	–	–	–	–	–	–	–	–	(93)	(93)
Impairment at 31 December 2008	**(3 767)**	**(220)**	**–**	**–**	**–**	**–**	**–**	**(133)**	**(96)**	**(4 216)**
Carrying amount of goodwill 2007	**4 230**	**4 786**	**4 900**	**476**	**2 264**	**7 511**	**219**	**1 916**	**3 370**	**29 672**
Carrying amount of goodwill 2008	**5 240**	**5 126**	**5 774**	**576**	**2 535**	**8 156**	**310**	**1 926**	**4 584**	**34 227**

Goodwill impairment loss in 2008 was related to Telenor Cinclus and was mainly due to lower growth in the market than initial expected. Goodwill impairment losses in 2007 were mainly due to recognition of deferred tax assets after the initial accounting for business combination was complete. According to IFRS, the acquirer shall reduce the carrying amount of goodwill with the same amount as not previously recognised deferred tax assets are recognise as a tax benefit. See note 18 for impairment testing of goodwill.

18 IMPAIRMENT TESTING OF GOODWILL

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill is impaired. The annual impairment test is performed at year end. Telenor has identified intangible assets with indefinite lives, but these assets carrying amount are immaterial. Telenor has identified its mobile and fixed operations in different countries as its cash generating units, but where the fixed and mobile operations are monitored and combined as one segment, the goodwill is monitored and tested for a group of cash generating units. The group of cash generating units is not larger than an operating segment as defined in IFRS 8 Operating Segments. In addition EDB Business Partner (IS service provider), Broadcast DTH(direct to home)/cable TV operations, as well as some other minor operations, have been identified as cash generating units. Telenor acquired IS Partner AS in the first quarter of 2008. IS Partner is a part of the EDB Business Partner Group.

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

Carrying amount of goodwill

NOK IN MILLIONS	2 008	2 007
Telenor Denmark	5 240	4 230
Telenor Sweden	5 126	4 786
Pannon, Hungary	5 774	4 900
DTAC, Thailand	2 535	2 264
Telenor Serbia, Serbia	8 156	7 511
Broadcast, DTH and cableTV, Nordic	1 926	1 905
EDB Business Partner, Norway	4 465	3 379
Other	1 005	697
Total carrying amount of goodwill	**34 227**	**29 672**

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

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

Fair value less cost to sell has been derived from quoted market prices. Currently, Telenor has not included any control premium to determine the fair value less cost to sell. DTAC is listed both on the Stock Exchange in Singapore and the Stock Exchange in Thailand. DiGi is listed on the Stock Exchange in Malaysia. The fair values for the listed cash generating units have been derived from the quoted market prices as of 31 December 2008. EDB Business Partner is listed on the Oslo Stock Exchange. At year end 2008 the fair value less cost to sell was lower than the carrying amount and the recoverable amount of EDB Business Partner as of 31 December 2008 is therefore determined by value in use based on discounted cash flows in the same way as for other cash generating units described below.

For the other cash generating units we have used a discounted cash flow analysis to determine the value in use. Value in use is based on cash flow projections reflecting the financial forecast and strategy plans approved by senior management covering a three-year period. In addition, the calculation includes estimated cash flows for the years 4 to 9, for the operations which are in a growth phase and are expected to reach a stable cash flow within three years, ref table below. Cash flows beyond the nine-year period are extrapolated with a long-term growth rate in the rane from 0% to 4% including inflation.

Key assumptions used in the calculation of value in use are growth rates, EBITDA margins, capital expenditure and discount rates. The recoverable amounts have been determined for the cash generating units based on the following key assumptions for the years ending 31 December 2008 and 2007:

	Discount rate after tax (WACC)		Discount rate pre tax		Growth rate revenues 4–9 years	
	2008	2007	2008	2007	2008	2007
Pannon – Hungary	11.1%–9.8%	11.4%–9.7%	13.9%–12.5%	14.3%–12.1%	0%–(1)%	2% –(1)%
Telenor Denmark	8.8%	8.2%	11.7%	11%	7%–1%	7%–2%
Telenor Sweden	8.5%	8.1%	11.5%	11.3%	3%–2%	2%–1%
EDB Business Partner	10%	-	13.9%	-	5%–1%	-
Broadcast DTH/kabel TV– Norden	8.3%	7.9%	11.4%	10.9%	-	-
Telenor Serbia	18.3%–11.6%	14.9%–11.2%	20.3%–12.9%	16.6%–12.3%	6%–4%	10%–4%

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

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

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

Capital expenditure (Capex) – A normalised capex to sales ratio (capital expenditure as a percentage of revenues) is assumed in the long run. In the years 1 to 9 capital expenditure necessary to meet the expected growth in revenues is taken into consideration. Changes in traffic volumes and the number of subscriptions in the growth phase will also result in a change in future capex to sales ratio. The Broadcast DTH/ cable TV operation is less capital-intensive and the capex to sales ratio is therefore not one of the key assumptions for the valuation of this business. Estimated capital expenditures do not include capital expenditures that enhance the current performance of assets and related cash flows have been treated consistently.

Discount rates – Discount rates are based on Weighted Average Cost of Capital (WACC). The cost of a company's debt and equity capital, weighted accordingly to reflect its capital structure, gives its weighted average cost of capital. In economies where risk free yields do not exist, the WACC rates used in discounting the future cash flows are based on US 10 years risk free interest rate, adjusted for inflation differential and country risk premium, which for some countries increased in 2008. The discounting factors also take into account the debt premium, market risk premium, gearing, corporate tax rate and asset beta.

For cash generating units within economies that currently has high inflation and reduced inflation is expected in the future, rolling discount rates are used.

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

Sensitivity Analyses

In connection with the impairment testing of goodwill, sensitivity analyses have been carried out. The value in use is determined based on future strategy plans considering expected development in both macro economic and company related conditions. Sensitivity analysis is performed for each of the defined cash generating units.

Except for the cash generating unit described in the last paragraph (Telenor Serbia), a reduction in the EBITDA-margin of 3 percentage points combined with a 1 percentage point increase in the WACC, all other factors being equal, will not result in any impairment. However, impairment may arise with a reduction in the EBITDA-margin by 4 percentage points combined with a 1 percentage point increase in the WACC. A reduction in revenue of 5 percentage points combined with a 3 percentage points reduction in the EBITDA-margin in the cash flow period (excluding the terminal year) would not result in impairment. However, if the same parameters are changed to 6 and 4 percentage points respectively, impairment may arise. Changing the EBITDA-margin downward with more than 3 percentage points for the whole period, other factors being equal, would mean that some cash generating units could be impaired.

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

As a result of the change in the segment definition and in the way management monitors the operations in Sweden and the operating segments, the goodwill related to the Swedish operation in fixed and mobile is tested at segment level. Overall, there is still significant headroom between the recoverable amounts of goodwill and the carrying amounts.

For Telenor Serbia the recoverable amounts are approximately on the same level as the carrying amount, indicating that minor changes in assumptions could result in impairment.

The table below illustrates the percentage change in the key assumptions, other things being equal, which would reduce the recoverable amount to the same as the carrying amount.

Key assumption:

	Telenor Serbia
Negative variance in revenue growth	0%–2%
Negative variance in EBITDA-margin	0%–1%
Negative variance in perpetual growth rate	0%–1%

19 INTANGIBLE ASSETS

NOK IN MILLIONS	Customer base	Licenses	Trade-marks	Software acquired	Internal generated software	Other [1]	Work in progress [2]	Total
Accumulated Cost								
As of 1 January 2007	**8 014**	**16 096**	**2 806**	**7 528**	**2 452**	**4 060**	**1 078**	**42 034**
Reclassifications [3]	-	58	-	781	(86)	(44)	86	795
Additions	7	1 578	-	1 402	191	59	778	4 015
Internally developed	-	-	-	34	159	16	21	230
Acquisition of subsidiaries	414	25	11	6	-	12	-	468
Translation differences	(283)	(151)	(37)	(327)	(12)	(130)	(10)	(950)
Disposal	(1)	(12)	-	(142)	(69)	-	(21)	(245)
As of 1 January 2008	**8 151**	**17 594**	**2 780**	**9 282**	**2 635**	**3 973**	**1 932**	**46 347**
Reclassifications [3]	12	(1)	1	(37)	(30)	6	5	(44)
Additions	-	4 056	1	1 811	88	125	(357)	5 724
Internally developed	-	-	-	78	216	27	41	362
Acquisition of subsidiaries	131	2	7	12	13	96	-	261
Translation differences	1 124	2 474	431	1 092	31	458	126	5 736
Disposal	(1 855)	(11)	-	(451)	(205)	(34)	(54)	(2 610)
As of 31 December 2008	**7 563**	**24 114**	**3 220**	**11 787**	**2 748**	**4 651**	**1 693**	**55 776**
Accumulated amortisation and impairment losses								
As of 1 January 2007	**4 295**	**2 256**	**530**	**4 801**	**1 750**	**1 039**	**32**	**14 703**
Reclassifications [3]	-	59	-	431	(35)	(52)	3	406
Amortisation	1 895	1 207	215	1 507	278	290	-	5 392
Impairment losses	-	-	-	2	5	-	-	7
Translation differences	(162)	(38)	(16)	(190)	(5)	(48)	(1)	(460)
Disposal	-	(5)	-	(125)	(40)	-	(7)	(177)
As of 1 January 2008	**6 028**	**3 479**	**729**	**6 426**	**1 953**	**1 229**	**27**	**19 871**
Reclassifications [3]	-	-	-	(7)	(11)	9	17	8
Amortisation	850	1 287	531	1 360	258	346	-	4 632
Impairment losses	-	-	-	6	-	-	-	6
Translation differences	995	463	220	778	21	201	-	2 678
Disposal	(1 855)	(10)	-	(446)	(203)	(33)	(25)	(2 572)
As of 31 December 2008	**6 018**	**5 219**	**1 480**	**8 117**	**2 018**	**1 752**	**19**	**24 623**
Carrying amount								
As of 31 December 2008	**1 545**	**18 895**	**1 740**	**3 670**	**730**	**2 899**	**1 674**	**31 153**
As of 31 December 2007	**2 123**	**14 115**	**2 051**	**2 856**	**682**	**2 744**	**1 905**	**26 476**

[1] Mainly roaming agreements with carrying amount of NOK 2,556 million per 31 December 2008 and NOK 2,551 million per 31 December 2007.

[2] Net additions.

[3] Including reclassifications to/from lines in the balance sheet which is not a part of this table.

Additions of intangible assets in 2008 from acquisition of subsidiaries were mainly related to IS Partner AS, Norway by EDB Business Partner. There were also some individually immaterial acquisitions like Datametrix in Fixed Norway and Tameer Microfinance Bank in Pakistan and other acquisitions with a purchase price less than NOK 50 millions per acquisition, see note 4. In 2007 acquisition of subsidiaries were primarily related to Spray Telecom AB, Tele2 in Denmark, CEK AB, Talkmore and TeamR3. The additions of licenses in 2008 and 2007 were primarily DTAC's investments in mobile networks, see "DTAC's concession right" below for further information.

The intangible assets included above have finite useful lives, over which the assets are amortised. Customer base, trademarks and roaming agreements (the major part of "other") were acquired as part of business combinations. Licenses consist primarily of mobile licenses that were acquired separately or as part of business combinations. The amortisation period for customer base is the expected customer relationships based on historic experience of churn for the individual businesses, and varies primarily between 3 to 5 years. Licenses and roaming agreements are amortised over the license periods (6 to 28 years), see note 35. Trademarks are amortised over their estimated useful lives, which is on average 15 years. Software is amortised over their estimated useful lives. Given the history of rapid changes in technology, computer software is susceptible to technological obsolescence and therefore, their estimated useful life is normally 3 to 5 years.

DTAC's concession right

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

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

Year [2]	Percentage of revenues per annum	Minimum annual payment (NOK in millions) [1] 2008	2007
1–4	12	**4 to 31**	4 to 28
5	25	**71**	64
6–15	20	**77 to 122**	69 to 109
16–20	25	**151 to 155**	135 to 139
21–27	30	**152 to 242**	136 to 217

[1] Converted from THB to NOK based on exchange rates as of 31 December 2008 in 2008 and based on exchange rates as of 31 December 2007 in 2007.

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

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

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

20 PROPERTY, PLANT AND EQUIPMENT

NOK IN MILLIONS	Local, regional & trunk networks	Mobile telephone network and switches	Subscriber equipment	Switches and equipment	Radio installations	Cable TV equipment	Buildings	Land	Corporate administrative assets	Satellites	Work in progress[1]	Total
Accumulated cost												
As of 1 January 2007	**33 013**	**26 272**	**748**	**12 728**	**5 291**	**1 783**	**11 367**	**959**	**6 477**	**2 419**	**4 130**	**105 187**
Reclassifications [2]	(902)	(714)	(15)	86	4	(9)	696	(88)	253	6	(28)	(711)
Additions	2 227	5 431	137	1 373	1 744	214	810	85	1 686	-	1 169	14 876
Acquisition of subsidiaries	-	1	-	101	-	-	17	16	44	-	1	180
Translation differences	(261)	(2 286)	(43)	(280)	(281)	(5)	(172)	(16)	(266)	-	(274)	(3 884)
Disposal	(241)	(552)	(68)	(261)	(82)	(32)	(582)	(100)	(712)	-	(24)	(2 654)
As of 1 January 2008	**33 836**	**28 152**	**759**	**13 747**	**6 676**	**1 951**	**12 136**	**856**	**7 482**	**2 425**	**4 974**	**112 994**
Reclassifications [2]	(26)	101	5	25	10	-	(32)	8	272	-	(17)	346
Additions	2 420	4 325	181	1 298	1 819	333	991	43	1 662	1 194	529	14 795
Acquisition of subsidiaries	-	-	-	-	-	-	1	1	110	-	15	127
Translation differences	694	5 545	64	382	406	16	616	69	913	-	488	9 193
Disposal	(172)	(382)	(38)	(244)	(56)	(18)	(91)	(18)	(1 111)	(5)	(246)	(2 381)
As of 31 December 2008	**36 752**	**37 741**	**971**	**15 208**	**8 855**	**2 282**	**13 621**	**959**	**9 328**	**3 614**	**5 743**	**135 074**
Accumulated depreciation and impairment losses												
As of 1 January 2007	**25 287**	**9 435**	**621**	**10 106**	**2 535**	**1 005**	**4 545**	**27**	**4 024**	**1 500**	**9**	**59 094**
Reclassifications [2]	(417)	(461)	1	77	(2)	(1)	335	(15)	89	4	68	(322)
Depreciation	1 653	3 065	76	776	702	154	446	2	1 257	181	1	8 313
Impairment losses	6	12	-	7	-	-	-	-	3	-	14	42
Translation differences	(128)	(646)	(39)	(61)	(51)	(3)	(29)	(1)	(142)	-	(3)	(1 103)
Disposal	(233)	(518)	(66)	(261)	(80)	(27)	(191)	-	(628)	-	-	(2 004)
As of 1 January 2008	**26 168**	**10 887**	**593**	**10 644**	**3 104**	**1 128**	**5 106**	**13**	**4 603**	**1 685**	**89**	**64 020**
Reclassifications [2]	(4)	26	13	8	-	-	1	-	236	-	(13)	267
Depreciation	1 637	3 452	102	962	858	178	479	2	1 344	198	-	9 212
Impairment losses	-	-	-	2	-	-	1	-	2	-	2	7
Translation differences	379	2 285	48	192	166	7	151	-	594	-	15	3 837
Disposal	(160)	(365)	(38)	(242)	(56)	(18)	(41)	-	(1 060)	(5)	(56)	(2 041)
As of 31 December 2008	**28 020**	**16 285**	**718**	**11 566**	**4 072**	**1 295**	**5 697**	**15**	**5 719**	**1 878**	**37**	**75 302**
Carrying amount												
As of 31 December 2008	8 732	21 456	253	3 642	4 783	987	7 924	944	3 609	1 736	5 706	59 772
As of 31 December 2007	7 668	17 265	166	3 103	3 572	823	7 030	843	2 879	740	4 885	48 974
Depreciation rates in %	3–33	3–20	20–33	10–33	6–14	8–33	1–20	-	14–33	10	-	-

[1] Net additions.

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

The Group has entered into Cross Border QTE arrangements for telephony switches, GSM Mobile network and fixed-line network with a carrying amount as of 31 December 2008 of NOK 58 million (NOK 155 million as of 31 December 2007). The transactions have the legal form of leases. However, Telenor has according to SIC 27 determined that the substance of the transactions is that these are not leases as defined in IAS 17. The arrangements were entered into in 1999 and 2003, respectively. The agreement entered into in 1999 was partially terminated in January 2008. Their terms are for approximately 15 years with early termination options for Telenor. Telenor has defeased all amounts due under these agreements with financial institutions and US Government related securities. For further information, see note 30 and 31. The financial institutions then release the payments over agreement periods in accordance with their contractual terms. During the agreement periods, Telenor maintains the legal rights and economic benefits in Norway of ownership of the equipment. During the agreement periods, Telenor cannot dispose of the equipment but may make replacements. Telenor has received benefits of NOK 530 million since both parties can depreciate the equipment for tax purposes. The amounts are deferred over the periods for which the benefits are expected to be earned, and NOK 31 million, NOK 31 million and NOK 43 million was recorded as other financial income in 2008, 2007 and 2006, respectively. The remaining deferred benefit as of 31 December 2008 was NOK 203 million (NOK 234 million as of 31 December 2007).

Telenor has finance leases with carrying amounts of NOK 1,354 million as of 31 December 2008 (NOK 1,127 million as of 31 December 2007), primarily fibre optic Network in Grameenphone in Bangladesh with NOK 651 million as of 31 December 2008 (NOK 493 million in 2007), properties in Denmark and Sweden of NOK 187 million and NOK 213 million in 2008 (NOK 171 million and NOK 204 million in 2007), satellites in Broadcast with NOK 125 million in 2008 (NOK 225 million in 2007) and IT-equipment in EDB Business Partner with NOK 155 million in 2008 (NOK 0 million in 2007).

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

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

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

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

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

21 ASSOCIATED COMPANIES AND JOINT VENTURES

Associated companies

NOK IN MILLIONS	2008	2007
Balance as of 1 January	**20 368**	**13 816**
Additions	41	4 520
Transferred to/from other investments	-	67
Disposals [1]	(3 344)	(1 432)
Net income	5 216	5 319
Gains (losses) on disposal [1]	1 620	1 143
Equity adjustments and dividends	(5 399)	(547)
Translation adjustments	2 129	(2 518)
Balance as of 31 December	**20 631**	**20 368**
Of which investments carried at a negative value [2]	180	57
Total associated companies	**20 811**	**20 425**

[1] Disposals in 2008 are primarily related to the sale of Golden Telecom Inc., see below. In 2007 the disposals were primarily related to the sale of One GmbH with a gain of approximately NOK 1.1 billion.

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

Specifications of investments in associated companies

NOK IN MILLIONS Company	Share owned in % [1]	Carrying amount 31 December 2007	Invest-ments/ disposals during 2008	Share of net income [2]	Equity/ dividends and translation adjustments	Carrying amount 31 December 2008
Kyivstar J.S.C.	56.5	6 438	-	2 995	(3 500)	5 933
VimpelCom [4]	33.6	11 478	-	2 242	81	13 801
Golden Telecom Inc. [3]	-	1 443	(3 327)	1 624	260	-
Kjedehuset AS	49.0	78	-	37	(17)	98
A-Pressen AS	44.5	600	22	13	(46)	589
RiksTV AS	33.3	(53)	-	(127)	-	(180)
Opplysningen AS	26.3	88	-	58	(41)	105
Others [4]	-	296	2	(6)	(7)	285
Total		**20 368**	**(3 303)**	**6 836**	**(3 270)**	**20 631**

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

[2] Share of net income includes Telenor's share of net income after taxes and pretax gains and losses on disposal.

[3] On 27 February 2008 Telenor completed the disposal of its 18.3% ownership interest in Golden Telecom Inc. to VimpelCom. Telenor recognised a sale's gain of approximately NOK 1.61 billion after elimination of the gain related to Telenor's ownership in VimpelCom.

[4] Market values of Telenor's ownership interest in listed associated companies as of 31 December, 2008 were: VimpelCom: NOK 17,293 million, Wireless Matrix Corporation: NOK 72 million, Otrum Electronics ASA: NOK 23 million.

VimpelCom

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

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

Telenor's shares in VimpelCom were arrested on 11 March 2009 in connection with the Farimex Case, see note 34.

Kar-Tel, VimpelCom's subsidiary in Kazakhstan, received in 2005 a claim of approximately US$5.5 billion to the Savings Deposit Insurance Fund, a Turkish state agency. VimpelCom believes that the order to pay is without merit, in part due to the fact that the Uzan family has not owned any interest in KaR-Tel since November 2003.

Kyivstar

As a consequence of Alfa Group's previous litigation in Ukraine and boycott of Kyivstar's board and shareholder meetings in defiance of an international arbitration award and two court orders, Telenor was not able to demonstrate control and has been unable to consolidate Kyivstar's financial results since 29 December 2006.

Kyivstar was deconsolidated, due to injunctions in Ukraine prohibiting Kyivstar's management from providing financial information to Kyivstar's independent auditors and its shareholders, including Telenor. In response to the termination of the last of the three injunctions by a Ukrainian court on 23 November 2007, Kyivstar has been reporting unaudited financial information to Telenor and is treated as an associated company.

To restore corporate governance in Kyivstar, Telenor filed on 23 January 2008 a contempt motion with the federal court in New York against Storm LLC, its two direct shareholders Alpren Ltd. and Hardlake Ltd., and Altimo Holdings & Investments Ltd. The court ruled on 19 November 2008, finding for Telenor on all accounts and ordering Storm to take all steps necessary to restore corporate governance in Kyivstar, and threatened with heavy coercive fines unless they complied.

On 16 December 2008 the shareholders met at two Extraordinary General Meetings of Shareholders (EGMS) to bring the charter in compliance with Ukrainian law. Furthermore the EGMS elected a new Board of Directors, appointed the Auditing Commission and approved dividends for the years 2004 and 2005. The company board met and elected Ernst & Young as the company's independent auditor. This does not however by itself mean that control is restored so that Kyivstar should be consolidated, see note 3 and 34.

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

NOK IN MILLIONS	2008	2007	2006
Income Statement Data			
Revenue	33 010	28 025	19 606
Net income	**6 836**	**6 462**	**2 362**
Balance Sheet Data			
Total assets	53 828	34 781	
Total liabilities	33 197	14 413	
Net assets	**20 631**	**20 368**	

Joint ventures

3G Infrastructure Services AB

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

There are no commitments or contingent liabilities beyond the paid in capital towards 3G Infrastructure Services AB.

Aeromobile Ltd.

Aeromobile was a jointly controlled entity of which ARINC and Telenor owned 50% respectively. On 10 April 2008, Telenor increased its ownership interest in Aeromobile to 62.09%. Aeromobile was consolidated proportionally until this date and consolidated as a subsidiary thereafter. As of 31 December 2008, Telenor's ownership interest in Aeromobile is 83.8% as a result of several equity injections. The business of Aeromobile is to deliver services enabling passenger's onboard aircrafts to use their mobile phones and PDAs on board during flights.

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

NOK IN MILLIONS	2008	2007	2006
Revenues	586	574	533
Operating expenses	(688)	(703)	(633)
Net finance items	(3)	(2)	1
Profit before taxes	(105)	(131)	(99)
Taxes	19	23	24
Profit	**(86)**	**(108)**	**(75)**

Non-current assets	1 984	2 181
Current assets	188	169
Total assets	**2 172**	**2 350**
Non-current liabilities	1 929	2 045
Current liabilities	102	112
Net assets	**141**	**193**

22 TRADE AND OTHER RECEIVABLES

NOK IN MILLIONS	2008	2007
Trade receivables	11 413	12 227
Provision for bad debt, see note 9	(1 209)	(1 231)
Total trade receivables	**10 204**	**10 996**
Other current receivables		
Interest-bearing receivables	130	51
Accrued revenues	3 098	2 848
Receivables on associated companies and joint ventures [1]	2 348	888
Receivables on employees	25	16
Other non-interest bearing receivables	1 327	1 587
Provision for bad debt	(6)	(7)
Total other current receivables	**6 922**	**5 383**
Prepaid expenses [2]		
Deferred costs related to connection revenues [3]	376	480
Prepaid leases that are amortised [4]	657	487
Prepaid expenses	2 750	2 526
Total prepaid expenses	**3 783**	**3 493**
Total trade and other receivables	**20 909**	**19 872**

[1] Receivables on associated companies and joint ventures for 2008 include NOK 1,430 million in unpaid dividend from Kyvistar (paid in January 2009).
[2] Prepaid expenses do not meet the definition of a financial instrument, and are presented as non-financial (NF) in note 30.
[3] Deferred costs for connection revenues are limited to the deferred connection revenues and are deferred over the estimated customer relationship. Deferred costs for connection are classified as current as they relate to the Group's normal operating cycle.
[4] For prepaid leases that are amortised see note 12.

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

			Past due on the reporting data in the following periods:					
NOK IN MILLIONS	Carrying amount	Not past due on the reporting date	less than 30 days	between 30 and 60 days	between 61 and 90 days	between 91 and 180 days	between 181 and 365 days	more than 365 days
As of 31 December 2008								
Trade receivables	11 413	6 997	2 025	407	289	439	491	765
Provision for bad debt	(1 209)	(1)	(28)	(30)	(31)	(127)	(314)	(678)
Total trade receivables	**10 204**	**6 996**	**1 997**	**377**	**258**	**312**	**177**	**87**
As of 31 December 2007								
Trade receivables	12 227	7 389	2 361	450	306	414	451	856
Provision for bad debt	(1 231)	(16)	(17)	(21)	(65)	(88)	(267)	(757)
Total trade receivables	**10 996**	**7 373**	**2 344**	**429**	**241**	**326**	**184**	**99**

[1] Trade receivables are a part of the class trade receivables and other current and non-current financial assets in note 30. Age distribution is not disclosed for other receivables of this class due to immaterial amounts.

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

For information about the grouping of the financial instruments into appropriate classes see note 30.

23 OTHER CURRENT AND NON-CURRENT ASSETS

NOK IN MILLIONS	2008	2007
Financial non-current assets [1]		
Available-for-sale investments	210	266
Financial derivatives – non-interest-bearing (note 30)	3 139	645
Fair value hedge instruments – interest-bearing (note 30)	1 139	57
Other financial non-interest-bearing non-current assets [2]	366	333
Other financial interest-bearing [3]	53	158
Total financial non-current assets	**4 907**	**1 459**
Prepaid expenses [6]	1 113	1 581
Total other non-current assets	**6 020**	**3 040**
Other financial current assets [1]		
Assets held for trading	46	52
Bonds and commercial papers > 3 months	422	471
Financial derivatives – non-interest-bearing (note 30)	611	372
Total other financial current assets	**1 079**	**895**

[1] For further information about the fair values, methods for valuation and grouping into classes of financial instruments, see note 30.

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

NOK IN MILLIONS	2008	2007
Capital contribution to Telenor Pension Fund	298	298
Receivables on associated companies	4	10
Loans to employees	3	3
Provision for bad debt	-	(6)
Other non-interest bearing loans and deposits	61	28
Other financial non-interest-bearing non-current assets	**366**	**333**

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

NOK IN MILLIONS	2008	2007
Receivables on associated companies [4]	19	35
Loans to employees	23	-
Other non-current receivables [5]	11	123
Other financial interest-bearing non-current assets	**53**	**158**

[4] Negative value on the associated company Riks-TV AS in 2008 of NOK 180 million has partly been recorded as a NOK 96 million reduction in receivables which relates to a loan considered as a part of Telenor's investment in Riks-TV AS, while remaining NOK 84 million is recorded as a provision, see also note 21 and 27. In 2007 negative value of associated company Riks-TV AS of NOK 53 million was recorded as a reduction in receivables against Riks-TV AS.
Interest-bearing receivables due from associated companies were primarily against TV2 Zebra AS in 2008 and against both TV2 Zebra and RiksTV AS in 2007.

[5] Other non-current interest-bearing receivables as of 31 December 2007 consisted primarily of the net amount recognised on a receivable DTAC had on Digital Phone Company Limited (DPC).

[6] Prepaid expenses as of 31 December 2008 include prepayments for the satellite Thor 6. As of 31 December 2007 prepaid expenses include prepayments for the satellites Thor 5 and Thor 6 of NOK 1,342 million.

24 ADDITIONAL CASH FLOW INFORMATION

Acquisitions and disposals of subsidiaries and associated companies

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

NOK IN MILLIONS	2008	2007	2006
Acquisitions of subsidiaries and associated companies			
Associated companies	35	4 523	237
Other non-current assets	1 757	1 645	23 437
Current assets	1 141	565	2 788
Liabilities	(1 103)	(745)	(4 449)
Non-controlling interests	(11)	76	56
Carrying amount of associated companies and joint ventures at the time of acquisition	31	-	(100)
Recorded directly to equity	3	-	60
Total consideration	**1 853**	**6 064**	**22 029**
Cash payments related to acquisitions [1]	(1 830)	(5 837)	(22 363)
Cash in subsidiaries acquired [2]	509	(105)	399
Payments for acquisitions of subsidiaries and associated companies, net of cash acquired	**(1 321)**	**(5 942)**	**(21 964)**
Disposals of subsidiaries and associated companies			
Associated companies	4 153	284	182
Other non-current assets	-	592	30
Current assets	9	2 220	911
Liabilities	-	(960)	(320)
Non-controlling interests	-	726	(65)
Recorded directly to equity	-	3 002	(82)
Gain (loss) and translation adjustments of sales	-	2 756	437
Sales price	**4 162**	**8 620**	**1 093**
Proceeds received as sale consideration	4 158	8 428	1 059
Cash in subsidiaries disposed	(4)	(172)	(22)
Proceeds from disposal of subsidiaries and associated companies, net of cash disposed	**4 154**	**8 256**	**1 037**

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

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

NOK IN MILLIONS	2008	2007
Restricted bank accounts		
For employees' tax deduction	1	-
Grameenphone proceeds from pre-public offer (PPO)	418	-
Other	22	24
Total restricted bank accounts	**441**	**24**

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

Cash and cash equivalents

NOK IN MILLIONS	2008	2007
Cash and cash equivalents in the Group's cash pool systems		
(including short term deposits < 3 months available for Telenor ASA)	3 769	3 428
Cash and cash equivalents outside the Group's cash pool systems [1]	5 156	3 413
Total cash and cash equivalents	**8 925**	**6 841**

[1] Subsidiaries in which Telenor owns less than 90% of the shares are normally not participating in the Group's cash pool systems, held by Telenor ASA. As of year end 2008, the major part of the cash and cash equivalents outside the Group's cash pool systems was related to DiGi, Grameenphone, DTAC, EDB and Telenor Serbia. As of year end 2007, the major part of the cash and cash equivalents outside the Group's cash pool systems was related to DiGi, DTAC, EDB and Telenor Serbia.

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

Significant non-cash transactions

NOK IN MILLIONS	2008	2007
Investments in licenses – part not paid in the year of grant	1 720	-
Finance leases – part not paid in the year of initial recognition	193	200
Sale of shares – no cash consideration received in year of transaction	-	139

Investments in licenses in 2008 are related to a 3G spectrum license that DiGi acquired in exchange for issuance of new shares, in addition to unpaid part of additional 2G spectrum in Grameenphone. The finance lease in 2008 is mainly related to a software lease in EDB. The finance lease in 2007 is related to a fibre optical network in Grameenphone. Sale of shares in 2007 is related to the associated company Opplysningen AS.

Income taxes paid not classified as operating activities

Payments of withholding taxes on dividends paid to shareholders of Telenor ASA are classified together with the dividend payments under financing activities, and were NOK 261 million in 2008, NOK 0 million in 2007 and NOK 187 million in 2006.

25 EQUITY – NOTES

Total paid in capital

	Number of shares	Share capital (NOK mill.)	Other paid in capital (NOK mill.)	Own shares (NOK mill.)	Total paid in capital (NOK mill.)
Balance as of 31 December 2006	**1 680 274 570**	**10 081**	**9 343**	**-**	**19 424**
Transfer from share premium account	-	-	(5 000)	-	(5 000)
Share buy back	-	-	-	(20)	(20)
Share option granted	-	-	-	1	1
Bonus shares	-	-	-	1	1
Balance as of 31 December 2007	**1 680 274 570**	**10 081**	**4 343**	**(18)**	**14 406**
Transfer from share premium account	-	-	(3 000)	-	(3 000)
Share buy back	-	-	-	(116)	(116)
Cancellation of shares	(22 385 724)	(134)	(1 274)	134	(1 274)
Balance as of 31 December 2008	**1 657 888 846**	**9 947**	**69**	**-**	**10 016**

Nominal value per share is NOK 6. Telenor held 0 treasury shares as of 31 December 2008 (2,931,222 shares as of 31 December 2007).

Other reserves

NOK IN MILLIONS	Net unrealised gains/losses reserve	Employee equity benefits reserve	Business combina-tions and transactions with non-controlling interests	Transak-Equity adjustments in associated companies	Share buy back	Transfer from other paid in capital, including the effect from cancellation of shares	Total other reserves
Balance as of 1 January 2007	**47**	**184**	**1 134**	**21**	**(4 582)**	**9 367**	**6 171**
Unrealised gains/losses on available-for-sale investments	17	-	-	-	-	-	17
Movement on cash flow hedges	(4)	-	-	-	-	-	(4)
Tax effect on movement on cash flow hedges	10	-	-	-	-	-	10
Share-based payment	-	8	-	-	-	-	8
Share options granted	-	10	-	-	-	-	10
Bonus shares	-	20	-	-	-	-	20
Business combinations and increased ownership interests in subsidiaries	-	-	7	-	-		7
Gain and loss on transactions with non-controlling interests	-	-	2 835	-	-	-	2 835
Tax effect on gain and loss on transactions with non-controlling interests	-	-	(192)	-	-	-	(192)
Other changes in other reserves during 2007	-	-	-	169	(422)	799	546
Balance as of December 2007	**70**	**222**	**3 784**	**190**	**(5 004)**	**10 166**	**9 428**
Unrealised gains on available-for -sale investments	(47)	-	-	-	-	-	(47)
Movement on cash flow hedges	(313)	-	-	-	-	-	(313)
Tax effect on movement on cash flow hedges	88	-	-	-	-	-	88
Share-based payment	-	21	-	-	-	-	21
Business combinations and increased ownership interests in subsidiaries	-	-	(9)	-	-	-	(9)
Gain and loss on transactions with non-controlling interests	-	-	493	-	-	-	493
Tax effect on gain and loss on transactions with non-controlling interests	-	-	(5)	-	-	-	(5)
Other changes in other reserves during 2008	-	-	-	(1 775)	(1 992)	4 274	507
Balance as of December 2008	**(202)**	**243**	**4 263**	**(1 585)**	**(6 996)**	**14 440**	**10 163**

Net unrealised gains/losses reserve

This reserve records fair value changes on available-for-sale financial assets. Also recorded here as a separate component, is the effective portion of the gain or loss on hedging instruments in cash flow hedges.

Employee equity benefits reserve

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

Business combinations and transactions with non-controlling interests

This reserve records effects from transactions with non-controlling interests and consolidation of associated companies and joint ventures.

In 2008, transactions with non-controlling interests in subsidiaries are mainly related to gains on share issue in DiGi. In 2007, transactions are mainly related to gains on realisation of interests as a result of an Initial Public Offering in DTAC and sale of shares in DiGi. The gains are recognised directly in the shareholders' equity.

Equity adjustments in associated companies

This reserve records underlying adjustment on equity in associated companies, such as translation differences and share buy back. Transactions are mainly related to Telenor's adjustments on equity in VimpelCom related to translation differences.

Share buy back

This reserve is used to record decrease in Other reserves as a result of acquisition of own shares. The price paid in excess of the nominal value of the shares reduces this reserve.

Transfer from other paid in capital, including the effect from cancellation of shares

This reserve is used to record increase in other reserves as a result of transfers from other paid in capital, including transfers from other paid in capital related to cancellation of own shares. Dividend for 2007 was given as a reduction of share premium account.

Cumulative translation differences

NOK IN MILLIONS	Foreign currency ntranslation of net investment	Net investment hedge	Taxes	Net Translation differences
Balance as of 1 January 2007	**1 247**	**629**	**(265)**	**1 611**
Changes during 2007	(5 462)	436	(425)	(5 451)
Balance as of 31 December 2007	**(4 215)**	**1 065**	**(690)**	**(3 840)**
Changes during 2008	9 785	(2 665)	1 298	8 418
Balance as of 31 December 2008	**5 570**	**(1 600)**	**608**	**4 578**

Dividend distribution

DIVIDENDS	2008	2007
Dividend per share in NOK – paid	3.40	2.50
Dividend per share in NOK – proposed by the Board of Directors	-	3.40

Total dividends of NOK 5,678 million and NOK 4,201 million were paid in June 2008 and June 2007, respectively.

The Board of Directors proposes no dividends to shareholders in 2008. This proposal is subject to approval by shareholders at the Annual General Meeting on 11 May 2009.

Equity available for distribution as dividends from Telenor ASA was NOK 20,524 million as of 31 December 2008.

Non-Controlling Interests

NOK IN MILLIONS	Non-controlling interests in % 31.12.08	Non-controlling interests part of net income (loss) 2008	Non-controlling interests part of net income (loss) 2007	Non-controlling interests part of net income (loss) 2006	Non-controlling interests in the balance sheet 31.12.08	Non-controlling interests in the balance sheet 31.12.07
Kyivstar	-	-	-	1 518 [1]	-	-
DiGi	51.0	959	727	537	2 007	1 322
Grameenphone	38.0	100	42	372	1 061	762
DTAC	34.5	616	188	195	3 404	2 523
EDB Business Partner ASA	48.7	62	145	73	935	955
Other	-	8	85	(80)	214	296
Total		**1 745**	**1 187**	**2 615 [1]**	**7 621**	**5 858**

[1] Unaudited.

As of 29 December 2006 Kyivstar was deconsolidated, see also note 21 and 34.

In the second quarter in 2008, Telenor decreased its economic interest in DiGi with 1.8% as a result of an share issue in the company. See note 3 and 37 for further information.

During the third quarter in 2007, as a result of Initial Public Offer in Thailand, Telenor decreased its economic interest in DTAC by 12.2%. In connection with the IPO a reorganisation was executed and UCOM became a subsidiary of DTAC. In the fourth quarter of 2007, Telenor sold 10.2% of the shares in the subsidiary DiGi bhd. In 2006, Telenor Broadcast Holding AS received an option to acquire the remaining 10% of the shares in Conax AS, for an amount of NOK 95 million. The option was exercised in the fourth quarter 2007 (Telenor Broadcast Holding AS currently owns 100% of the shares in Conax AS).

26 INTEREST- BEARING LIABILITIES

NOK IN MILLIONS	2008			2007		
	Current interest-bearing financial liabilities	Non-current interest-bearing financial liabilities	Total	Current interest-bearing financial liabilities	Non-current interest-bearing financial liabilities	Total
Interest-bearing liabilities measured at amortised cost:						
– Bank loans	6 870	5 647	12 517	1 089	7 777	8 866
– Finance lease obligations	375	1 351	1 726	337	1 218	1 555
– Bonds and Commercial Papers	7 838	11 208	19 046	4 837	13 500	18 337
– Other liabilities	498	1 224	1 722	261	1 170	1 431
Interest-bearing liabilities in fair value hedge relationships	–	21 022	21 022	1 000	16 060	17 060
Total interest-bearing liabilities	**15 581**	**40 452**	**56 033**	7 524	39 725	47 249

Non-current interest-bearing liabilities

NOK IN MILLIONS Company/segment	Debt instrument	Currency	Average interest rate 31.12.08	Debt excluding interest-rate- and currency swaps 31.12.08	Debt including interest-rate- and currency swaps 31.12.08	Average interest rate 31.12.07	Debt excluding interest-rate- and currency swaps 31.12.07	Debt including interest-rate- and currency swaps 31.12.07
Telenor ASA	Term loan	EUR	–	–	–	–	3 980	–
	Limit EUR 500	NOK	–	–	–	5.72%	–	3 980
Telenor ASA	EMTN programme	EUR	3.83%	25 737	11 669	4.71%	22 428	7 549
	Limit EUR 7 500	NOK	6.12%	2 186	11 391	6.17%	2 206	15 514
		SEK	4.23%	1 180	3 350	4.83%	1 096	3 079
		USD	3.34%	–	3 236	–	–	–
		JPY	–	543	–	–	338	–
Telenor ASA	Norwegian Bonds	NOK	7.40%	198	198	7.28%	198	198
Telenor ASA	Finance lease	NOK	4.74%	84	84	4.74%	65	65
DiGi	Borrowings from financial institutions	MYR	5.20%	202	202	5.05%	327	327
Grameenphone	Borrowings from financial institutions	USD	5.83%	43	43	8.33%	96	96
Grameenphone	Borrowings from financial institutions	NOK	3.98%	4	4	6.28%	8	8
Grameenphone	Borrowings from financial institutions	BDT	13.50%	139	139	13.50%	141	141
Grameenphone	Borrowings from NORAD	NOK	3.40%	8	8	3.40%	17	17
Grameenphone	Finance lease	BDT	15.00%	513	513	15.00%	414	414
Grameenphone	Bonds	BDT	14.50%	428	428	–	–	–
Danmark	Finance lease	DKK	6.27%	211	211	6.27%	174	174
Danmark	UMTS licenses [1]	DKK	3.67%	280	280	3.67%	259	259
Sweden	Finance lease	SEK	5.12%	230	230	3.98%	208	208
Tameer Microfinance Bank Ltd	Borrowings from financial institutions	USD	–	26		–	–	–
Tameer Microfinance Bank Ltd	Borrowings from financial institutions	PKR	17.76%	–	26	–	–	–
Telenor Pakistan	GSM licenses [1]	USD	4.59%	747	747	4.59%	629	629
DTAC	Borrowings from financial institutions	USD	–	957	–	–	1 034	–
DTAC	Borrowings from financial institutions	JPY	–	994	–	–	412	–
DTAC	Borrowings from financial institutions	THB	4.99%	202	2 153	5.79%	–	1 446
DTAC	Bonds	THB	6.16%	1 344	1 358	5.68%	2 604	2 627
Telenor Cinclus	Borrowings from Skagerak Energi	NOK	–	–	–	8.48%	102	102
Telenor Cinclus	Liabilities related to share purchase	SEK	–	–	–	5.00%	54	54
EDB Business Partner	Borrowings from financial institutions	NOK	6.02%	1 860	1 860	6.40%	530	530
EDB Business Partner	Borrowings from financial institutions	SEK	4.89%	1 219	1 219	5.26%	1 140	1 140
EDB Business Partner	Finance lease	NOK	5.07%	133	133	4.60%	13	13
EDB Business Partner	Bonds	NOK	6.35%	600	600	5.82%	593	593
Telenor Satellite Broadcasting AS	Finance lease [2]	GBP	–	181	–	–	405	–
Telenor Satellite Broadcasting AS	Finance lease [2]	NOK	3.53%	–	181	4.50%	–	405
AeroMobile Ltd	Borrowings from financial institutions	GBP	–	–	–	6.79%	55	55
	Derivatives designated as fair value hedges [3]	–	–	14	–	–	97	–
	Other non-current interest-bearing liabilities	–	–	189	189	–	102	102
Total non-current interest-bearing liabilities				**40 452**	**40 452**		**39 725**	**39 725**

[1] Net present value of future payments for mobile licenses.
[2] Satellite leases (Thor II and III). Telenor ASA is guaranteeing this financing, see note 31.
[3] Interest rate derivatives used in order to convert the cash flows of a debt instrument from fixed to floating interest rate that fulfils the requirements for applying fair value hedge accounting. These derivatives are presented gross as interest-bearing financial assets (see note 23), or interest-bearing liabilities.

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

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

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

Telenor entered into Cross Border QTE Leases for GSM Mobile network and fixed-line network in 1999 and 2003. Telenor has defeased all amounts under these agreements with financial institutions and US Government related securities. The leasing obligations and the defeased amounts are shown net on the balance sheet, and are not reflected in the tables. See notes 20, 30 and 31.

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

Current interest-bearing liabilities

NOK IN MILLIONS Company/segment	Debt instrument	Currency	Average interest rate 31.12.08	Debt excluding interest-rate- and currency swaps 31.12.08	Debt including interest-rate- and currency swaps 31.12.08	Average interest rate 31.12.07	Debt excluding interest-rate- and currency swaps 31.12.07	Debt including interest-rate- and currency swaps 31.12.07
Telenor ASA	Term loan (Limit EUR 500)	NOK	4.19%	4 928	4 928	-	-	-
Telenor ASA	Euro Commercial							
	Paper programme (ECP)	NOK	5.48%	-	631	4.40%	-	717
	Limit EUR 1 000	USD	2.97%	-	337	-	-	-
		EUR	6.38%	1 420	453	-	717	-
Telenor ASA	Commercial Paper	NOK	6.68%	1 445	1 445	-	-	-
Telenor ASA	EMTN programme	NOK	7.64%	-	1 332	6.58%	-	241
	Limit EUR 7 500	JPY	-	-	-	-	241	-
		SEK	6.55%	-	345	-	-	-
		CHF	-	-	-	-	721	-
		EUR	5.75%	2 960	1 282	4.99%	2 388	3 109
Telenor ASA	Norwegian Bonds	NOK	-	-	-	5.77%	770	770
Telenor ASA	Finance lease	NOK	4.74%	12	12	4.74%	50	50
DiGi	Borrowings from financial institutions	MYR	4.90%	202	202	4.60%	164	164
DiGi	Sertifikatlån	MYR	4.14%	399	399	-	-	-
Grameenphone	Borrowings from financial institutions	USD	5.83%	85	85	8.33%	65	65
Grameenphone	Borrowings from financial institutions	NOK	3.98%	4	4	6.28%	4	4
Grameenphone	Borrowings from financial institutions	BDT	14.19%	554	554	12.52%	391	391
Grameenphone	Borrowing from NORAD	NOK	3.40%	8	8	3.40%	8	8
Grameenphone	Finance lease	BDT	15.00%	118	118	15.00%	116	116
Danmark	Finance lease	DKK	6.28%	5	5	6.28%	4	4
Danmark	UMTS licenses [1]	DKK	3.67%	41	41	3.67%	32	32
Sweden	Finance lease	SEK	5.12%	4	4	3.98%	14	14
Telenor Pakistan Ltd	GSM licenses [1]	USD	4.60%	104	104	5.69%	2	2
DTAC	Borrowings from financial institutions	USD	-	237	-	-	215	-
DTAC	Borrowings from financial institutions	JPY	-	311	-	-	52	-
DTAC	Borrowings from financial institutions	THB	4.52%	101	649	5.61%	-	267
DTAC	Bonds	THB	5.90%	1 613	1 613	5.09%	994	1 000
Datametrix AS	Borrowings from financial institutions	NOK	3.05%	45	45	-	-	-
Telenor Cinclus	Borrowings from Skagerak Energi	NOK	7.82%	204	204	8.48%	136	136
Telenor Cinclus	Borrowings from financial institutions	SEK	2.76%	246	246	4.90%	151	151
Telenor Cinclus	Liabilities related to share purchase	SEK	5.00%	55	55	-	-	-
Oy Telenor Cinclus Ab	Borrowings from financial institutions	EUR	3.14%	41	41	5.40%	47	47
Telenor Satellite Broadcasting AS	Finance lease [2]	GBP	-	198	-	-	187	-
Telenor Satellite Broadcasting AS	Finance lease [2]	NOK	3.53%	-	198	4.50%	-	187
EDB Business Partner	Finance lease	NOK	4.99%	39	39	4.60%	13	13
AeroMobile Ltd	Borrowings from financial institutions	USD	3.14%	116	116	-	-	-
	Derivatives designated as							
	fair value hedges [3]		-	-	-	-	6	-
	Other current interest-bearing liabilities		-	86	86	-	36	36
Total current interest-bearing liabilities				**15 581**	**15 581**		**7 524**	**7 524**

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

[2] Satellite leases (Thor II and III). Telenor ASA is guaranteeing this financing, see note 31.

[3] Interest rate derivatives used in order to convert the cash flows of a debt instrument from fixed to floating interest rate that fulfils the requirements for applying fair value hedge accounting. These derivatives are presented gross as interest-bearing financial assets (see note 23), or interest-bearing liabilities.

27 PROVISIONS AND OBLIGATIONS

Non-current

NOK IN MILLIONS	2008	2007
Pension liabilities (Note 28)	2 634	2 251
Provisions for workforce reduction, onerous (loss) contracts and legal disputes	119	153
Asset retirement obligations (ARO)	1 405	834
Negative book value associated companies	84	-
Other provisions	73	92
Total non-current provisions and obligations	**4 315**	**3 330**

Current

NOK IN MILLIONS	2008	2007
Provisions for workforce reduction, onerous (loss) contracts and legal disputes	356	243
Asset retirement obligations (ARO)	-	4
Other provisions	500	439
Total current provisions and obligations	**856**	**686**

Development in 2008

NOK IN MILLIONS	Workforce reductions	Onerous (loss) contracts	Legal disputes	ARO	Total
1 January 2008	131	264	1	838	1 234
Obligations arising during the year and effects of changes in estimates [1]	223	508	1	449	1 181
Accretion expense	-	4	-	49	53
Amounts utilised	(174)	(505)	-	(6)	(685)
Unused amounts reversed	(19)	(2)	(1)	-	(22)
Translation differences	9	35	-	75	119
31 December 2008	**170**	**304**	**1**	**1 405**	**1 880**

[1] Regarding asset retirement obligation, NOK 301 million is related to reduction in long term interest rates.

Development in 2007

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

Asset Retirement Obligations

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

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

Workforce reduction, onerous (loss) contracts and legal disputes

Provisions for workforce reductions as of 31 December 2008 included approximately 600 employees and approximately 500 employees as of 31 December 2007.

Onerous contracts relate mainly to estimated losses on roll-out contracts in Telenor Cinclus, Oslo Municipality Contracts in EDB Business Partner, and provisions on TV-rights in Denmark. The actual outcome may differ from the estimates.

Provisions for legal disputes represent the management's best estimates of the actual outcome. The actual outcome of amount and timing may differ significantly from the estimates. See note 34 for more information regarding legal disputes.

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

3,328 of the Group's employees were members of the new contribution plan in Norway as of 31 December 2008 (3,187 in 2007). In 2008 6,100 of the Group's employees were covered through the defined benefit plans in Telenor Pension Fund (6,173 in 2007) of which 457 employees were related to IS Partner AS which was consolidated as of 11 February 2008. In addition the Telenor Pension Fund paid out pensions to 1,596 persons in 2008 (1,954 in 2007). Plan assets consist primarily of bonds, shares and real estates. Telenor Sverige AB in Sweden has a defined benefit plan with 822 active members in 2008 (877 in 2007). For employees in other companies outside of Norway, contribution plans are dominant.

The funded part of the supplementary plan in Telenor Pension Fund was closed in the second quarter 2007 with effect from 1 January 2007. This resulted in a gain of NOK 46 million in 2007. The gain is mainly related to realisation of not recognised actuarial gains. The plan is carried forward as an unfunded plan. As of 31 December 2008 the obligation recognised in the balance sheet is NOK 216 million (NOK 193 million as of 31 December 2007) and the benefit obligation amounted to NOK 198 million (NOK 166 million as of 31 December 2007).

In Norway, the Group has agreement-based early retirement plans (AFP) which are defined benefit multi-employer plans. In 2004, Telenor ASA and most Norwegian subsidiaries changed their employers' organisation membership from NAVO to NHO. Consequently, the agreement-based early retirement plan (AFP) was transferred to LO-NHO. In the first quarter of 2008 EDB Business Partner ASA changed their membership from NAVO to LO-NHO. This resulted in a positive one time effect of NOK 4 million. For this plan, the administrator is not able to calculate the Group's share of assets and liabilities and this plan is consequently accounted for as a defined contribution plan. When an employee retires through AFP the company has an obligation to pay a percentage of the benefits. In 2008 NOK 35 million was expensed related to new AFP retirees, of which NOK 9 million was related to EDB Business Partner ASA. In 2007 and 2006, NOK 16 million and NOK 8 million was expensed respectively. For 2008, 2007 and 2006, NOK 35 million, NOK 29 million and NOK 48 million were pension contribution expensed for these plans respectively.

The risk table, K2005, is used for death and expected lifetime, while the risk table for disability for the main pension plan is based on KU, which is the enhanced disability table of Storebrand (insurance company). The average expected lifetime in the risk tables are 81 years for men and 85 years for women. The table below shows the probability of an employee in a certain age group becoming disabled or dying, within one year, as well as expected lifetime.

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

The plan assets were measured at 31 December 2008 and 2007. Calculation of the projected benefit obligations (PBO) as of 31 December 2008 were based on the member base at 24 October 2008. For 2007 the calculation of projected benefit obligations were based on member data at 11 December 2007.

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

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

At the time when Telenor AS (now Telenor ASA) was incorporated in 1995, the employees received paid-up policies in the Norwegian Public Service Pension Fund. Employees which have been members of the Norwegian Public Service Pension Fund will have an accrued pension right covered by this fund as a part of total payments. The payments from this pension fund will be adjusted by the increase of the base amount annually approved by the Norwegian parliament. The Norwegian Public Service Pension Fund has had a project for updating the correct values of these paid-up policies, and the values have not been adjusted in the period up to 2008. Final quality assured results were not available at the end of the fiscal year 2008. Telenor expects that the outcome of the updating and adjustments may reduce Telenor's share of pension obligations for the affected employees, which may reduce Telenor's liabilities at the time of the adjustments.

NOK IN MILLIONS	2008	2007
Change in projected benefit obligation		
Projected benefit obligation at the beginning of the year	6 020	6 111
Service cost	487	429
Interest cost	312	254
Actuarial (gains) and losses	183	31
Curtailments and settlements	(73)	(342)
Acquisitions and sale	601	(297)
Benefits paid/paid-up policies	(120)	(149)
Translation difference [2]	27	(17)
Benefit obligations at the end of the year	**7 437**	**6 020**
Change in plan assets		
Fair value of plan assets at the beginning of the year	3 868	4 042
Actual return on plan assets	(362)	225
Curtailments and settlements	–	(308)
Acquisitions and sale	387	(245)
Pension contribution	349	338
Benefits paid/paid-up policies	(78)	(182)
Translation difference [2]	5	(2)
Fair value of plan assets at the end of the year	**4 169**	**3 868**
Funded status at the end of the year	**3 268**	**2 152**
Unrecognised net actuarial gains (losses) [1]	(1 038)	(164)
Accrued social security tax [1]	404	263
Total provision for pensions including social security tax at the end of the year	**2 634**	**2 251**
Total provision for pensions as of 01.01	**2 251**	**2 351**
Acquisitions and sale	239	(127)
Net periodic benefit costs	563	401
Pension contribution	(349)	(349)
Benefits paid paid-up policies	(42)	41
Social security tax on pension contribution	(51)	(50)
Translation difference [2]	23	(16)
Total provision for pensions as of 31.12. including social security tax (Note 27)	**2 634**	**2 251**

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

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

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

	2008	2007	2006	2005	2004
Benefit obligations at the end of the year	7 437	6 020	6 111	5 789	5 835
Fair value of plan assets at the end of the year	4 169	3 868	4 042	3 896	3 811
Funded status	3 268	2 152	2 069	1 893	2 024
Experience adjustments on benefit obligations in %	0.5	(1.3)	(1.8)	0.4	–

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

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

	2008	2007
Discount rate in %	4.40	4.90
Future salary increase in %	4.00	4.25
Future increase in the social security base amount in %	4.00	4.25
Future turnover in %	10.00	10.00
Expected average remaining service period in years	9.00	9.00
Future pension increases in %	3.50	3.75

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

			2006[1]	
	2008	2007	1st half year	2nd half year
Discount rate in %	4.90	4.5	3.9	4.6
Expected return on plan assets in %	6.50	5.9	4.7	6.0
Future salary increase in %	4.25	4.0	3.0	3.8
Future increase in the social security base amount in %	4.25	4.0	3.0	3.8
Future turnover in %	10.00	10.0	10.0	10.0
Expected average remaining service period in years	9.00	9.0	9.0	9.0
Future pension increases in %	3.75	3.1	2.5	3.3

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

The assumptions are set based on an internally developed model and are evaluated against guidelines published by The Norwegian Standard Accounting Board (NRS). The discount rate for the defined benefit plan in Norway was estimated based on the interest-rate on Norwegian government bonds. Average time before the payments of earned benefits was calculated to be 24 years, and the discount rate was projected to a 24-year rate based on reference to German non-current interest rates, as the longest duration in Norway is 10 years. The assumption for salary increase, increase in pension payments and G-regulation are tested against historical observations and the relationship between different assumptions.

The discount rate for the benefit obligation as of 31 December 2008 was set to 4.4%, compared to 3.8% recommended by NRS. The difference of 0.6% is due to different methods, but the method used by Telenor is also described in the NRS guidelines. NRS uses swap rates from the inter bank market to calculate average zero coupons. NRS has not calculated a recommended rate based on a duration calculation according to bonds in the German zone. The expected return on plan assets is based on the asset allocation in the Pension Fund, see also table below. Future salary increase is set at 4.0%, the same level as the NRS guidelines. Future increase in the social security base amount is set at 4.0%, compared to 3.75% in the NRS guidelines. Future pension increases are set 0.5 percentage points below the social security base amount based on historical observations in Telenor.

Components of net periodic benefit cost

NOK IN MILLIONS	2008	2007	2006
Service cost	487	429	446
Interest cost	312	254	230
Expected return on plan assets	(275)	(221)	(185)
Losses/gains on curtailments and settlements	(73)	(49)	(229)
Amortisation of actuarial gains and losses	50	(66)	(15)
Social security tax	62	55	58
Net periodic benefit costs	**563**	**402**	**305**
Contribution plan costs	463	409	322
Total pension costs charged to profit or loss for the year	**1 026**	**811**	**627**

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

Asset category

	2008	2007
Bonds %	60	53
Equity securities %	23	29
Real estates %	13	14
Other %	4	4
Total	**100**	**100**

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

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

The expected non-current return on plan assets as of 31 December, 2008 was 5.75%. Expected returns on plan assets are calculated based on the estimated Norwegian government bond yield at the balance sheet date, adjusted for the different investment categories of the plan assets. The expected long-term yield above government bonds is based on historical non-current yields.

Telenor expects to contribute approximately NOK 296 million to the Telenor Pension Fund in 2009.

As of 31 December 2008, the estimated pension cost for 2009 for the defined benefit plans in Norway was estimated to NOK 620 million. The companies outside Norway have mainly contribution plans. The costs of the benefit plans outside Norway are less than 10% of the total benefit costs and no estimates are made for these plans.

Some of the Swedish companies in the Telenor Group have multi-employer plans. The plans are currently accounted for as a defined contribution plans and the cost was NOK 66 million in 2008, NOK 73 million in 2007 and NOK 95 million in 2006.

Telenor Sverige AB has a defined benefit plan with 822 active members as of 31 December 2008 (877 in 2007). The plan carries an obligation of NOK 238 million in 2008 and NOK 198 million in 2007. NOK 25 million was expensed in 2008. In 2007 and 2006, NOK 23 million and NOK 24 million were expensed 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 2008 was 4.0% while the salary increase was set to 3.0%. Corresponding figures as of 31 December 2007 were 4.6% and 3.0% respectively.

The table below shows an estimate of the potential effects of changes in the key assumptions for the defined benefit plans in Norway. The following estimates and the estimated pension cost for 2009 are based on facts and circumstances as of 31 December, 2008. Actual results may deviate materially from these estimates.

CHANGE IN % IS PERCENTAGE POINTS	Discount rate		Future salary increase		Social security base amount		Annual adjustments to pensions		Turnover	
NOK IN MILLIONS	+1%	-1%	+1%	-1%	+1%	-1%	+1%	-1%	+4%	-4%
Changes in pension:										
Obligations	(1 048)	1 345	773	(700)	(287)	238	770	(694)	(230)	286
Unrecognised actuarial losses	(1 195)	1 534	882	(799)	(327)	271	878	(792)	(263)	327
Expense due to amortisation of actuarial losses	(34)	156	89	(34)	(33)	27	89	(34)	(27)	33
Net periodic benefit cost including effect due to amortisation of actuarial losses (as shown above)	(156)	312	179	(116)	(66)	55	179	(115)	(53)	66

29 TRADE AND OTHER PAYABLES AND NON-INTEREST BEARING LIABILITIES

Trade and other payables

NOK IN MILLIONS	2008	2007
Trade payables	7 354	8 044
Government taxes, tax deductions etc.	3 593	3 293
Accrued expenses	11 130	9 431
Deferred connection revenues [1]	840	956
Prepaid revenues	5 754	5 098
Liabilities to Associated Companies	5	7
Total trade and other payables [2]	**28 676**	**26 829**

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

[2] Government taxes, tax deductions etc., deferred connection revenues and prepaid revenue do not meet the definition of a financial instrument, and are presented as non-financial (NF) in note 30.

Current non-interest bearing liabilities

NOK IN MILLIONS	2008	2007
Financial derivatives (see note 30)	469	204
Other current non-interest bearing liabilities	908	394
Total current non-interest bearing liabilities	**1 377**	**598**

Non-current non-interest bearing liabilities

NOK IN MILLIONS	2008	2007
Financial derivatives (see note 30)	561	684
Other non-current non-interest bearing liabilities	383	390
Total non-current non-interest bearing liabilities	**944**	**1 074**

For information about the fair value of the financial derivatives and the grouping of financial instruments into appropriate classes see note 30.

30 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk factors

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

Telenor has limited activity related to interest rate and currency trading for its own account. As of 31 December 2008, Telenor did not have any outstanding open trading positions.

Liquidity risk

Telenor emphasises financial flexibility. An important part of this emphasis is to minimise liquidity risk through ensuring access to a diversified set of funding sources. Telenor ASA issues debt in the domestic and international capital markets mainly in the form of Commercial Paper and bonds. Telenor uses Euro Commercial Paper, U.S. Commercial Paper, Euro Medium Term Note and the Norwegian domestic capital market to secure satisfactory financial flexibility. Telenor ASA has established committed syndicated revolving credit facilities of EUR 1.5 billion with maturity in 2012 and EUR 1.0 billion with maturity in 2013. In addition, DTAC has also established revolving credit facilities of THB 6.0 billion with maturity in 2011. In January 2009, Telenor ASA established a committed syndicated credit facility of NOK 8.0 billion with maturity in January 2012.

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

NOK IN MILLIONS	Total as of 31.12.08	< 1 year	1– 3 years	3– 6 years	6– 9 years	>9 years	Not specified
Interest-bearing liabilities							
Bank loans	12 517	6 870	2 407	3 211	29	–	–
Bonds and Commercial Paper	40 055	7 838	10 542	11 122	10 553	–	–
Financial derivative liabilities	13	–	13	–	–	–	–
Lease liabilities	1 726	375	274	128	114	835	–
Other interest-bearing liabilities	1 722	498	351	492	286	95	–
Sum of interest-bearing liabilities	**56 033**	**15 581**	**13 587**	**14 953**	**10 982**	**930**	**–**
Non-interest bearing liabilities							
Trade and other payables	28 676	28 676	–	–	–	–	–
Current and deferred tax liabilities	6 403	1 707	–	–	–	–	4 696
Other current non-interest-bearing liabilities	2 233	2 233	–	–	–	–	–
Other non-current non-interest-bearing liabilities	5 259	–	–	–	–	–	5 259
Sum of non-interest-bearing liabilities	**42 571**	**32 616**	**–**	**–**	**–**	**–**	**9 955**
Total	**98 604**	**48 197**	**13 587**	**14 953**	**10 982**	**930**	**9 955**
Future interest payments	**8 629**	**2 167**	**3 052**	**2 398**	**1 012**	**–**	**–**

NOK IN MILLIONS	Total as of 31.12.07	< 1 year	1– 3 years	3– 6 years	6– 9 years	>9 years	Not specified
Interest-bearing liabilities							
Bank loans	8 866	1 089	5 621	2 087	69	–	–
Bonds and Commercial Paper	35 294	5 831	5 901	11 614	3 962	7 986	–
Financial derivative liabilities	103	6	24	12	61	–	–
Lease liabilities	1 555	337	473	52	80	613	–
Other interest-bearing liabilities	1 431	261	342	339	298	191	–
Sum of interest-bearing liabilities	**47 249**	**7 524**	**12 361**	**14 104**	**4 470**	**8 790**	**–**
Non-interest bearing liabilities							
Trade and other payables	26 829	26 829	–	–	–	–	–
Current and deferred tax liabilities	6 411	2 667	–	–	–	–	3 744
Other current non-interest-bearing liabilities	1 284	1 284	–	–	–	–	–
Other non-current non-interest-bearing liabilities	4 404	–	–	–	–	–	4 404
Sum of non-interest-bearing liabilities	**38 928**	**30 780**	**–**	**–**	**–**	**–**	**8 148**
Total	**86 177**	**38 304**	**12 361**	**14 104**	**4 470**	**8 790**	**8 148**
Future interest payments	**3 861**	**1 446**	**1 279**	**910**	**211**	**15**	**–**

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

Interest rate risk

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

The main consideration regarding management of interest rate risk is to reduce the financial risk and minimise interest cost over time. A portion of the debt issued by Telenor Group is fixed rate debt (70% of outstanding debt before swap as of 31 December 2008 and 65% at 31 December 2007). Telenor applies interest rate derivatives to manage the interest rate risk of the debt portfolio. This typically involves interest rate swaps, while forward rate agreements and interest rate options are used to a lesser extent.

According to Telenor's Group Policy Treasury, the average duration of the debt portfolio should be between 0.5 to 2.5 years. As of 31 December 2008 the average duration was 0.8 years (1.1 years as of 31 December 2007).

Derivative instruments designated as cash flow hedging instruments

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

The table below shows the effective and the ineffective parts of Telenor's cash flow hedges. The ineffective part is recognised as net foreign currency gain (loss) under financial items in the income statement.

Cash flow hedging relationships

NOK IN MILLIONS	2008	2007
Cash flow hedging equity reserve at beginning of year	(5)	(1)
Changes in fair value of derivatives	(332)	(6)
Ineffective part recognised in income statement	8	-
Transferred in the period from equity to:		
Income statement (Financial items)	-	-
Balance sheet (Property, plant and equipment)	11	2
Cash flow hedging equity reserve at the end of year	**(318)**	**(5)**

Derivative instruments designated as fair value hedging instruments

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

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

The table below shows the effective and the ineffective parts of Telenor's fair value hedges. The ineffective part is recognised as net change in fair value of financial instruments under financial items in the income statement.

Fair value hedging relationships

NOK IN MILLIONS	2008	2007
Net gain/(loss) recognised in income statement on hedged items	(919)	115
Net gain/(loss) recognised in income statement on hedging instruments	943	(92)
Amount of hedge ineffectiveness	24	23
Effect of de-designating – object re-measured at amortised cost	7	2

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

Interest rate risk sensitivity analysis

Effects on changes in fair value

Telenor Group calculates the sensitivity on the change in fair value of a defined parallel shift in the yield curve of the relevant currencies. For each simulation, the same shifts in interest rates are used for all currencies. The sensitivity analysis is run only for assets and liabilities that represent major interest-bearing positions. Based on simulations performed, the impact on profit or loss of a 10 percent change in the yield curve as of 31 December 2008 would represent an increase in change in fair value of financial instruments of maximum NOK 158 million (NOK 268 million as of 31 December 2007) or a decrease in change in fair value of financial instruments of maximum NOK 159 million (NOK 269 million as of 31 December 2007), respectively. The impact on profit and loss would be significantly lower due to Telenor measuring interest-bearing debt at amortized cost, together with hedge accounting that leads to symmetric treatment in the income statement. Based on the same simulations described above the profit and loss effect for 2008 would, by a 10 percent decrease in the yield curve, represent an decrease in change in fair value of maximum NOK 2 million or an increase in change in fair value of maximum NOK 3 million by a similar increase in the yield curve. For 2007 the profit and loss effects would have been respectively an increase in change in fair values of maximum NOK 1 million and an increase in change in fair values of maximum NOK 4 million.

Effects on interest expenses

Interest rate movements would also affect interest expense for floating rate borrowings. If all interest rates for all currencies had weakened/strengthened by 10 percent for Telenor ASA and all subsidiaries, with all other variables held constant, interest expense for the Group would have been NOK 173 million higher/lower as of 31 December 2008 (NOK 157 million as of 31 December 2007).

Exchange rate risk

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

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

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

Short-term foreign currency swaps are frequently used for liquidity management purposes. No hedging relationships are designated for these derivatives.

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

As of 31 December 2008 material hedging positions are designated as net investment hedges. See note 25 and the Consolidated Statements of Changes in Equity for currency effects booked directly to equity as a result of net investment hedging.

Net investment hedging relationships

NOK IN MILLIONS	2008	2007
Effective part booked directly to equity	(2 665)	436
Amount of hedge ineffectiveness	–	–
Amount removed from equity and included in the income statement – at the time of disposal of investment	–	48

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

Exchange rate risk sensitivity analysis

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

Effects on net currency gains (losses)

At 31 December 2008, if functional currency had weakened/strengthened by 10% against other currencies for Telenor ASA and all subsidiaries, with all other variables held constant, net income for the Group for the year would have been NOK 503 million (NOK 586 million as of 31 December 2007) higher/lower. This is mainly a result of foreign exchange translation of USD, SEK and EUR denominated trade payables, receivables and debt, as well as some currency positions in Telenor ASA.

Effects due to foreign exchange translations on equity

If functional currency had weakened/strengthened by 10% against all other currencies included in the analysis, the increase/decrease in the carrying amount of equity as of 31 December 2008 would have been approximately NOK 7.0 billion (NOK 5.8 billion as of 31 December 2007). Compared to last year there are no specific acquisitions or disposals that should have changed this exposure significantly. The increased exposure is mainly due to the depreciation of NOK, as well as retained earnings that are added to the equity during 2008.

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 Telenor. The sensitivity analysis is run only for the material subsidiaries owned by Telenor. If functional currency had weakened/strengthened by 10% against all other currencies included in the analysis, net income for Telenor Group would have been NOK 460 million lower/higher in 2008 (NOK 497 million in 2007).

Credit risk

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

Maximum credit exposure

NOK IN MILLIONS	2008	2007
Cash and cash equivalents	8 925	6 841
Bonds and commercial papers > 3 months (note 23)	422	471
Financial derivatives and fair value hedge instruments (note 23)	4 889	1 074
Trade and other current financial receivables (note 22)	17 126	16 379

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

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

Credit risk arising from financial transactions is reduced through diversification, through accepting counterparties with high credit ratings only and through defining limits on aggregated credit exposure towards each counterparty. Telenor ASA has legal netting agreements (ISDA agreements), which allows gains to be offset against losses in a bankruptcy situation with 12 banks that are counterparties in derivative transactions. As of 31 December 2008, Telenor ASA had collateral agreements with four banks in derivative transactions. Both ISDA agreements and collateral agreements are means to reduce overall credit risk. Counterparty risk in subsidiaries in emerging markets is higher due to lack of counterparties with high credit rating. This counterparty risk is monitored on a regular basis.

Telenor has entered into Cross Border QTE Leases for telephony switches, GSM Mobile network and fixed-line network. Telenor has defeased all amounts due under these agreements in financial institutions and US Government related securities. The leasing obligations and the defeased amounts are presented net in the balance sheet, see notes 20, 26 and 31. The defeased amounts were NOK 5.0 billion as of 31 December 2008 (NOK 4.0 billion as of 31 December 2007). Adjusted for agreements terminated in January 2009, the defeased amounts as of 31 December 2008 were NOK 4.2 billion. The amounts placed with financial institutions match exactly the loans provided to the lessor by affiliates of the same financial institutions. Telenor is obliged to continue lease payment should the defeasance parties fail. Telenor has a right to replace the affiliated defeasance- and loan parties at par. This counterparty risk is monitored on a regular basis, and the risk of bankruptcy is considered remote.

Fair value of derivatives with positive replacement value for Telenor was NOK 4,319 million as of 31 December 2008, taking into account legal netting agreements (NOK 622 million as of 31 December 2007). Telenor's cash and cash equivalents do also represent a credit risk. Telenor normally has deposits in countries with major operations. The credit risk on such deposits varies dependent on the credit worthiness of the individual banks and countries in which the banks are localised. It is also referred to note 24 for information regarding cash inside and outside the cash pool. Some associated companies also held significant deposits in banks. Such deposits are distributed in several banks to reduce the credit risk. Credit risk exposure for Telenor ASA is monitored on a daily basis.

Managing capital

The Group's objectives and policies when managing capital are to maintain a sufficient financial flexibility to diligently capitalise on proper opportunities and/or challenges without incurring financial distress and secondly to maintain an optimal capital structure to minimise the cost of capital. The Group's overall strategy remains unchanged from 2007.

The Group's capital structure consists of debt that includes the borrowings disclosed in note 26, cash and cash equivalents and equity attributable to shareholders of Telenor ASA as presented in the consolidated statement of changes in equity and in note 25, excluding components arising from cash flow hedges.

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

Telenor ASA has a target of a long term credit rating of Single A, as of 31 December 2008 the rating was A2 (Moody's) and BBB+ (S&P), with review for downgrade and negative outlook, respectively. The long term credit rating of Telenor ASA was downgraded to A3 by Moody's 27 January 2009, with stable outlook. After Telenor's aquisition in India, the target of the long term credit rating will be re-evaluated by the Board.

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

Fair values of financial instruments

Principles for estimating fair values

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

Interest-bearing liabilities

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

Trade receivables and other current and non-current financial assets

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

Trade payables and other non-interest bearing financial liabilities

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

Equity securities

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

Cash and cash equivalents

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

Derivatives

Fair values of currency swaps, foreign currency forward contracts and interest rate swaps are estimated by the present value of future cash flows, calculated by using swap curves and exchange rates as of 31 December 2008 and 2007, respectively. Options are revalued using appropriate option pricing models.

NOK IN MILLIONS					Fair values of financial instruments 31.12.2008 per class							
Balance item	Note	Category	Carrying amount	Fair value	Interest-bearing liabilities	Trade receivables and other current and non-current financial assets	Trade payables and other non-interest bearing financial liabilities	Equity securities	Cash and cash equivalents	Currency swaps and forward contracts	Interest rate-swaps and -options	Equity-, and other derivatives [1]
Other non-current assets	**23**		**6 020**	**6 020**								
		FVTPL [3]	4 278	4 278	–	–	–	–	–	3 092	1 186	–
		AFS	508	508	–	–	–	508	–	–	–	–
		LAR	121	121	–	121	–	–	–	–	–	–
		NF [4]	1 113	1 113								
Trade and other receivables	**22**		**20 909**	**20 909**								
		LAR	17 126	17 126	–	17 126	–	–	–	–	–	–
		NF [4]	3 783	3 783								
Other financial current assets	**23**		**1 079**	**1 079**								
		FVTPL [3]	657	657	–	–	–	46	–	595	16	–
		LAR	422	422	–	422	–	–	–	–	–	–
Cash and cash equivalents	**24**		**8 925**	**8 925**								
		LAR	8 925	8 925	–	–	–	–	8 925	–	–	–

Total – Fair value through profit and loss (FVTPL)	**4 935**	**4 935**
Total – Available for sale (AFS)	**508**	**508**
Total – Loans and receivables (LAR)	**26 594**	**26 594**

Balance item	Note	Category	Carrying amount	Fair value	Interest-bearing liabilities	Trade receivables and other current and non-current financial assets	Trade payables and other non-interest bearing financial liabilities	Equity securities	Cash and cash equivalents	Currency swaps and forward contracts	Interest rate-swaps and -options	Equity-, and other derivatives [1]
Non-current interest-bearing financial liabilities [2]	**26**		**(40 452)**	**(37 548)**								
		FLAC	(40 452)	(37 548)	(37 465)	–	–	–	–	–	(83)	–
Non-current non-interest-bearing financial liabilities	**29**		**(944)**	**(944)**								
		FVTPL [3]	(561)	(561)	–	–	–	–	–	(486)	(75)	–
		FLAC	(383)	(383)	–	–	(383)	–	–	–	–	–
Current interest-bearing financial liabilities	**26**		**(15 581)**	**(15 620)**								
		FLAC	(15 581)	(15 620)	(15 620)	–	–	–	–	–	–	–
Trade and other payables	**29**		**(28 676)**	**(28 676)**								
		FLAC	(18 489)	(18 489)	–	–	(18 489)	–	–	–	–	–
		NF [4]	(10 187)	(10 187)								
Current non-interest-bearing liabilities	**29**		**(1 377)**	**(1 377)**								
		FVTPL [3]	(469)	(469)	–	–	–	–	–	(392)	(32)	(45)
		FLAC	(908)	(908)	–	–	(908)	–	–	–	–	–
					(53 085)	**17 669**	**(19 780)**	**554**	**8 925**	**2 809**	**1 012**	**(45)**

Total – Fair value through profit and loss (FVTPL)	**(1 030)**	**(1 030)**
Total – Financial liabilities at amortised cost (FLAC)	**(75 813)**	**(72 948)**

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

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

[3] Includes derivatives used in hedge accounting relationships.

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

NOK IN MILLIONS Balance item	Note	Category	Carrying amount	Fair value	Interest-bearing liabilities	Trade receivables and other current and non-current financial assets	Trade payables and other non-interest bearing financial liabilities	Equity securities	Cash and cash equivalents	Currency swaps and forward contracts	Interest rate-swaps and -options	Equity-, and other derivatives[1]
					Fair values of financial instruments 31.12.2007 per class							
Other non-current assets	**23**		**3 040**	**3 040**								
		FVTPL[3]	702	702	-	-	-	-	-	553	146	3
		AFS	564	564	-	-	-	564	-	-	-	-
		LAR	193	193	-	193	-	-	-	-	-	-
		NF[4]	1 581	1 581								
Trade and other receivables	**22**		**19 872**	**19 872**								
		LAR	16 379	16 379	-	16 379	-	-	-	-	-	-
		NF[4]	3 493	3 493								
Other financial current assets	**23**		**895**	**895**								
		FVTPL[3]	424	424	-	-	-	52	-	262	-	110
		LAR	471	471	-	471	-	-	-	-	-	-
Cash and cash equivalents	**24**		**6 841**	**6 841**								
		LAR	6 841	6 841	-	-	-	-	6 841	-	-	-

Total – Fair value through profit and loss (FVTPL)	**1 126**	**1 126**
Total – Available for sale (AFS)	**564**	**564**
Total – Loans and receivables (LAR)	**23 884**	**23 884**

Balance item	Note	Category	Carrying amount	Fair value	Interest-bearing liabilities	Trade receivables and other current and non-current financial assets	Trade payables and other non-interest bearing financial liabilities	Equity securities	Cash and cash equivalents	Currency swaps and forward contracts	Interest rate-swaps and -options	Equity-, and other derivatives[1]
Non-current interest-bearing financial liabilities[2]	**26**		**(39 725)**	**(40 555)**								
		FLAC	(39 725)	(40 555)	(40 458)	-	-	-	-	-	(97)	-
Non-current non-interest-bearing financial liabilities	**29**		**(1 074)**	**(1 074)**								
		FVTPL[3]	(684)	(684)	-	-	-	-	-	(619)	(65)	-
		FLAC	(390)	(390)	-	-	(390)	-	-	-	-	-
Current interest-bearing financial liabilities[2]	**26**		**(7 524)**	**(7 277)**								
		FLAC	(7 524)	(7 277)	(7 271)	-	-	-	-	-	(6)	-
Trade and other payables	**29**		**(26 829)**	**(26 829)**								
		FLAC	(17 482)	(17 482)	-	-	(17 482)	-	-	-	-	-
		NF[4]	(9 347)	(9 347)								
Current non-interest-bearing financial liabilities	**29**		**(598)**	**(598)**								
		FVTPL[3]	(204)	(204)	-	-	-	-	-	(200)	-	(4)
		FLAC	(394)	(394)	-	-	(394)	-	-	-	-	-
					(47 729)	**17 043**	**(18 266)**	**616**	**6 841**	**(4)**	**(22)**	**109**

Total – Fair value through profit and loss (FVTPL)	**(888)**	**(888)**
Total – Financial liabilities at amortised cost (FLAC)	**(65 515)**	**(66 098)**

[1] Telenor ASA has provided a guarantee in relation to equity derivatives. The guarantee amounts to NOK 529 million as of 31 December 2007.
[2] Derivatives designated as hedging instruments in fair value hedges are classified as interest-bearing in the balance sheet. All other derivatives are classified as non-interest-bearing.
[3] Includes derivatives used in hedge accounting relationships.
[4] The abbreviation NF in the tables above is short for non-financial assets and liabilities.

31 PLEDGES AND GUARANTEES

NOK IN MILLIONS	2008	2007
Interest-bearing liabilities secured by assets pledged	1 023	949
Carrying amount of assets pledged as security for liabilities	11 480	6 961

Pledged assets and the liabilities secured by pledged assets as of 31 December 2008 related primarily to Grameenphone, the satellite leases (Thor II and Thor III) and Telenor Cinclus. The increase in carrying amount of assets pledged as security for liabilities from 2007 to 2008, is mainly due to increased pledged assets in Grameenphone including the effect of translation to presentation currency NOK.

NOK IN MILLIONS	2008	2007
Guarantees	1 988	1 919

Guarantees provided where the related liability is included in the balance sheet are not shown in the table. Furthermore, purchased bank guarantees are not included.

In 2008 guarantees include guarantees amounting to NOK 82 million (NOK 27 million in 2007) that are secured by pledged assets with a carrying amount of NOK 59 million (NOK 27 million in 2007).

Telenor's shares in the associated company Riks TV AS is pledged as security for the external financing of the company see note 21.

Guarantees provided in connection with entering into the Cross Border QTE Leases are not included in the preceding table. See notes 20, 26 and 30. These guarantees are provided for the payment of all lease obligations. As of 31 December 2008 and 2007 these guarantees amounted to NOK 5,661 million (USD 809 million) and NOK 4,569 million (USD 844 million), respectively.

32 CONTRACTUAL OBLIGATIONS

The Group has entered into agreements with fixed payments in the following areas as of 31 December 2008 and as of 31 December 2007:

2008

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

2007

NOK IN MILLIONS	2008	2009	2010	2011	2012	After 2012
Minimum lease payments under non-cancellable operating leases (Telenor as a lessee)						
Lease of premises	1 038	800	714	610	731	1 709
Lease of cars, office equipment, etc	102	56	32	18	9	5
Lease of satellite- and net-capacity	263	95	77	36	30	107
Contractual purchase obligations						
Purchase of satellite- and net-capacity	86	31	11	10	10	-
IT-related agreements	341	121	57	18	2	2
Other contractual obligations	915	502	335	320	61	30
Committed investments						
Property plant and equipment	2 301	260	-	-	-	-
Other contractual investments	743	325	-	-	-	-
Total contractual obligations	**5 789**	**2 190**	**1 226**	**1 012**	**843**	**1 853**

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

33 RELATED PARTIES

As of 26 March 2009 Telenor ASA was 53.97% owned by the Norwegian state, through the Ministry of Trade and Industry.

The Norwegian telecommunications market is governed by the Electronic Communications Act of 25 June 2003 and other regulations issued pursuant to this Act. Until it expired 1 September 2004, Telenor had to provide and maintain Universal Service Obligations (USO) according to the concession on fixed network. Thereafter it was carried on through an agreement between Telenor and the Norwegian Ministry of Transport and Communications. The USO obligation entails among other things the provision of PSTN telephony to all households and companies, public pay phones, services for the disabled and for controlling end users expenses. In addition, Telenor was in 2008 subject to Special Service Obligations (SSO) – the defence of Norway following an agreement with the Norwegian Post and Telecommunications Authority ("PT"), coastal radio after an agreement with the Norwegian Ministry of Justice and the Police, services concerning Svalbard, wire services for ships, providing emergency lines for the police, fire department and ambulances. Telenor receives no compensation from the state for providing USO services, whereas compensation is given to Telenor for providing SSO. In 2008, 2007 and 2006 Telenor received NOK 79 million, NOK 78 million and NOK 78 million, respectively, under this agreement.

In 2008 the regulatory authorities in Norway awarded the spectrum resources in the 900 MHz band that will become idle after expiry of the CT1 allocation to the existing GSM licensees. The awards were given on condition that the three licensees would agree on a plan for restructuring their complete spectrum resources in the band so that also technologies like UMTS 900 might be deployed in a spectrum efficient way. The three operators are now in the process of designing a detailed plan for the restructuring. When that plan has been carried out, new licenses being technology neutral will be replacing the old ones. In 2007, Telenor purchased spectrum licences in the 2.6 Ghz radio frequency band for NOK 93 million. The spectrum licences are technology and service neutral, tradable and were awarded with 15 years duration.

Telenor pays an annual fee to PT and the Norwegian Ministry of Transport and Communications for delivering electronic communication services, including payments for frequencies and numbers. The fee was NOK 129 million, NOK 121 million and NOK 120 million in 2008, 2007 and 2006, respectively.

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

Telenor sold transmission capacity and related services in the digital and analog terrestrial transmission network to Norsk Rikskringkasting AS of NOK 270 million, NOK 308 million and NOK 307 million in 2008, 2007 and 2006, respectively. In 2008, EDB Business Partner acquired IS Partner AS from StatoilHydro ASA (the Norwegian state is a majority owner of the company) for a consideration of NOK 1,350 million.

Transactions with associated companies

	2008		2007		2006	
NOK IN MILLIONS	Sales to	Purchases from	Sales to	Purchases from	Sales to	Purchases from
	4 542	804	276	673	196	328

In 2008, sales to associated companies included sale of Golden Telecom to VimpelCom for a consideration of NOK 4,143 million. In 2008 and 2007, sales to associated companies include network access charges to Norges Televisjon AS, RiksTV AS and TV2 AS of NOK 327 million and NOK 202 million, respectively. Purchases from associated companies in 2008 and 2007 include distribution rights from TV2 AS and TV2 Zebra AS of NOK 322 million and NOK 280 million, respectively. In 2008, 2007 and 2006, Telenor sold media rights for the Norwegian football league to the associated company TV2 Zebra AS. A substantial part of the purchases from associated companies in 2008, 2007 and 2006 concerns sales and marketing support for distributors of Telenor's products and services in Norway and Thailand.

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

For information of receivables on associated companies – see note 21 and 23. Telenor had no significant payables or debt to associated companies as of 31 December 2008 and 2007.

GrameenPhone Ltd. borrowed NOK 50 million from NORAD. NORAD is part of the Ministry of Foreign Affairs. As of 31 December 2008, the remaining loan amounted to NOK 16 million. The fixed rate loan has an interest of 3.40% and was an interest-only loan until 30 June 2004, and is thereafter repaid through instalments until 31 December 2010. GrameenPhone Ltd. also borrowed USD 10 million from NORFUND. NORFUND is owned and financed by the Ministry of Foreign Affairs. As of 31 December 2008, the remaining loan amounted to NOK 21 million. The floating rate loan has an interest of 5.83% at year end and will be repaid through instalments until 15 June 2010.

Transactions with subsidiaries have been eliminated on consolidation and do not represent related party transactions, see note 16 in the financial statements of Telenor ASA for a list of significant subsidiaries. The same applies to transactions with joint ventures that are consolidated proportionally, see note 21.

For compensation of key management personnel, see note 36.

34 COMMITMENTS AND CONTINGENCIES

Telenor is involved in a number of legal proceedings in various forums. While acknowledging the uncertainties of litigation, Telenor is of the opinion that based on the information currently available, these matters, except as discussed below, will be resolved without any material adverse effect individually or in the aggregate on Telenor's financial position. No provisions have been made for the legal disputes discussed in this note. For legal disputes, in which Telenor assess it to be probable (more likely than not) that an economic outflow will be required to settle the obligation, provisions have been made based on managements best estimate. See note 27 for further information with regard to provisions for legal disputes. In addition, restrictions in Telenor's ownership interest or where the minority shareholders have temporary restricted Telenor's control is disclosed in this note. Telenor expects that these matters will be resolved without any material adverse effect on Telenor's financial position.

Kyivstar

There is ongoing litigation in New York between Telenor and four affiliates of the Alfa Group Consortium that relate to the Kyivstar shareholders agreement dated January 2004 and related corporate governance matters. Since 2005 Storm had in a number of instances failed to have at least one representative from Storm attend Kyivstar's shareholder and board meetings and it is only since December 2008 that such attendance has taken place. For a valid quorum to be present at Kyivstar's shareholder meetings, Ukrainian law requires the attendance of shareholders holding more than 60% of a company's share capital and, for a valid quorum to be present at board meetings, Kyivstar's charter and Shareholders Agreement require the attendance of at least one director from Storm. In February 2006, in accordance with the disputes resolution provision in the Kyivstar Shareholders' Agreement, Telenor commenced an arbitration proceeding in New York against Storm LLC, the Alfa affiliate that is a 43.5% shareholder in Kyivstar, for violating the Kyivstar Shareholders Agreement.

The arbitration tribunal in New York decided in favour of Telenor in their award of 2 July 2007, in favour of Telenor. The award stated that the Shareholders Agreement is valid and binding between the parties and Kyivstar, and orders Storm to participate in all future shareholders meetings of Kyivstar and in particular to vote in a way that secures necessary amendments to the Kyivstar charter to make it conform with both Ukrainian law and the Shareholders Agreement, and that a proper board according to the charter and the Shareholders Agreement is elected which entitles Telenor to a majority of the votes. Furthermore, Storm and its affiliates Alpren, Hardlake and Altimo (the Altimo Companies) were ordered to stop any pending and enjoined from commencing future court proceedings in Ukraine related to matters governed by the Shareholders Agreement and Storm and the Altimo Companies were enjoined from taking any action that would hinder or preclude Telenor's ability to exercise its rights and obligations under the Shareholders Agreement. Storm was also found to be in breach of the non-competition clause of the shareholders agreement, and was ordered to sell its Kyivstar shares to an unaffiliated party unless Storm and the Altimo Companies divested their stakes in competing companies.

The arbitration award was upon Telenor's petition confirmed in full by the United States District Court of New York (SDNY) on 2 November 2007.

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

On 19 November 2008 the Court issued an opinion and order (the "Contempt Order") in which it held –Storm and the Altimo Companies in contempt of the corporate governance provisions of the Court's Confirmation Order ("the Corporate Governance Provisions") and imposed escalating fines on Storm and the Altimo Companies in order to coerce compliance with the Corporate Governance Provisions and ordered them to comply with the divestiture provision of the Court's November 2 order by 19 February 2009.

On 17 December 2008 Storm and the Altimo Companies moved by order to show cause to vacate the Court's contempt findings, to direct remittance of the accrued contempt fines and to stay further contempt sanctions. On 18 December 2008 the judge remitted the contempt fines that has already been accrued, because Storm had finally attended two Kyivstar shareholder meetings, voted to amend the charter as directed in the final award, and elected new members of the Kyivstar Board.

On 23 December 2008 Storm and the Altimo Companies appealed the Contempt Order to the Court of Appeals and sought a temporary stay and a stay pending appeal. On 13 January 2009 the Court of Appeals consolidated Storm and the Altimo Companies' appeals of the Contempt Order and the Confirmation Order, set a briefing schedule and issued a stay until the hearing of those appeals. Such hearings took place on the 4 February 2009 and 12 February 2009. On 18 February 2009, the Court of Appeals ordered lifting of the stay, and ordered that Storm deposited its shares in Kyivstar with the Court by end of business on 20 February 2009, and that Altimo either sold down below 5% of its Turkcell stake or divested itself completely in Kyivstar by end of business 23 March 2009.

As Storm exceeded the time limit set by the Court and showed no sign to comply with the court order to deposit the Kyivstar shares with the Court, Telenor forwarded a motion to the Court seeking to hold Storm and the Altimo Companies in contempt of the court order. Furthermore, Telenor requested the Court to impose escalating fines on Storm and the Altimo Companies in order to coerce compliance with the court order. In a court hearing on 11 March 2009 the Court found Storm and the Altimo Companies to be in contempt of the court order and imposed large fines on Storm and the Altimo Companies. The first set of fines commenced on 12 March 2009 and may only be lifted when the Kyivstar-shares held by Storm are deposited with the court. The other set of fines, commenced on the 24 March 2009, may only be lifted if a specific Ukrainian court process is terminated. On 19 March 2009, the Altimo Companies wrote a letter to the Court, in which they claimed to have complied with the Divestiture provision as a consequence of a transfer of certain ownership interests in Alfa Telecom Turkey Limited and argued that the share deposit provision was no longer applicable. On 20 March 2009 the Court requested all parties to appear at a conference on 31 March 2009.

VimpelCom

Eco Telecom – Geneva Arbitration on the URS acquisition

On 21 March 2008, Alfa through its subsidiary Eco Telecom launched an arbitration claim against Telenor East Invest AS under the VimpelCom Shareholders Agreement. In the Notice of Arbitration, received by Telenor on 25 March 2008, Eco Telecom claims for damages of up to USD 1 billion as compensation for lost shareholder value purportedly due to a delay in entry into the Ukrainian market caused by Telenor's blocking the purchase of the Ukrainian mobile operator URS for more than a year.

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

Farimex Products, Inc. – Telenor East Invest et.al.

Farimex Products, Inc., a British Virgin Islands company ("Farimex"), commenced litigation against Telenor East Invest, Altimo, Eco Telecom, OAO CT-Mobile, Avenue Limited, Santel Limited and Janow Properties Limited on or about 14 April 2008 in the Business Court for the Khanty-Mansi Autonomous Okrug (the "Khanty-Mansiysk Court"), in which Farimex sought USD 3.8 billion in damages in respect of the alleged harm caused to VimpelCom as a result of the defendants' allegedly having delayed the approval of VimpelCom's acquisition of 100% of the shares of URS. Following a number of hearings, on 16 August 2008, the Khanty-Mansiysk Court issued a decision in which it held Telenor East Invest liable for damages in the amount of USD 2.8 billion and 460,000 rubles in costs. The Khanty-Mansiysk Court did not hold any of the other defendants liable. Telenor East Invest appealed the decision of the Khanty-Mansiysk Court to the Eighth Arbitrazh Court of Appeals in Omsk (the "Omsk Court"). Following a number of hearings, on 29 December 2008, the Omsk Court vacated the decision of the Khanty-Mansiysk Court and scheduled a rehearing of the case from the beginning again on 19 February 2009 in the Omsk Court. The Omsk Court issued a written decision on 11 January 2009, in which it set out the rationale for setting aside the decision of the Khanty-Mansiysk Court. On 20 February 2009, the Omsk Court issued a ruling, holding Telenor East Invest liable for damages in favor of VimpelCom in the amount of USD 1.7 billion and ruled that both VimpelCom and Farimex were entitled to enforce the claim against Telenor East Invest. On 3 March 2009, Telenor East Invest filed an appeal of the Omsk Court's Decision. On 12 March 2009 Telenor East Invest obtained confirmation that 15, 337,854 of its shares in VimpelCom had been arrested by enforcement officers. On 17 March 2009 the Federal Business Court for the West Siberian District located in Tyumen issued an order accepting Telenor East Invest's appeal and scheduled a hearing for 26 May 2009. On 20 March 2009, Telenor East Invest filed a motion to suspend enforcement proceedings with the Tyumen Court. On 23 March 2009, the Tyumen Court denied that motion. Further steps to enforce the claim has not been taken as per this date and cannot – according to Russian law – be instigated before Telenor East Invest has been served a specific and legally valid demand for payment by Russian enforcement authorities.

Based on the advice of our Russian lawyers, we believe Farimex's claims lack merit and that Telenor East Invest has strong legal defenses to such claims and are therefore of the opinion that it is more likely than not that this case would not have a material adverse effect on the financial position of the Group, and accordingly no provision has been made for any liability or loss of shares in these financial statements.

DTAC

Dispute between TOT, CAT and DTAC regarding Access Charge

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

On 17 November 2006, DTAC issued a written notification informing Telephone Organisation of Thailand (TOT) and CAT Telecom Public Company Limited (CAT) that DTAC would no longer apply the rates for calculating the access charge under the Access Charge Agreement entered into with TOT on the basis that the rate and the collection of access charge under the Access Charge Agreement were contrary to the law in a number of respects. DTAC also informed TOT and CAT that it would pay the interconnection charge to TOT when DTAC and TOT have entered into an interconnection charge (IC) agreement in accordance with the Notification. On 16 November 2007, TOT lodged suit with the Civil Court, calling for DTAC and CAT to jointly and severally make payment for the unpaid access charge for the period between 18 November 2006 to 31 October 2007, totaling NOK 2.4 billion (inclusive of value added tax and the defaulted interest calculated from the due date of each installment until the end of November 2007), and to pay Access Charge from 1 November 2007 until the agreements among TOT, CAT and DTAC expired. DTAC and CAT submitted their pleas in June 2008 in which they claimed that the Civil Court did not have jurisdiction in the case. The Civil Court accepted the claims from DTAC and CAT and rejected the matter with the justification that the case should be handled by the Administrative Court. Currently, DTAC has not yet received any notice from the Administrative Court on TOT's claim for access charges payment. However, if TOT's claim is lodged, it is expected that the legal process may take several years. DTAC's management believes, based on advice from legal counsel, that the court decision (if the claim is lodged) would not have a material adverse effect on the financial position of the DTAC.

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

On 11 January 2008, CAT submitted the dispute to the Arbitration Institute requesting DTAC to make concession payments for the 12th to 16th concession years amounting to NOK 3.4 billion, and including defaulted interests, totaling NOK 4.7 billion. The statement of claim made by CAT did not explain the reason for the claim against DTAC. Currently, the dispute is still in the arbitration process, as DTAC in August 2008 did not accept CATs proposal for the chairman of the tribunal. The process of resolving these matters could take several years. DTAC's management believes, based on advice from legal counsel, that the arbitral award would not have a material adverse effect on the financial position of the DTAC.

Disputes mentionend in note 25 to the Telenor's financial statements for 2007, in which a final decision has been reached

Grameenphone

In 2007 a follow-up investigation from Bangladesh Telecommunication Regulatory Commission (BTRC) were conducted on Grameenphone's involvement in the issue on international call termination via Voice over IP business prior to February 2007. As a consequence of this investigation BTRC filed a case against Grameenphone and some of the present and previous management. Grameenphone was further requested to show cause under the Bangladesh Telecommunication Act as to the findings of BTRC before it considered appropriate measures. Grameenphone duly replied to the show cause notice. The Bangladesh Telecommunication Act 2001 stipulates provisions for fine or suspension or cancellation of license for contravention of any provision of the act or any condition of the license. The Act also provides for discretion of the Regulator to direct appropriate corrective measures to the operator. The case was completed in 2008 by an agreement between Grameenphone and BTRC.

Other

In February 2008, Telenor Mobile Communications AS, Telenor Mobil AS, Pannon GSM Telecommunications LTD, Sonofon AS and Total Access Communitations Plc (DTAC) together with 125 other telecommunication companies world wide were served a patent infringement claim by the plaintiff Technology Patents LLC, Maryland, USA based on two patents owned by the plaintiff related to international exchange of text messages. The plaintiff demanded full compensation, no lower than reasonable royalty together with interest, cost and disbursement determined by the court. The court decided in an award on 29 August 2008, that none of the Telenor companies mentioned had any connection to Maryland, USA and rejected the claims from the plaintiff based on lack of jurisprudence. Telenor assess the case as ended.

Telenor has invested in subsidiaries where there are restrictions on Telenor's ownership interest

DTAC

In Thailand the Foreign Business Act limits the direct ownership of foreign investors in public communications license-holders to 49% of the total issued share capital. However, our total economic stake in DTAC, held through Thai Telco Holding and Telenor Asia, is 65.5% as of 31 December 2008.

35 LICENSES

The table summarises the main operating and spectrum licenses held by Telenor ASA and its subsidiaries as of 31 December 2008:

Company/Segment	Licenses	Network type	License valid from	License expiration
Mobil Norway	GSM 900	GSM/GPRS/EDGE	1992	2017
	GSM 900		2001	2013
	GSM 1800		1998	2010
	UMTS	W-CDMA	2000	2012
	Long Term Evolution (LTE)	OFDMA	2007	2022
Denmark	GSM 900	GSM/GPRS	1997	2012
	GSM 1800		1997	2017
	GSM 1800		2001	2011
	UMTS	W-CDMA	2005	2021
Sweden	GSM 900	GSM/GPRS	1992	2010
	GSM 1800		1996	2010
	UMTS	W-CDMA	2000	2015
	Long Term Evolution (LTE)	OFDMA	2008	2023
Pannon	GSM 900	GSM/GPRS/EDGE	1993	2016
	GSM 1800		1999	2014
	UMTS	W-CDMA	2004	2019
Telenor Serbia	GSM 900/1800	GSM/GPRS/EDGE	2006	2026
	UMTS	W-CDMA	2006	2026
Promonte	GSM 900/1800	GSM/GPRS	2002	2017
	UMTS	W-CDMA	2007	2022
DTAC [1]	AMPS 800		1990	2018
	GSM 1800	GSM/GPRS	1990	2018
	International Direct Dial		2007	2027
DiGi	GSM 1800	GSM/GPRS/EDGE	1995	2015
	UMTS	W-CDMA	2008	2018
Grameenphone	GSM 900/1800	GSM/GPRS/EDGE	1996	2011
	GSM 1800 [2]		2008	2026
Telenor Pakistan	GSM 900/1800	GSM/GPRS/EDGE	2004	2019
	GSM 900/1800 – AJK [3]		2006	2021
	Long Distance International		2004	2024

[1] Rather than a license, DTAC has the right to operate a mobile network pursuant to a concession, see also note 19.
[2] Licence for additional 7.4 mhz frequency band for 18 years subject to renewal of main GSM 900/1800 licence in 2011.
[3] Relates to Azad Jammu and Kashmir (AJK).

The satellite business is subject to regulations, both in and outside Norway. The most important is the right to use frequencies in the geostationary orbit, where Telenor holds frequency rights concerning operation of satellites. The frequency rights are regulated by the ITU (International Telecommunication Union) through the Norwegian Post- and Telecommunications Authority. Furthermore, Telenor holds uplink licenses in Norway, Sweden, Denmark, Finland, Bulgaria and United Kingdom (UK), which provide rights for transmission of signals from earth stations to satellites.

AeroMobile holds a number of licences which enables the company to operate the mobile network in the various countries over which AeroMobile equipped aircraft are airborne. Maritime Communications Partner (MCP) holds a number of licenses which enables the company to operate the mobile network in the various waters where MCP equipped vessels are travelling.

Telenor also holds licenses for terrestrial broadcasting in Norway.

In addition associated companies hold a number of licenses, which are important for their operations.

36 REMUNERATION

Board of Directors

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

The aggregate remuneration for the Board and the Corporate Assembly recognised in 2008 was NOK 2.9 million and NOK 0.6 million respectively. In 2007 this was NOK 2.6 million (NOK 2.6 million in 2006) and NOK 0.6 million (NOK 0.5 million in 2006) respectively. Remuneration for the Audit Committee, Compensation Committee, Healt-, Safety-, Security- and Environment Committee and Nomination Committees was in total NOK 0.3 million (NOK 0.3 million in 2007 and NOK 0.3 million in 2006). The members of the Board are only entitled to a fixed compensation per meeting they attend and have no agreements which entitles them to extraordinary remuneration in the event of termination or change of office or agreement concerning bonus, profit sharing, options or similar. The number of shares owned by the members of the Board of Directors, Deputy Board Members and the Corporate Assembly as of 31 December 2008 and 2007 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.

FIGURES IN THOUSAND NOK, EXCEPT NUMBER OF SHARES Board	Number of shares as of 31 December 2008	Board Fee 2008	Fee for Board elected committee's 2008	Number of shares as of 31 December 2007	Board Fee 2007	Fee for Board elected committee's 2008
Harald Norvik (from 31.05.07)	16 520	420	20	1 220	245	20
Thorleif Enger (until 31.05.07)	-	-	-	-	167	20
Bjørg Ven	10 000	280	60	10 000	276	70
John Giverholt	-	210	60	-	206	70
Kjersti Kleven	-	210	20	-	123	-
Hanne de Mora (until 31.05.07)	-	-	-	-	83	20
Liselott Kilaas	-	210	20	-	206	40
Paul Bergqvist	1 000	210	60	-	206	50
Olav Volldal (from 31.05.07)	-	210	30	-	123	25
Jørgen Lindegaard (until 31.05.07)	-	-	-	-	83	-
Burckhard Bergmann (from 29.05.2008)	-	123	10	-	-	-
Harald Stavn	4 970	210	20	3 865	206	-
Irma Tystad (until 23.08.07)	-	-	-	813	132	-
Per Gunnar Salomonsen (until 23.08.07 thereafter deputy board member)	2 700	60	-	-	132	-
May Krosby	-	210	15	-	74	-
Bjørn Andre Anderssen	993	210	15	873	74	-
Wenche Aanestad (deputy board member)	3 464	8	-	-	-	-

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

Deputy Board Members	Number of shares as of 31 December 2008	Number of shares as of 31 December 2007
Helge Enger	5 965	1 890
Per Gunnar Salomonsen	2 700	-
Roger Rønning	-	390
Kaare-Ingar Sletta	627	540
Wenche Aanestad	3 464	-
Irene Vold	1 919	-

The Corporate Assembly	Number of shares as of 31 December 2008	Number of shares as of 31 December 2007
Jan Riddervold	2 789	-
Arne Jensen	-	407
Stein Erik Olsen	396	269
Inger-Grethe Solstad	682	682
Roger Rønning	495	390
Anne Kristin Endrerud	275	275
Britt Østby Fredriksen	2 140	1 883
Magnhild Øvsthus Hanssen	876	747

Statement on the Group CEO and Executive Management Remuneration

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

1. Remuneration Policy

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

2. Decision-making

The Board of Directors has appointed a separate Governance and Remuneration Committee constituted by the Chairman of the Board and two of the shareholder elected Board members, as well as one employee representative. The Group CEO should attend the Committee meetings. Other representatives of the Management will attend upon notice. The secretary of the Board of Directors acts as secretary of the Committee unless otherwise agreed from time to time.

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

- Overseeing that the Telenor companies adhere to and maintain generally accepted high standards of corporate governance as well as a culture that encourages good corporate governance.
- Annual review and recommendation on the total remuneration for the Group CEO.
- Sign off of compensation & benefit arrangements for the Group Executive Management on behalf of the Board of Directors.
- Consider Group-wide remuneration policy and programs, including bonus and share based programs, and present recommendations to the Board of Directors.
- Keeping up with market developments on executive remuneration and recommend actions to the Board of Directors.

3. Main Remuneration Principles coming accounting year

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

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

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

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

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

The Annual Bonus is based on achievement of Group, Business Area, unit and individual targets, with ambitious performance levels set up front. The payment for achievement of expected performance level is 37.5 % of the annual Base Salary (4.5 months) for the Group CEO and Executive Management. Maximum potential for exceeding performance is 50 % of annual Base Salary (6 months). The bonus payments are subject to vacation pay, but not included in the pensionable earnings. The Group CEO and Executive Management are subject to a minimum shareholding requirement corresponding to the value of one annual Base Salary. If the executives do not hold Telenor-shares at this level when the Annual Bonus is paid out, up to 20 % of the Bonus payment must be invested in Telenor-shares.

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

Telenor operates a general Share Program for employees, which is also applicable for the executives, offering employees the opportunity to purchase Telenor-shares for 1, 2, 3, or 4 percent of the gross annual Base Salary with a discount of maximum NOK 1,500. If the Telenor-share performs better than the Dow Jones Stoxx Telecom Indeks over the next 2 years, the employees will be granted bonus shares matching the number of purchased shares still hold by the end of the performance period and assuming the individual is still employed.

Telenor applies a defined contribution pension arrangement for individuals hired externally as of 2006. According to this arrangement retirement is at age 65. Upon retirement, members of the Group Executive Management is entitled to the balance of an annual contribution of 4% of the annual Base Salary from 1–6 G (G = base amount of Norwegian Social Security), 8% from 6 – 12 G and 30% of Base Salary above 12 G. One member of the Group Executive Management is currently covered by this arrangement, while another is covered by a similar arrangement with a contribution of 11% of Base Salary up to 12 G due to secondment to another country and a contribution of 30% of Base Salary above 12 G.

The Group CEO and members of the Group Executive Management, except to executives, are covered by the previously applied defined benefit arrangement. The Group CEO is entitled to retire at age 60. Members of the Group Executive Management hired before 2006 are entitled to retire at age 62 or 65 depending on their individual pension agreement. The pension promise according to the defined benefit arrangement is 66 % of the annual Base Salary up to an individual ceiling. The ceiling was implemented in 2002 and is adjusted annually by the consumer price index (CPI-ATE). One executive has defined benefit plan with ceiling equal to 12 G. In addition, as of 1 January 2006 the individual is entitled to the balance of a defined contribution arrangement consisting of a contribution of 30 % of the annual Base Salary above the individual ceiling.

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

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

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

4. Remuneration Principles and implementation previous accounting year

The remuneration principles applied 2008 for the Group CEO and Executive Management were basically the same as explained above for 2009 and in line with the adjustments made in 2007.

The annual review of the Base Salary for the Group CEO and Executive Management is effective as of 1 January. Last year it was conducted in quartile 1 for the Group Executive Management, while decision on the Group CEO was taken in September.

Actual remuneration to the Group CEO and Executive Management

Per 31 December 2008 the Group Executive Management consists of Jon Fredrik Baksaas (CEO), Trond Ø. Westlie, Jan Edvard Thygesen, Morten Karlsen Sørby, Sigve Brekke (from 1 September 2008), Ragnar H. Korsæth, Bjørn Magnus Kopperud and Hilde Tonne. Aggregate remuneration including pension cost for the Group Executive Management was NOK 42.0 million in 2008. In 2007 and 2006 the aggregate amounts were NOK 44.3 million and NOK 38.3 million respectively. The pension costs included in these figures were NOK 7.9 million in 2008, NOK 7.1 million in 2007 and NOK 8.0 million in 2006. The remuneration also includes the new Long Term Incentive implemented in 2007 and continued in 2008, see description in the Statement above and note 37. For details see tables below.

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

Remuneration to Group Executive Management 2008

AMOUNT IN THOUSAND NOK Group Executive Management 2008	Base salary	Bonus paid out 2008	Other benefits [1]	Total salary and other taxable income	Pension benefit earned/cost to company [2]	Value of LTI	Total
Jon Fredrik Baksaas	4 800	1 146	179	6 125	1 407	1 440	8 972
Trond Ø. Westlie	2 920	1 093	183	4 196	812	730	5 738
Arve Johansen [3) 4)]	2 000	563	65	2 628	991	–	3 619
Sigve Brekke [4]	683	–	106	789	227	982	1 998
Morten Karlsen Sørby	2 900	766	190	3 856	1 579	725	6 160
Jan Edvard Thygesen	2 550	713	209	3 472	980	637	5 089
Ragnar H. Korsæth	1 800	396	230	2 426	586	450	3 462
Bjørn Magnus Kopperud	2 050	543	185	2 778	996	512	4 286
Hilde M. Tonne	1 700	131	183	2 014	305	425	2 744

Remuneration to Group Executive Management 2007

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

Remuneration to Group Executive Management 2006

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

All figures are exclusive social security tax

[1] Include items such as insurance, company car or car allowance, electronic communication, newspapers and other minor benefits.

[2] The calculations of pension benefits earned are based on the same actuarial and other assumptions as used in the pension benefit calculations in Note 28. The amounts are higher than the amounts that the persons earned as paid-up policy if the employment was terminated as of 31 December 2008, 31 December 2007 and 31 December 2006, respectively.

[3] Arve Johansen was entitled to a guaranteed net annual Base Salary of NOK 2,483,000 as part of his international assignment. Sigve Brekke is entitled to a guaranteed net annual salary of NOK 2,050,000 as part of his international assignment. The bonus and the LTI are based on the guaranteed net amount.

[4] The compensation is based on their respective period in the Group Executive Management. Arve Johansen stepped down as Regional Head of Asia 31 August 2008 and was replaced by Sigve Brekke. Hilde Tonne was appointed 1 September 2007. Stig Eide Sivertsen stepped down 25 October 2007.

[5] For number of options granted and outstanding as well as their terms, see below and note 37.

[a] Jon Fredrik Baksaas exercised share options in 2006 that was reported as additional taxable income of NOK 15,945,964

[b] Morten Karlsen Sørby exercised share options in 2006 that was reported as additional taxable income of NOK 6,782,489

[c] Stig Eide Sivertsen exercised share options in 2006 that was reported as additional taxable income of NOK 6,769,575

[d] Bjørn Magnus Kopperud has exercised share options in 2006 that has been reported as additional taxable income of NOK 1,954,775

Individual conditions

Name	Agreed period of notice, months Base Salary	Severance pay months Base Salary	Pension benefits
Jon Fredrik Baksaas	6 months	24 months. In case of new position the severance pay is reduced by 75% of income in new position	66% Defined Benefit of NOK 3,000,000 (base salary per 22.06.2002), adjusted for "The consumer price index adjusted for taxes and excluding energy "(CPI-ATE) annually, and 30% Defined Contribution above the 2002 Base Salary. The latter part is implemented as of 1 January 2006. Retirement age 60.
Trond Ø. Westlie	6 months	6 months	66% Defined Benefit of Base Salary up to 12G. Defined Contribution plan with 30% of Base Salary above 12G. Retirement age 65.
Sigve Brekke	6 months	6 months	Defined Contribution plan with 11% of Base Salary up to 12G. Defined Contribution plan with 30% of Base Salary above 12G. Retirement age 65.
Jan Edvard Thygesen	6 months	6 months	66% Defined Benefit of NOK 1,900,000 (base salary per 31.12.2003), adjusted for CPI-ATE annually, and 30% Defined Contribution above the 2002 Base Salary. The latter part is implemented as of 1 January 2006. Retirement age 62.
Morten Karlsen Sørby	6 months	6 months	66% Defined Benefit of NOK 1,800,000 (base salary per 31.12.2002), adjusted adjusted for CPI-ATE annually, and 30% Defined Contribution above the 2002 Base Salary. The latter part is implemented as of 1 January 2006. Retirement age 62.
Ragnar H. Korsæth	6 months	6 months	66% Defined Benefit of NOK 1,300,000 (base Salary as per 31.12.2004), adjusted for CPI-ATE annually, and 30% Defined Contribution above the 2004 Base Salary. The latter part is implemented as of 1 January 2006. Retirement age 65.
Bjørn Magnus Kopperud	6 months	6 months	66% Defined Benefit of NOK 1,600,000 (base salary per 11.06.2002), adjusted for CPI-ATI annually, and 30% Defined Contribution above the 2002 Base Salary. The latter part is implemented as of 1 January 2006. Retirement age 62.
Hilde Tonne	6 months	6 months	Defined Contribution, 4% of 1–6 G, 8% of 6–12 G and 30% of Base Salary above 12 G, Retirement age 65.

Options and shares 2008

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

Options and shares 2007

	Options held as of 1 January 2007	Granted options	Forfeited options	Exercised options	Average exercise price on exercised options	Options held as of 31 December 2007	Average-exercise price out-standing options [1]	Average remaining lifetime	Acquired shares with 3 years lock in period from the fixed LTI	Available shares held as of 31 December 2007
Jon Fredrik Baksaas	330 000	-	-	-	-	330 000	41.12	3.2	5 301	57 323
Trond Ø. Westlie	55 000	-	-	-	-	55 000	74.90	5.6	2 877	7 500
Arve Johansen	265 000	-	-	-	-	265 000	44.65	2.6	4 888	50 285
Morten Karlsen Sørby	55 000	-	-	-	-	55 000	74.90	5.6	2 846	11 265
Jan Edvard Thygesen	205 000	-	-	-	-	205 000	45.57	2.7	2 466	54 385
Stig Eide Sivertsen	40 000	-	40 000	-	-	-	-	-	-	-
Ragnar H. Korsæth	83 334	-	-	-	-	83 334	52.38	3.6	1 726	1 500
Bjørn Magnus Kopperud	90 000	-	-	-	-	90 000	47.98	3.7	1 973	4 292
Hilde M. Tonne	-	-	-	-	-	-	-	-	1 541	-

[1] Latest possible exercise price for 2002 options, assumes the cap (as described in note 37) is not reached for the 2006 option

Loans to employees

Total loans to employees were NOK 27 million as of 31 December 2008. The loans were mainly related to loan for consumer goods in IS Partner AS (acquired by EDB Business Partner 11 February 2008). The loans are repaid as deductions in the employee's monthly salary. No further loans of this type will be offered to employees. As of 31 December 2007 loan to employees were NOK 6 million, mainly related to financing of cars purchased by the employees as an alternative to company cars and to loans for house purchase in two of the foreign subsidiaries

Fees to the auditors

The table below summarizes audit fees for 2008, 2007 and 2006 and fees for audit related services, tax services and other services incurred by Telenor during 2008, 2007 and 2006. Fees include both Norwegian and foreign subsidiaries.

NOK IN MILLIONS	Audit fees			Audit related fees			Fees for Tax services			Other fees		
EXCLUSIVE VAT	2008	2007	2006	2008	2007	2006	2008	2007	2006	2008	2007	2006
Telenor ASA												
Auditor	4.9	5.0	12.6	0.4	1.0	6.6	4.3	1.5	1.4	4.5	1.1	-
Other Group companies												
Auditor	31.4	33.9	61.1	3.5	3.5	12.6	3.1	2.0	4.6	0.8	1.3	-

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

37 SHARE-BASED PAYMENTS

Share-based transactions

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

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

Share-based compensation

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

Share Programme for employees

Every year since Telenor was listed on Oslo Stock Exchange in 2000 it has offered all employees in selected subsidiaries to purchase shares with a discount and potential for bonus shares. In 2008 the programme included all employees in Norway, Sweden, Denmark, Finland, Hungary, Serbia and Montenegro.

In 2007 the programme was changed from a fixed investment amount with bonus shares depending on Telenor's absolute share price development to investment in % of Base Salary and bonus shares depending on relative performance. The new programme offers employees to purchase Telenor shares for 1, 2, 3, or 4 per cent of the gross annual Base Salary with a discount of 20 per cent, maximum NOK 1,500. If the Telenor-share performs better than the Dow Jones Stoxx Telecom Index over the next 2 years, the employees will be granted bonus shares matching the number of purchased shares still hold by the end of the performance period and assuming the individual is still employed. The bonus shares expected to be granted at the end of the performance period are expensed over the vesting period (see also note 8).

Participation in the programme introduced in 2008 was approximately 27% and approximately 31% in the programme introduced in 2007. The employees signed up for programme introduced in December 2008 and the shares are purchased in 2009. For the program introduced in 2007 the employees signed up for shares in December 2008 and the shares were purchased during 2008.

Long Term Incentive

The current Long Term Incentive (LTI) is a fixed monetary compensation of 15 to 30 percent of the annual Base Salary, depending on role. The net amount shall be used to purchase Telenor shares with a lock-in period of three years. For the 2008 programme the lock in period ends 1 July 2011 and for the 2007 programme it ends 1 July 2010. Approximately 100 employees in 2008 and 2007 holding national and international managerial positions participated in the programme. The managers acquired the shares at the volume-weighted average of the five calendar days from 28 July 2008 (5 November 2007), NOK 78.94 (NOK 127.03), in total 203,706 shares (127,044 shares). The total amount received by the employees under the LTI, which will be the fair value, is recorded as an asset in the balance sheet and will be expensed over the vesting period (see also note 8).

EDB has a similar LTI in 2008 and 2007 for executive management with a fixed annual monetary compensation of NOK 1 million for chief executive officer and NOK 350,000 for the Executive Vice Presidents which shall be used to purchase EDB shares with a lock-in period of three years. The managers acquired the shares at NOK 27.20 on 22 July 2008. In the 2007 programme the shares were acquired at NOK 55.49 on 18 July 2007 and 35.54 on 31 January 2008.

Share Option Programme in Telenor ASA

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

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

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

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

Options Telenor ASA

	Share options	Average exercise price at the end of option life (NOK) [1]
Balance as of 31 December 2006	**3 959 632**	**61.26**
Options granted in 2007	-	-
Options forfeited in 2007	315 000	71.53
Options exercised in 2007	343 000	45.32
Balance as of 31 December 2007	**3 301 632**	**62.29**
Options granted in 2008	-	-
Options forfeited in 2008	285 000	73.20
Options exercised in 2008	8 333	26.44
Balance as of 31 December 2008	**3 008 299**	**61.37**

[1] Exercise price for the 2002 programmes are calculated at the latest possible date of exercise, and based on 12 month NIBOR (as of 20 February 2008), implied forward rates calculated of the spot curve. For the share option programmes of 2003, 2004 and 2006, the exercise prices are fixed through the options' term.

For share options exercised during 2008 the weighted average share price at the date of exercise was NOK 105.35 (NOK 117.77 in 2007).

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

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

Programme	Weighted average uexercise price (NOK)	Options outstanding as of 31 December 2007	Options exercisable as of 31 December 2007	Weighted average remaining life as of 31 December 2007
2002	43.20 [1]	268 333	268 333	1.1
2003	26.44	683 299	683 299	2.1
2006	74.90 [2]	2 350 000	-	5.6

[1] Exercise price for the 2002 programmes are calculated at the latest possible date of exercise, and based on 12 month NIBOR (as of 20 February 2008 and 2007 respectively), implied forward rates calculated of the spot curve. For the share option programmes of 2003, 2004 and 2006, the exercise prices are fixed throughout the options' terms.

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

The fair value of share-based compensation at the grant date is expensed over the vesting period (see also note 8). Telenor uses a Black & Scholes valuation model to calculate the fair value.

Option programme for shares in EDB Business Partner ASA

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

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

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

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

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

	Share options	Estimated fair value at grant date (per share option in NOK)	Average exercise price at the end of option life (NOK)
Balance as of 31 December 2006	**1 741 752**	**-**	**51.2**
Options granted in 2007	310 000	10.98	57.26
Options forfeited in 2007	229 252	-	46.45
Options exercised in 2007	240 000	-	52.10
Balance as of 31 December 2007	**1 582 500**	**-**	**52.93**
Options granted in 2008	-	-	-
Options forfeited in 2008	-	-	-
Options exercised in 2008	102 500	-	52.41
Balance as of 31 December 2008	**1 480 000**	**-**	**52.50**

No options were exercised in 2008. The weighted average share price at the date of exercise for share options exercised during 2007 was NOK 46.45.

The table below details EDB Business Partner's options outstanding as of 31 December 2008 and 2007. Option exercise price is based on the latest exercise dates. Some options may be exercised prior to the termination of the plan.

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

Programme	Weighted average exercise price (NOK)	Options outstanding as of 31 December 2007	Weighted average remaining life (in years)	Options exercisable as of 31 December 2007
2004	49.05	12 500	0.78	12 500
2006	51.14	250 000	2.42	83 325
2006	52.10	970 000	2.42	336 625
2006	53.03	50 000	3.17	-
2006	58.07	260 000	3.08	-

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

Option programme for shares in Telenor ASA and EDB Business Partner ASA

The programmes 2002–2008	Risikofri Rente	Utbytte-grad	Utbytte vekst	Volatilitets faktor	Veid gjennom-snittlig for-ventet levetid
Telenor ASA 2002 programme	6,40%	2,0%		31.3%	4.5 years
Telenor ASA 2003 programme	4.80%	2.0%		32.3%	4.5 years
Telenor ASA 2004 programme	3.13%	2.0%		36.5%	4.5 years
Telenor ASA 2006 programme	3.99%	-	10% annual growth, 2006 dividend of NOK 2.00 as base line	31.06%	4.0 years
EDB Business Partner ASA 2003 grant CEO	5.05%	0.0%		66.9%	4.5 years
EDB Business Partner ASA 2004 programme	2.50%	0.0%		54.4%	1.5 years
EDB Business Partner ASA 2005 grant, 2004 programme	3.66%	0.0%		53.3%	1.5 years
EDB Business Partner ASA 2006 programme	3.74%	0.0%		31.2%	2.5 years
EDB Business Partner ASA 2007 grant, 2006 programme	4.57%	0.0%		28.2%	2.5 years

For fair value calculations the share price at grant date are used. The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions, including the expected stock price volatility. Because the employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options. However, the number of share options granted is limited compared to the size of the Group, and the effects of applying a more flexible model is not expected to have a material impact on the Group's financial statements.

38 NUMBER OF SHARES, OWNERSHIP ETC.

As of 31 December 2008, Telenor ASA had a share capital of NOK 9,947,333,076 divided into 1,657,888,846 ordinary shares with a nominal value of NOK 6 each. All shares have equal voting rights and the right to receive dividends. As of 31 December 2008, the company had no treasury shares.

In accordance with the authority given by the Annual General Meeting on 8 May 2008 Telenor reduced its share capital with NOK 134,314,344 in July 2008. This was done through the cancellation of 10,305,222 treasury shares and through redemption of 12,080,502 shares from the Kingdom of Norway, represented through the Ministry of Trade and Industry.

At the Annual General Meeting on 8 May 2008, authority was given for the Board of Directors to acquire up to 160,000,000 own shares with a nominal value totalling NOK 960,000,000 corresponding to approximately 9,5% of the share capital. In addition up to 2,500,000 shares with a total nominal value of NOK 15,000,000 may be purchased for the fulfilment of Telenor´s option programs for key employees of 2002 and 2003 and in connection with the general share programs for employees. The amount paid per share shall be a minimum of NOK 6 and a maximum of NOK 200. The Board is free to decide how the acquisition and transfer of shares takes place. This authorization is valid until the next Annual General Meeting to be held on 11 May 2009.

In April 2008 Telenor acquired 3,333 treasury shares in accordance with these authorizations and 7,379,000 shares were acquired in accordance with the authorizations given at the Annual General Meeting in 2007. 7,374,000 shares were in July 2008 cancelled together with the 2,931,222 treasury shares held as of 31 December 2007. 8,333 shares were used to fulfil obligations related to the option programme for 2003 and were purchased in February 2008 and in May 2008, respectively.

In 2008 Telenor entered into an agreement with its largest shareholder, the Kingdom of Norway, represented through the Ministry of Trade and Industry. The agreement regulates that the Kingdom of Norway is committed to the cancellation of a proportionate number of its shares so that the Kingdom of Norway's ownership interest in Telenor will remain unaffected if Telenor repurchase shares for the purpose of cancellation. The agreement presupposes that a subsequent Annual General Meeting will be invited to approve cancellation of repurchased and redeemed shares. The Kingdom of Norway through the Ministry of Trade and Industry is committed to vote in favour of such cancellation. The agreement only cover repurchase of shares for the purpose of cancellation.

The following shareholders had 1% or more of the total number of 1,657,888,846 outstanding shares as of 31 December 2008.

Name of shareholders	Number of shares	%
Nærings- og Handelsdepartementet	894 683 140	53.97
JPMorgan Chase Bank (nominee)	79 632 267	4.80
Folketrygdfondet	73 399 461	4.43
JPMorgan Chase Bank (nominee)	27 915 330	1.68
State Street Bank (nominee)	27 635 989	1.67
Bank of New York (nominee)	24 789 690	1.50
JPMorgan Chase Bank (nominee)	24 082 900	1.45
State Street Bank (nominee)	22 417 178	1.35
Clearstrem Banking (nominee)	19 473 658	1.17

39 EVENTS AFTER THE BALANCE SHEET DATE

On 28 October 2008 Telenor executed an agreement to acquire a controlling interest in Unitech Wireless, through subscription for new shares. On 20 March 2009 the transaction was completed. The subscription for new shares in Unitech Wireless will be completed in four phases.

Telenor's investment under the agreement will be INR 61.2 billion (approximately USD 1.2 billion) and it has been agreed that Telenor would be holding 67.25% in Unitech Wireless after this investment (subject to regulatory approval). See note 4 for more information about the transaction.

The first phase of Telenor's investment is completed with an investment of INR 12.5 billion (approx. USD 250 miillion). Following this investment, Telenor's ownership stake in Unitech Wireless is 33.5 percent. Telenor's remaining investment of INR 48.7 billion (approx. US 970 million) will be completed in three tranches during 2009.

INCOME STATEMENT

Telenor ASA 1 January – 31 December

NOK in millions	Note	2008	2007	2006
Revenues	1	**710**	592	540
Operating expenses				
Salaries and personnel costs	2, 3	**762**	652	637
Other operating expenses	4	**1 014**	936	887
Depreciation, amortisation and impairment losses	8, 9	**133**	93	96
Total operating expenses		**1 909**	1 681	1 620
Operating profit (loss)		**(1 199)**	(1 089)	(1 080)
Financial income		**10 542**	7 386	7 062
Financial expenses		**(4 170)**	(3 510)	(2 345)
Net currency gains (losses)		**(3 130)**	338	(179)
Net gain (losses and impairment losses) of financial assets		**(506)**	2 013	218
Net financial items	6	**2 736**	6 227	4 756
Profit before taxes		**1 537**	5 138	3 676
Taxes	7	**72**	(78)	(880)
Net income		**1 609**	5 060	2 796
Proposed dividends		**-**	5 713	4 201

BALANCE SHEET

Telenor ASA as of 31 December

NOK in millions	Note	2008	2007
ASSETS			
Non-current assets			
Deferred tax assets	7	1 164	1 022
Goodwill	8	20	20
Intangible assets	8	498	563
Property, plant and equipment	9	16	14
Shares in subsidiaries	16	40 238	39 032
Non-current interest-bearing receivables on group companies	10	74 530	73 574
Other financial assets	10	3 891	820
Total non-current assets		**120 351**	**115 045**
Current assets			
Trade receivables on group companies		191	123
Trade receivables external		8	4
Other current financial assets		3 368	3 627
Total current assets	10	**3 567**	**3 754**
TOTAL ASSETS		**123 918**	**118 799**
EQUITY AND LIABILITIES			
Equity	11	33 604	39 917
Pension obligations	3	280	259
Non-current interest-bearing liabilities		29 977	30 473
Non-current non-interest-bearing liabilities		493	498
Total non-current liabilities	12	**30 470**	**30 971**
Current interest-bearing liabilities		58 081	45 529
Current non-interest-bearing liabilities		1 481	2 123
Total current liabilities	13	**59 564**	**47 652**
Total equity and liabilities		**123 918**	**118 799**

Fornebu, 26 March 2009

Harald Norvik
Chairman of the Board of Directors

Bjørg Ven
Vice-chairman of the Board of Directors

John Giverholt
Board member

Kjersti Kleven
Board member

Olav Volldal
Board member

Liselott Kilaas
Board member

Burckhard Bergmann
Board member

Paul Bergqvist
Board member

Harald Stavn
Board member

May Krosby
Board member

Bjørn Andre Anderssen
Board member

Jon Fredrik Baksaas
President & CEO

CASH FLOW STATEMENT

Telenor ASA 1 January – 31 December

NOK in millions	**2008**	2007	2006
Profit before taxes	**1 537**	5 138	3 676
Income taxes paid	**(1 026)**	(482)	-
Net (gains) losses	**425**	(2 683)	(1 457)
Depreciation, amortisation and impairment losses	**133**	93	96
Write-down of shares and reversal of previous impairment losses	**-**	-	22
Currency (gains) losses not relating to operating activities	**3 127**	(335)	176
Changes in interest accruals against Group companies	**(2 802)**	(2 550)	(2 716)
Changes in other accruals	**296**	(834)	(85)
Net cash flow from operating activities	**1 690**	(1 653)	(288)
Proceeds from sale of property, plant and equipment and intangible assets	**11**	16	28
Purchases of property, plant and equipment and intangible assets	**(59)**	(194)	(77)
Proceeds from sale of subsidiaries	**-**	2 536	-
Purchases of subsidiaries	**(1 200)**	(21)	(12 279)
Proceeds from sale of other investments	**9**	743	2 023
Purchases of other investments	**(1)**	(6)	(27)
Net cash flow from investment activities	**(1 240)**	3 074	(10 332)
Proceeds from borrowings	**11 208**	28 782	43 612
Repayments of borrowings	**(13 406)**	(29 947)	(33 034)
Net change in Group internal drawing rights	**9 492**	4 273	4 283
Proceeds from issuance of shares	**-**	10	71
Payments of buy back of shares	**(2 108)**	(421)	(901)
Payments of dividend	**(5 678)**	(4 201)	(3 389)
Net cash flow from financing activities	**(492)**	(1 504)	10 642
Effect on cash and cash equivalents of changes in foreign exchange rates	**42**	83	(22)
Net change in cash and cash equivalents	**-**	-	-
Cash and cash equivalents at 1 January	**-**	-	-
Cash and cash equivalents at 31 December	**-**	-	-

STATEMENT OF CHANGES IN EQUITY

Telenor ASA as of 31 December 2007 and 2008

NOK in millions (except for number of shares)	Number of shares	Share capital	Own shares	Other paid in capital	Other equity	Retained earnings	Total equity
Equity as of 01.01.2007	**1 680 274 570**	**10 081**	**-**	**9 343**	**9 584**	**10 450**	**39 458**
Profit for the year 2007	–	–	–	–	–	5 060	5 060
Dividends	–	–	–	–	(4 201)	–	(4 201)
Transfer from share premium account	–	–	–	(5 000)	5 000	–	-
Gains (losses) on cash flow hedge	–	–	–	–	4	–	4
Share based payment	–	–	–	–	6	–	6
Share buy back	–	–	(20)	–	(422)	–	(442)
Sale of shares, share issue and share to options to employees	–	–	2	–	30	–	32
Equity as of 31.12.2007	**1 680 274 570**	**10 081**	**(18)**	**4 343**	**10 001**	**15 510**	**39 917**
Profit for the year 2008	–	–	–	–	–	1 609	1 609
Dividends	–	–	–	–	–	(5 678)	(5 678)
Transfer from share premium account	–	–	–	(3 000)	3000	–	-
Gains (losses) on cash flow hedge	–	–	–	–	(155)	–	(155)
Share based payment	–	–	–	–	19	–	19
Share buy back	–	–	(116)	–	(1 992)	–	(2 108)
Cancellation of shares	(22 385 724)	(134)	134	(1 274)	1 274	–	-
Equity as of 31.12.2008	**1 657 888 846**	**9 947**	**-**	**69**	**12 147**	**11 441**	**33 604**

NOTES TO THE FINANCIAL STATEMENTS
Telenor ASA

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 Telenor's internal bank (Group Treasury).

Revenues are mainly sale of Group services (Business Service Cost) to other Telenor entities, sale of research and development services and sale of other consultancy services. Purchases from other companies within the Group consist mainly of consultancy fees in strategic Group projects, property lease, IT-operations and maintenance.

Telenor ASA conducts the main part of the external debt financing in Telenor, and provides loan to, and receives placements of liquid assets from Group companies. See note 26 to the consolidated financial statements.

Shares in subsidiaries and receivables from and loans provided to subsidiaries are evaluated at the lower of cost and fair value. Any adjustments in values are classified as financial items in the profit and loss statement. Derivative financial instruments held against subsidiaries are carried at fair value.

Telenor ASA's accounting principles are consistent to the accounting principles for the Telenor Group, as described in note 2 of the consolidated financial statement. Telenor ASA has not adopted IFRS 5 regarding Discontinued Operation. Telenor Satellite Services is therefore not reclassified to assets held for sale. Where the notes for the parent company are substantially different from the notes for the Group, these are shown below. Otherwise, refer to the notes to the consolidated financial statements.

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

Telenor ASA uses indirect method for cashflow statement. 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. As of 4th quarter 2007 the repurchase of shares bought for the purpose of distributing them to the employees as bonus shares etc. is classified under operating activities. In Telenor ASA the cash and the cash equivalent are negative, and are classified as financing activities as debt, see note 13.

02 SALARIES AND PERSONNEL COSTS

The Group's Chief Executive Officer and the Board of Directors have the same position in Telenor ASA. Please refer to note 36 of the consolidated financial statements for further information about compensation to the Board of Directors, management and auditor. For information about share based payment, see note 37 to the consolidated financial statements.

NOK IN MILLIONS	2008	2007	2006
Salaries and holiday pay	539	483	454
Social security tax [1]	65	72	70
Pension cost including social security tax	83	20	48
Sharebased payments	12	5	3
Other personnel costs	63	72	62
Total salaries and personnel costs	**762**	**652**	**637**
Number of employees, average	634	618	597

[1] Includes accrued social security taxes on outstanding options to management. In 2006 this amounted to NOK 1.4 million, NOK 1.9 million in 2007 NOK and NOK 9.3 million in 2008.

03 PENSION OBLIGATIONS

Telenor ASA is obliged to follow the Act on Mandatory company pensions, cf. the Accounting Act § 7-30 a.

NOK IN MILLIONS	2008	2007
Change in projected benefit obligation		
Projected benefit obligation at the beginning of the year	686	814
Service cost	56	44
Interest cost	33	27
Actuarial (gains) and losses	45	17
Curtailments and settlements [2]	-	(199)
Benefits paid/paid-up policies	(19)	(17)
Benefit obligations at the end of the year	**801**	**686**
Change in plan assets		
Fair value of plan assets at the beginning of the year	444	655
Actual return on plan assets	(28)	14
Curtailments and settlements [2]	-	(206)
Pension contribution [4]	37	18
Benefits paid/paid-up policies	(13)	(37)
Fair value of plan assets at the end of the year	**440**	**444**
Funded status	**361**	**242**
Unrecognised net actuarial gains (losses) [1]	(131)	(16)
Accrued social security tax [1]	50	33
Total provision for pensions including social security tax	**280**	**259**
Total provision for pensions as of 01.01.	**259**	**255**
Net periodic benefit costs	70	9
Pension contribution [4]	(38)	(22)
Benefits paid/paid-up policies [2]	(5)	20
Social security tax on pension contribution and benefits paid	(6)	(3)
Total provision for pensions as of 31.12. including social security tax	**280**	**259**

419 employees were covered by the defined benefit plan of the Telenor Pension Fund. The Telenor Pension Fund paid out pensions to 402 persons. For information of assumptions used and description of pension plans, please see note 28 to the consolidated financial statements.

NOK IN MILLIONS	2008	2007	2006
Components of net periodic benefit cost			
Service cost	56	44	50
Interest cost	33	27	32
Expected return on plan assets	(29)	(26)	(32)
Administration cost	1	1	1
Losses/gains on curtailments and settlements [2] [3]	-	7	(15)
Amortisation of actuarial gains and losses [2]	1	(50)	-
Social security tax	8	6	6
Net periodic benefit costs including social security tax	**70**	**9**	**42**
Contribution plan costs	13	11	6
Total pension costs charged to profit for the year	**83**	**20**	**48**

[1] Social security tax has been calculated on net funded status multiplied with the average rate for social security tax for Telenor ASA. Unrecognised prior service costs are inclusive of social security tax.

[2] The funded part of the supplementary plan in Telenor Pension fund was terminated in the second quarter 2007 with effect from 1 January 2007. Part of the pension funds in the plan was transferred to paid-up policies. The remaining funds were repaid to the companies. The plan is carried forward as an unfunded plan. The future pension benefit for the members is not changed. This resulted in a one-time cost reduction of net NOK 40 million in 2007, reflected both in loss on settlement and amortisation of actuarial gain.

[3] In 2005 the Telenor Group decided to close the defined benefit plan of Telenor Pension Fund in Norway for new members effective from 1 January 2006, and offered existing members to switch to a defined contribution plan from 3 July 2006. The voluntary change of pension plan resulted in a one-time positive effect (gain) recorded as cost reduction for Telenor ASA of NOK 15 million in 2006. The cost reduction is mainly related to the difference between pension obligations recognised for these employees for accounting purposes and the paid up policy received by the employees accepting the plan.

[4] Telenor ASA expects to contribute approximately NOK 32.5 million to the Telenor Pension Fund in 2009.

04 OTHER OPERATING EXPENSES

NOK IN MILLIONS	2008	2007	2006
Cost of premises, vehicles, office equipment etc.	79	85	88
Operation and maintenance	76	67	52
Travel and travel allowances	85	72	66
Postage, freight, distribution and telecommunications	26	26	23
Marketing, representation and sales commission	43	67	81
Consultancy fees and costs for external personnel [2]	599	504	459
Workforce reductions	13	3	9
Bad debt [1]	–	1	(1)
Other operating expenses [3]	93	111	110
Sum andre driftskostnader	**1 014**	**936**	**887**

[1] Telenor ASA has insignificant losses on accounts receivables. Realised losses are primarily on loans provided by Group Treasury which undertakes a large portion of the financing of subsidiaries, see note 6. Losses on loans have been classified as Net Financial Items where they have been included in Net gain/losses and impairment losses of financial assets.

[2] Consultancy fees have increased with NOK 95 million compared to 2007. The increase in consultancy fees is related to the evaluation of new markets, the maintenance of owners interest, as well as a common communication system for the Telenor Group.
Parts of Other operating expenses in 2006 and 2007 have been reclassified and are included in Consultancy fees with NOK 64 million and NOK 19 million respectively.

[3] Cost of materials for 2007 and 2006 of NOK 18 million and NOK 17 million respectively have been reclassified, and are now included in Other operating expenses.

05 RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses in Telenor ASA were NOK 271 million in 2008, NOK 265 million in 2007 and NOK 186 million in 2006. Research and development activities relate to new technologies and new usages of the existing network.

06 NET FINANCIAL ITEMS

NOK IN MILLIONS	2008	2007	2006
Dividends from subsidiaries	530	560	567
Interest income from Group companies	4 846	4 121	3 690
Total change in fair value of financial instruments held for trading [1]	94	670	1 298
Group contribution from Group companies [2]	5 059	2 000	1 500
Other financial income	13	35	7
Total financial income	**10 542**	**7 386**	**7 062**
Interest expenses to Group companies	(2 082)	(1 567)	(923)
Interest expenses external on financial liabilities measured at amortised cost	(2 058)	(1 902)	(1 331)
Total change in fair value of financial instruments held for trading	(3)	–	(80)
Other financial expenses	(27)	(41)	(11)
Total financial expenses	**(4 170)**	**(3 510)**	**(2 345)**
Foreign currency gains	447	744	213
Foreign currency losses	(3 577)	(406)	(392)
Net foreign currency losses	**(3 130)**	**338**	**(179)**
Losses on loans to Group companies [4]	(505)	–	(3)
Impairment losses on loans to Group companies and associated companies	(4)	–	–
Gains on sale of shares in subsidiaries and associated companies [3]	3	2 013	243
Impairment losses on shares in Group companies	–	–	(22)
Net gains (losses and impairment losses) on financial assets	**(506)**	**2 013**	**218**
Net Financial items	**2 736**	**6 227**	**4 756**

[1] The change in fair value of financial instruments in 2008 is primarily related to derivatives used for economic hedge of interest-bearing liabilities that do not meet the requirements for hedge accounting according to IAS 39. In 2007 and 2006 the change in value was primarily related to the total return swap agreement in the underlying VimpelCom share. The Total Return Swap agreement was transferred to a subsidiary, Telenor East Invest AS by agreement 30 March 2007.

[2] Group Contribution received from Group companies during the relevant years is recorded as financial income in the year received. Group

contribution to be received and recorded as financial income in 2009 based on the Group companies' 2008 financial statements is estimated to approximately NOK 1,400 million.

3) On 25 October 2006 Telenor ASA entered into an agreement to sell Telenor Satellite Services AS. The sale was completed on 5 September 2007. The consideration received was in USD and EUR. Since the consideration was agreed in currencies not defined as the functional currency for seller and the acquirer, the agreement is recognised as embedded derivative according to IAS 39. The consideration is recognised to the exchange rate at the date of agreement. Telenor ASA has recognised a gain of NOK 2,013 million and an exchange loss of NOK 20 million related to this transaction.

On 1 August 2006, Telenor ASA entered into an agreement to purchase all shares in the Serbian mobile operator Mobi63 with purchase price in EUR. The seller is a company with Serbian Dinars as functional currency and hence there was an embedded derivative included in this transaction according to IFRS. This means that the purchase price was booked in NOK using the forward rate (EUR/NOK) at the date of the signed agreement (1 August 2006) together with other acquisition expenses, while the difference between the forward rate as of 1 August and the exchange rate at the date of share take-over as of 31 August 2006 was recognised as foreign exchange losses. In the middle of August 2006, Telenor ASA purchased an external forward contract with en exchange rate of 8 (EUR/NOK) to reduce the currency exposure. This economic hedge limited the foreign currency losses on the embedded derivative. Immediately after the take-over, the shares in Mobi63 were sold to Sonofon A/S, a wholly-owned subsidiary in Telenor Group. This transaction resulted in a gain of NOK 243 million for Telenor ASA which included a gain of NOK 310 million related to the appreciation of EURO from 1 August to 31 August 2006. At the same time, Mobi63 changed the name to Telenor d.o.o.

4) In 2008 Telenor ASA released two subsidiaries of their loans, in the amounts of NOK 494 million and NOK 11 million. The remission of NOK 494 million to Telenor Cinclus A/S was due to this company's inability to serve their debt. This is part of a refinancing which enables the company to continue their business operations.

07 TAXES

NOK IN MILLIONS	2008	2007	2006
Profit before taxes	**1 537**	**5 138**	**3 676**
Current taxes	–	1 016	478
Current withholding tax	8	–	–
Excess/less calculated current tax previous year	1	(4)	–
Change in deferred taxes	(81)	(934)	402
Total income tax expense	**(72)**	**78**	**880**
Tax basis:			
Profit before taxes	1 537	5 138	3 676
Non-taxable income [1) 2) 3)]	(1 815)	(4 873)	(612)
Non-deductible expenses	19	34	107
Pension plan assets transferred as of 1.1 without tax effect	–	1	13
Group contribution previous year	(3 850)	(2 000)	(1 500)
Changes in temporary differences [2)]	(2 062)	1 478	(954)
Group contribution this year	3 706	3 850	2 000
Tax losses carried forward	2 496	–	(1 026)
Basis for withholding tax, including temporary differences	(31)	–	–
Tax basis of the year	**–**	**3 628**	**1 704**
Current taxes according to statutory tax rate (28%)	**–**	**1 016**	**478**
Effective tax rate			
Expected income taxes according to statutory tax rate (28%)	430	1 439	1 029
Non-taxable income from Total return swap agreement [2)]	–	(680)	–
Other non-taxable income [3)]	(508)	(684)	(171)
Non-deductible expenses	5	9	30
Over/under estimation of taxes calculated previous years	1	(6)	(8)
Tax expense	**(72)**	**78**	**880**
Effective tax rate in %	**0.0%**	**1.5%**	**23.9%**

1) The taxable gain related to the disposal of Telenor Satellite Services AS was NOK 1,772 million. The gain was exempted from taxes according to the exemption method. Exchange rates on the time of settlement (5 September 2007) are used in the calculation.

2) The Total Return Swap agreement related to ADRs in Vimpelcom was transferred from Telenor ASA to Telenor East invest AS in 2007. The unrealised gain was NOK 1,566 million at 31 December 2006, which increased to NOK 2,428 million at the date of transfer. Since the transfer was tax exempt for Telenor ASA, the temporary difference changed to a permanent difference. The transfer of the agreement took place in 2007, and since the change from temporary to permanent difference was known as of 31 December 2007, the tax effect of the change is included in the financial statement of Telenor ASA for 2007.

3) Of the non-taxable income, dividends and group contribution represent NOK 1,739 million.

NOK IN MILLIONS	2008	2007	Change
Temporary differences as of 31 December			
Non-current assets	91	69	(22)
Non-current receivables and debt in foreign currency	(1 213)	417	1 630
Financial assets	3 747	(32)	(3 779)
Other accruals for liabilities	(84)	(74)	10
Pension liabilities	(279)	(180)	99
Group contribution	(3 706)	(3 850)	(144)
Tax losses carried forward	(2 496)	-	2 496
Total before cash flow hedge	**(3 940)**	**(3 650)**	**290**
Cash flow hedge	(216)	-	216
Total	**(4 156)**	**(3 650)**	**506**
Net deferred tax assets (28%)	**1 164**	**1 022**	**142**

Deferred tax benefit related to valuation gain/loss on cash flow hedge	(61)
Change in deferred taxes	**81**

08 GOODWILL AND INTANGIBLE ASSETS

2008

NOK IN MILLIONS	Accumulated cost 01.01.08	Net additions 2008	Net disposals 2008	Acc. amorti-sations and impairment losses 2008	Net amorti-sations and impairment losses 2008	Carrying amount 31.12.08
Goodwill (indefinite useful lives)	20	-	-	-	-	20
Licenses and legal rights (12–15 years)	504	28	-	(42)	(189)	343
Software purchased (5 years)	263	49	(22)	(85)	(216)	74
Work in progress	119	21	(59)	-	-	8
Total goodwill and intangible assets	**906**	**98**	**(81)**	**(127)**	**(405)**	**518**

2007

NOK IN MILLIONS	Accumulated cost 01.01.07	Net additions 2007	Net disposals 2007	Acc. amorti-sations and impairment losses 2007	Net amorti-sations and impairment losses 2007	Carrying amount 31.12.07
Goodwill (indefinite useful lives)	20	-	-	-	-	20
Licenses and legal rights (12–15 years)	411	93	-	(34)	(147)	357
Software purchased (5 years)	234	73	(44)	(53)	(151)	112
Work in progress	102	20	(3)	-	(25)	94
Total goodwill and intangible assets	**767**	**186**	**(47)**	**(87)**	**(323)**	**583**

In November 2007 Telenor ASA was awarded a nationwide frequency through the 2.6 GHz- auction held by The Norwegian Post- and Telecommunication Authority ("PT"). Cost price for the licence was a one-time payment of NOK 93 million. The licence period is from 1 January 2008 to 31 December 2022.

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

09 PROPERTY, PLANT AND EQUIPMENT

2008

NOK IN MILLIONS	Accumulated cost 01.01.08	Net additions 2008	Net disposals 2008	Depreciation and impairment losses 2008	Acc. depre-ciation and impairment losses 2008	Carrying amount 31.12.08
IT-equipment (3–5 years)	30	1	-	(5)	(25)	6
Other equipment	19	8	(2)	(1)	(15)	10
Total	**49**	**9**	**(2)**	**(6)**	**(40)**	**16**

2007

NOK IN MILLIONS	Accumulated cost 01.01.07	Net additions 2007	Net disposals 2007	Depreciation and impairment losses 2007	Acc. depre-ciation and impairment losses 2007	Carrying amount 31.12.07
IT-equipment (3–5 years)	38	5	(13)	(4)	(20)	10
Other equipment	19	1	(1)	(2)	(15)	4
Total	**57**	**6**	**(14)**	**(6)**	**(35)**	**14**

10 FINANCIAL ASSETS

Interest-bearing receivables on Group companies are loans from Telenor ASA's internal bank (Group Treasury) to subsidiaries.

NOK IN MILLIONS	2008	2007
Shares in subsidiaries [1]	40 232	39 032
Non-current Interest-bearing receivables on Group companies	74 530	73 574
Receivables on associated companies	-	1
Receivables on Group Companies	95	-
Other non-current shares and other investments [2]	120	120
Other non-current financial assets [3]	3 676	699
Total other non-current financial assets	**3 891**	**820**
Accounts receivable (internal/external) [4]	199	127
Current interest-bearing receivables	36	51
Receivables on Group companies	312	270
Short-term deposit < 3 months	2 381	2 986
Other liquid financial assets [3]	639	320
Total other current financial assets	**3 368**	**3 627**

[1] See note 16

[2] The amount of NOK 120 million is capital contribution in Telenor Pension Fund. The amount capitalised in the balance sheet is the cost price, which equals fair value. Telenor ASA`s ownership in the Pension Fund is 40% of core capital. Telenor Eiendom Holding AS owns the remaining 60%.

[3] According to IAS 39, financial instruments are presented gross as part of financial assets. As of 31 December 2008, the non-current portion is NOK 3,753 million (of which NOK 94 million is derivates against subsidiaries, and derivates held against external parties is NOK 3,659 million), and the current portion NOK 598 million (of which financial derivatives held against subsidiaries; NOK 32 million, financial derivatives held against external parties NOK 560 million). Comparable figures as of 31 December 2007 were NOK 688 million (all external), and NOK 282 million (of which financial derivatives held against subsidiaries were NOK 20 million, and financial derivatives against external were NOK 262 million).

[4] Age distribution

NOK IN MILLIONS Account receiveables	Not past due on reporting date	Less than 30 days	Between 30 and 60 days	Between 61 and 90 days	Between 91 and 180 days	More than 180 days
Account receiveables 2008	40	96	1	18	6	38
Account receiveablesr 2007	37	55	-	23	-	12

The carrying amount of trade receivables are assessed to be the recoverable amount and no allowance for bad debt is recognised

11 EQUITY AND DIVIDEND

Allocation of equity and dispositions over the last 3 years is shown in a separate table. Nominal value per share is NOK 6. As of 31 December 2008, Telenor ASA had no own shares. Fond for unrealized profit is NOK 1,880 million of other equity as of 31 December 2008.

DIVIDENDS	2008	2007	2006
Dividends per share in NOK – paid	3.40	2.50	2.00
Dividends per share in NOK – proposed by the Board of Directors	-	3.40	2.50

Total dividends of NOK 5,678 million were paid in Mai 2008. In June 2007, NOK 4,201 million was paid in dividends. The Board of Directors proposes no payment of dividend to shareholders for 2008.

Equity available for distribution as dividends fromTelenor ASA was NOK 20,524 million as of 31 December 2008.

12 NON-CURRENT LIABILITIES

NOK IN MILLIONS	2008 Total	2008 Due date > 5 years	2007 Total	2007 Due date > 5 år
Interest-bearing				
Liabilities to Group companies [1]	49	-	87	-
Liabilities to external parties [3]	29 928	15 701	30 386	12 887
Total non-current interest-bearing liabilities	**29 977**	**15 701**	**30 473**	**12 887**
Non-interest-bearing				
Liabilities to Group companies	87	-	105	-
Liabilities to external parties [2]	406	-	393	-
Total non-interest -bearing liabilities	**493**	**-**	**498**	**-**
Total non-current liabilities	**30 470**	**-**	**30 971**	**-**

[1] Carrying amount of Group internal financial derivatives against subsidiaries, were NOK 49 million as of 31 December 2008 and NOK 87 million as of 31 December 2007.

[2] External derivatives were NOK 394 million as of 31 December 2008 and NOK 393 million as of 31 December 2007.

[3] Fair value of non-current interest bearing liabilities is NOK 27,040 million as of 31 December 2008 and NOK 30,595 million as of 31 December 2007.

See note 26 to the consolidated financial statements for more detailed information regarding external interest-bearing liabilities.

13 CURRENT LIABILITIES

NOK IN MILLIONS	2008	2007
Interest-bearing		
Liabilities to Group companies	44 308	36 496
Drawing on Group bank account	3 009	4 146
Liabilities to external parties	10 764	4 887
Total current interest-bearing liabilities [1]	**58 081**	**45 529**
Non-interest-bearing		
Accounts payable to Group companies	55	34
Accounts payable to external parties	13	16
Other liabilities to Group companies	39	22
Government taxes, tax deductions, holiday pay etc.	100	111
Taxes payable	-	1 016
Accrued expenses	844	724
Accruals for workforce reductions and allowance for losses on contracts	6	4
Prepaid revenues	3	6
Financial derivatives	368	147
Other current liabilities	55	43
Total current non-interest-bearing liabilities	**1 483**	**2 123**
Total current liabilities	**59 564**	**47 652**

[1] Fair value of current interest-bearing liabilities is NOK 58,086 million as of 31 December 2008 and NOK 45,541 million as of 31 December 2007.

14 GUARANTEES

NOK IN MILLIONS	2008	2007
Guarantee liabilities	1 665	1 909

The table above does not include purchased bank guarantees where the corresponding liabilities are recorded in the company's balance sheet. The guarantee liabilities mainly consist of guarantees issued by the parent company Telenor ASA on behalf of subsidiaries, NOK 1,415 million as of 31 December 2008 (NOK 1,909 million as of 31 December 2007).

As of 31 December 2008 and 2007, guarantees of NOK 5,661 million (USD 809 million) and NOK 4,569 million (USD 844 million) respectively, related to "Cross Border QTE Lease" agreements were not included in the table above, see note 31 to the consolidated financial statements.

15 CONTRACTUAL OBLIGATIONS

As of 31 December 2008 Telenor ASA had committed purchase obligations. These obligations were primarily agreements that Telenor ASA had entered into on behalf of the Telenor Group.

The table below includes purchase agreements where Telenor ASA has a minimum purchase liability only.

NOK IN MILLIONS	2009	2010	2011	2012	2013	After 2013
Committed purchase obligations	35	27	17	12	11	11

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.

Shares in subsidiaries

	Office	Share owned in % 2007	Share owned in % 2008	Carrying amount per 31.12.07 (NOK in millions)	Carrying amount per 31.12.08 (NOK in millions)
Telenor Networks Holding AS	Norway	100.0	100.0	13 124	13 124
Telenor International Centre AS	Norway	100.0	100.0	-	-
Telenor Intercom Holding	Norway	100.0	100.0	1 279	1 279
Telenor Key Partner AS	Norway	100.0	100.0	49	49
Telenor Communication II AS [1)]	Norway	100.0	100.0	288	466
Telenor Mobile Holding AS	Norway	100.0	100.0	13 698	13 698
Dansk Mobil Holding II AS	Norway	100.0	100.0	203	203
Telenor Business Partner Invest AS	Norway	100.0	100.0	1 150	1 150
Telenor Broadcast Holding AS	Norway	100.0	100.0	4 607	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 [2)]	Norway	98.9	98.9	172	172
Telenor Services 1 AS	Norway	100.0	100.0	3	3
Telenor GTI AS [3)]	Norway	-	100.0	-	1 200
Sum				**39 032**	**40 232**

Ownership interest corresponds to voting interest if not otherwise stated.

[1)] In 2008, Telenor Broadcast Holding AS demerged the Media Content part of the business to Media & Content Services AS, a subsidiary of Telenor Communication II AS. With this merger Telenor ASA`s stock value in Telenor Broadcast Holding AS decreased, while Telenor Communication II AS increased its share value with an equivalent amount. A redistribution of NOK 178 million between those shareholdings is carried out in order to better reflect the change in values.

[2)] The remaining shares is owned by Telenor Communication II AS.

[3)] Telenor GTI AS was established in July 2008. The core business of the company is to facilitate loans to foreign subsidiaries.

Shares in subsidiaries owned through subsidiaries

	Office	Share owned in % 2007	Share owned in % 2008
Telenor Networks Holding AS			
TelefonCompanyet AS	Norway	100.0	100.0
Telenor Global Services AS	Norway	100.0	100.0
Telenor Svalbard AS	Norway	100.0	100.0
Telenor Privat AS	Norway	100.0	100.0
Telenor Telecom Solutions AS	Norway	100.0	100.0
Telenor Bedrift AS	Norway	100.0	100.0
Nye Telenor East Invest AS	Norway	100.0	100.0
TBS Infrastructure AB	Sweden	100.0	100.0
Datametrix AS	Norway	-	100.0
Telenor International Centre AS			
Telenor Russia AS	Norway	100.0	100.0
Telenor Magyarorszag KFT	Hungary	99.3	99.3
Telenor Intercom Holding AS			
Nye Telenor Mobile Communications 1 AS	Norway	100.0	100.0
Telenor Key Partner AS			
Telenor Key Partner Denmark A/S	Denmark	100.0	100.0
Telenor Communication II AS			
Argos Takes Care of It SA	Marocco	99.9	99.9
Telenor Venture IV AS	Norway	51.0	51.0
Telenor Venture VII AS	Norway	-	100.0
Telenor Kapitalforvaltning ASA	Norway	100.0	100.0
Aeromobile Ltd	Great Britain	-	83.8
Telenor Cinclus AS	Norway	66.0	66.0
Smartcash AS	Norway	100.0	100.0
Telenor Start 1 AS	Norway	100.0	100.0
Telenor Media & Content Services AS (tidl. Pecheur) AS	Norway	-	100.0
TMMH AS	Norway	-	100.0
Telenor Austria GmbH	Austria	100.0	100.0
Telenor Polska sp.z.o.o	Poland	100.0	100.0
Movation AS	Norway	-	100.0
TelCage AS	Norway	-	100.0
Telenor Mobile Holding AS			
Nye Telenor Mobile Communications III AS	Norway	100.0	100.0
Telenor Mobile Communications AS	Norway	100.0	100.0
Telenor East Invest AS	Norway	100.0	100.0
Telenor Mobile Sweden AS	Norway	100.0	100.0
Telenor Greece AS	Norway	100.0	100.0
Nye Telenor Mobile Communications II AS	Norway	100.0	100.0
Telenor Mobil AS	Norway	100.0	100.0
Wireless Mobile International AS	Norway	100.0	100.0
Telenor Telehuset AS	Norway	100.0	100.0
Telenor Denmark Holding AS	Denmark	100.0	100.0
OYO AS	Norway	100.0	100.0
Pro Monte GSM	Montenegro	100.0	100.0
Europolitan Telenor AB	Sweden	100.0	100.0
Telenor Start AS	Norway	-	100.0
Telenor Connexion Holding AB	Sweden	-	100.0
Telenor Business Partner Invest AS			
EDB Business Partner ASA	Norway	51.3	51.3

Telenor Broadcast Holding AS			
Telenor Satellite Broadcasting AS	Norway	100.0	100.0
Telenor UK Ltd.	Great Britain	100.0	100.0
Telenor Bulgaria o.o.d	Bulgaria	100.0	100.0
Telenor Plus AB	Sweden	100.0	100.0
Canal Digital AS	Norway	100.0	100.0
Canal Digital Kabel TV AS	Norway	100.0	100.0
Norkring AS	Norway	100.0	100.0
Telenor Vision International AB	Sweden	100.0	100.0
Telenor Satellite Broadcasting CEE Region s.r.o.	Czech Republic	-	90.0
Conax AS	Norway	100.0	100.0
Premium Sports AS	Norway	100.0	100.0
Denmark Digital TV A/S	Denmark	100.0	-
Pecheur AS	Norway	100.0	-
Telenor Eiendom Holding AS			
Telenor Eiendom Fornebu Kvartal 1 AS	Norway	100.0	100.0
Telenor Eiendom Fornebu Kvartal 2 AS	Norway	100.0	100.0
Telenor Eiendom Fornebu Kvartal 3 AS	Norway	100.0	100.0
Telenor Eiendom Fornebu Kvartal 4 AS	Norway	100.0	100.0
Telenor Eiendom Hareløkken AS	Norway	100.0	100.0
Ègetvølgy Zrt	Hungary	-	100.0
Other significant subsidiaries			
Telenor Sverige AB	Sweden	100.0	100.0
Sonofon AS	Denmark	100.0	100.0
DiGi.Com Bhd	Malaysia	50,8	49,0
Pannon GSM RT	Hungary	100.0	100.0
Telenor d.o.o.	Serbia	100.0	100.0
Telenor Pakistan BV Ltd	Pakistan	100.0	100.0
Total Access Communications Plc. (DTAC)	Thailand	65.5	65.5
Grameenphone Ltd	Bangladesh	62.0	62.0

RESPONSIBILITY STATEMENT

"We confirm that, to the best of our knowledge, the consolidated financial statements for the year ended 31 December 2008 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 2008 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, 26 March 2009

Harald Norvik Chairman of the Board of Directors	Bjørg Ven Vice-chairman of the Board of Directors

John Giverholt Board member	Kjersti Kleven Board member	Olav Volldal Board member	Liselott Kilaas Board member	Burckhard Bergmann Board member
Paul Bergqvist Board member	Harald Stavn Board member	May Krosby Board member	Bjørn Andre Anderssen Board member	Jon Fredrik Baksaas President & CEO

AUDITOR'S REPORT FOR 2008

ERNST & YOUNG

Statsautoriserte revisorer
Ernst & Young AS

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Medlemmer av Den norske Revisorforening

To the Annual Shareholders' Meeting of
Telenor ASA

Auditor's report for 2008

We have audited the annual financial statements of Telenor ASA as of 31 December 2008, showing a profit of NOK 1 609 million for the Parent Company and a profit of NOK 14 810 million for the Group. We have also audited the information in the Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit. The financial statements comprise the financial statements for the Parent Company and the Group. The financial statements of the Parent Company comprise the balance sheet, the statements of income and cash flows, the statement of changes in equity and the accompanying notes. The financial statements of the Group comprise the balance sheet, the statements of income and cash flows, the statement of changes in equity and the accompanying notes. Simplified IFRSs pursuant to the Norwegian Accounting Act § 3-9 have been applied in the preparation of the financial statements of the Parent Company. IFRSs as adopted by the EU have been applied in the preparation of the financial statements of the Group. These financial statements and the Directors' report are the responsibility of the Company's Board of Directors and Chief Executive Officer. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We conducted our audit in accordance with laws, regulations and auditing standards and practices generally accepted in Norway, including the auditing standards adopted by the Norwegian Institute of Public Accountants. These auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and auditing standards, an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- the financial statements of the Parent Company are prepared in accordance with laws and regulations and present fairly, in all material respects the financial position of the Company as of 31 December 2008, and the results of its operations and cash flows and the changes in equity for the year then ended, in accordance with simplified IFRSs pursuant to the Norwegian Accounting Act § 3-9
- the financial statements of the Group are prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Group as of 31 December 2008, and the results of its operations and its cash flows and the changes in equity for the year then ended, in accordance with IFRSs as adopted by the EU
- the Company's management has fulfilled its duty to properly record and document the Company's accounting information as required by law and bookkeeping practice generally accepted in Norway
- the information in the Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit is consistent with the financial statements and complies with law and regulations.

Oslo, 26. March 2009
ERNST & YOUNG AS
Erik Mamelund
State Authorised Public Accountant (Norway)
(sign.)

Note: The translation to English has been prepared for information purposes only.

A member firm of Ernst & Young Global Limited

STATEMENT FROM THE CORPORATE ASSEMBLY OF TELENOR ASA

On 30 March 2009 the Corporate Assembly of Telenor ASA passed the following resolution.

The Corporate Assembly recommends that the Annual General Meeting approves the Board's proposal for Financial Statement for 2008 for the Telenor Group with a profit of NOK 14,810 million and Telenor ASA with a profit of NOK 1,609 million, and further as presented to the Corporate Assembly, by transfer of NOK 1,609 million to retained earnings.

FINANCIAL CALENDAR 2009

Tuesday 5 May	Results for the 1st quarter 2009
Monday 11 May	Annual General Meeting 2009
Thursday 23 July	Results for the 2nd quarter 2009
Thursday 29 October	Results for the 3rd quarter 2009

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.

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