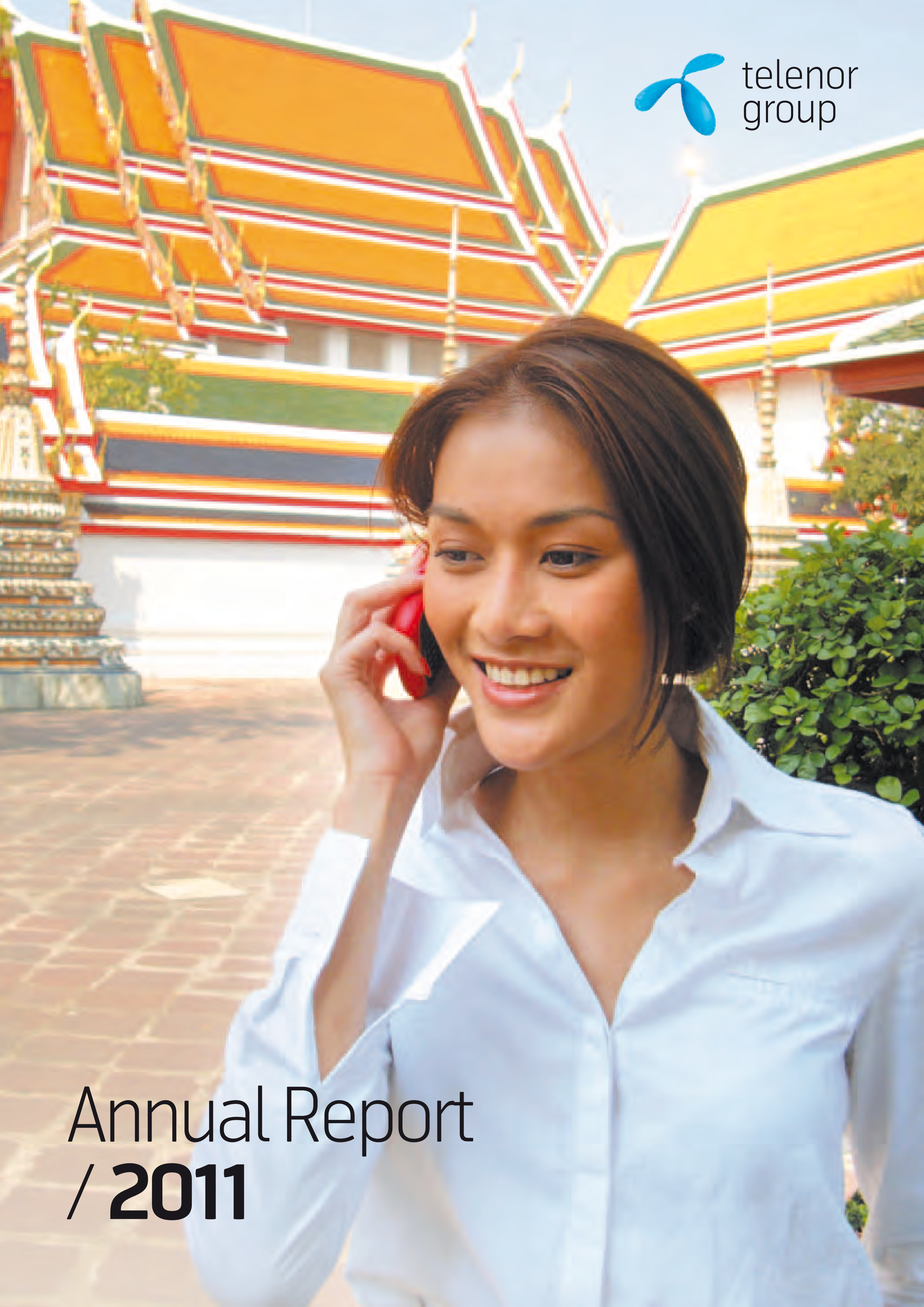

telenor group

Annual Report / 2011

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Dear shareholder,

2011 was a strong year for Telenor Group, with a solid operating cash flow of more than NOK 19 billion, a strong balance sheet and the addition of 29 million mobile subscriptions. The combined dividends paid out in 2011 and share buyback programme resulted in an all-time high shareholder remuneration of NOK 10.7 billion.

Telenor Group delivered good results and strong growth in 2011, with a 7% organic revenue growth. This was mainly driven by strong customer uptake in Asia and by increasing demand for data services. We expect these two factors to be the main growth drivers in 2012 as well.

In India, the operational development in Uninor has been positive throughout 2011. This trend continued in the first quarter of 2012, despite the recent ruling from the Indian Supreme Court to cancel all telecom licences issued in 2008. There is still high uncertainty regarding the the licence process and the outcome for Uninor.

VimpelCom has been a profitable investment for Telenor Group. The recent acquisition of preferred shares in VimpelCom has brought Telenor back to a satisfactory voting position. It also enables a better balanced corporate governance in VimpelCom. We will continue to contribute to the industrial development of VimpelCom together with other shareholders.

In 2011, Telenor adjusted its strategy and organisational set-up to ensure its leading position in the constantly growing and changing telecom industry. The ongoing convergence with adjacent industries creates ecosystems with new opportunities and brings along new players to the competitive landscape. For Telenor it is essential to be preferred by customers and at the same time be a cost effective operator. A new organisational structure was established in 2011 to achieve these objectives, with a focus on digital services and industrial development.

We invest significantly to bring new and improved services to our customers and cater to the tremendous growth in data traffic. The network outages we experienced in Norway and Thailand last year serve as examples on how dependent people and societies have become on mobile communication. We are working relentlessly to meet the high quality expectations set up by our customers and ourselves.

Telenor is a company that is built around people. For more than a decade we have developed Telenor from a domestic, Norwegian incumbent to a leading global mobile operator. There is no reason why the next decade should not be as impressive and inspiring. We have a solid position, a distinctive culture and a highly capable work force. I am confident thatorganisationalTelenor Group willorganisationalcontinue to create value for our shareholders and customers in the years to come.

Jon Fredrik Baksaas
President & CEO of Telenor Group

Report from the Board of Directors 2011

From left: Brit Østby Fredriksen / Board member, employee representative Burckhard Bergmann / Board member Sally Davis / Board member Dag J. Opedal / Board member Bjørn Andre Anderssen / Board member, employee representative Harald Norvik / Chairman Harald Stavn / Board member, employee representative Barbara Milian Thoralfsson / Board member Hallvard Bakke / Board member Frank Dangeard / Board member Liselott Kilaas / Deputy Chairman

2011 was marked by strong performance and high organic growth. Despite a turbulent global economic environment the performance through 2011 once again confirms Telenor as one of the fastest growing European telecommunication operators, most notably with organic revenue growth of 7%. In 2011, Telenor added 29 million mobile subscriptions largely due to continued strong growth in our Asian operations. Telenor also delivered an operating cash flow of more than NOK 19 billion, while maintaining a healthy balance sheet. A main focus for Telenor Group this year has been to prepare the networks across all business units for next generation data services, largely driven by the tremendous growth in data traffic from smartphones.

MAIN EVENTS IN 2011

A changing industry

The telecom industry is undergoing significant changes to its ecosystem of customers, operators, device vendors and service providers. Telenor Group's strategy is based on two main pillars: being preferred by customers and becoming a more cost efficient operator through a combination of cross-border and market specific efficiency measures. To achieve these goals Telenor established the two new units, Digital Services and Group Industrial Development, in 2011. Digital Services was established to strengthen Telenor's ability to differentiate through innovation and partnerships, and to create future revenues by launching new services . Industrial Development will leverage the combined strength of Telenor's global footprint and technological leadership to drive industrialisation and the company's relentless focus on operational excellence.

Network odernisation across all markets

Telenor is preparing all business units for next generation services through the launch of mobile broadband, delivered at sustainable cost levels by strategic sourcing across markets. To prepare for the massive growth in data communication and traffic driven by smartphones and other mobile broadband devices, Telenor Group has initiated network modernisation programs across the Telenor Group. This is in response to the need for modern technology and new sustainable, cost efficient business models for sourcing, building and operating mobile networks for the future. During 2011, Telenor's operations in Montenegro, Sweden, Denmark, Norway, Hungary, Serbia and Bangladesh completed their network modernisations. Furthermore, the operations in Thailand, Malaysia and Pakistan have entered into agreements and are currently in the process of modernising their networks to prepare for the next generation mobile broadband services. The infrastructure modernisations will significantly improve efficiency and benefit both customers and the environment.

Outages

In June 2011, Telenor Norway experienced two serious mobile network outages. During the first and most severe one, that occurred on June 10th, customers were without connectivity for 11 hours. The outages were caused by increased signalling traffic from smartphones and a faulty software component. Following these incidents, Telenor has taken a number of measures to dimension the networks to the increase in data volumes. Increased smartphone signalling is a universal challenge for the telecom industry as a whole. In December, DTAC in Thailand also experienced several network outages. Its most serious outage was caused by a software component failure in connection with the network upgrade.

India

In 2011, Uninor demonstrated its ability to build momentum and position itself as a credible player in the Indian mobile market. The introduction of the ultra low cost model and relentless focus on operational excellence have proven successful and Uninor have been able to substantially grow its subscription base to a reported 28 million subscriptions by the end of 2011. In parallel, Telenor Group worked to secure the long-term funding of Uninor.

The regulatory unclarity remained challenging. Both Uninor and our partner Unitech Ltd. have been charged in the so-called 2G case which was high on management's agenda throughout the year. On 2 February 2012 the Indian Supreme Court delivered its judgment on a public interest petition seeking cancellation of 122 cellular phone licences granted by the Government of India in 2008, including 22 licences to Unitech Wireless (Uninor). For more information, please refer to the section "Events after the reporting period".

Bangladesh

In Bangladesh, Grameenphone's 2G licence and spectrum expired in November 2011. The renewal decision has not been finalised as some issues around the licence renewal are pending before the court. This is the case for all four operators in Bangladesh that have licences and spectrum up for renewal. Thus, the final conditions for renewal are still unclear.

VimpelCom Ltd.

In April 2011, VimpelCom Ltd. completed the acquisition of Wind Telecom. As a result, Telenor's economic stake was diluted from 39.6% to 31.7% and the voting stake from 36.03% to 25.01%. Telenor commenced arbitration against Altimo and VimpelCom Ltd in order to protect its pre-emptive rights in connection with the issuance of new VimpelCom shares, and the arbitration ruling was expected to be finalised during spring 2012. On 15th February 2012, Telenor acquired 234 million VimpelCom preferred shares from Weather Investments, thereby increasing Telenor's voting stake to 36.36%. At the same time Telenor withdrew its arbitration claims against Altimo and VimpelCom Ltd.

FINANCIALS

Revenues in 2011 were NOK 98.5 billion, a reported growth of 4% compared to NOK 94.8 billion in 2010. The organic revenue growth of 7% was mainly the result of continued strong growth in our Asian operations. The reported revenue growth was lower than the organic revenue growth, primarily due to the appreciation of Norwegian Kroner towards most of the business units reporting currencies.

EBITDA[1] before other income and expenses increased by NOK 1.3 billion to NOK 30.5 billion, while the corresponding EBITDA margin of 31% was slightly improved compared to 2010. We saw margin improvements in most operations, in particular in Pakistan, Malaysia and Bangladesh, as well as reduction in EBITDA loss in India, were offset by lower EBITDA from Norway.

Operating profit was NOK 10.4 billion compared to NOK 12.5 billion in 2010. Operating profit was negatively affected by an impairment of goodwill and licences in Uninor of NOK 4.1 billion. Profit before taxes was NOK 12.6 billion compared to NOK 20.2 billion in 2010. Share of net income and gains on disposal of associated companies in 2011 includes a gain of NOK 1.6 billion. This is the result of the accounting treatment of the combination of VimpelCom and Wind Telecom, in which Telenor's economic interests in VimpelCom were diluted by 20% to 31.67% with effect as of 15 April 2011. Net financial expenses decreased to NOK -1.6 billion from NOK -2.0 billion in 2010, mainly due to higher net currency losses in 2010 and change in fair value of financial instruments related to derivatives used for economic hedges that did not fulfil the requirements for hedge accounting. Income taxes in 2011 were NOK 5.4 billion, up from NOK 5.0 billion in 2010. Telenor's net income in 2011 was NOK 7.2 billion, NOK 4.45 per share. The corresponding figures for 2010 was a net income of NOK 14.8 billion, NOK 8.69 per share.

Total investments in 2011 amounted to NOK 12.3 billion, of which NOK 11.9 billion were capital expenditure (capex) and NOK 0.4 billion were investments in businesses. The total capex remained unchanged compared to 2010. When excluding investments in new spectrum and licences in 2011 of in total NOK 0.5 billion, capex increased by NOK 0.1 billion. Capital expenditure as a proportion of revenues, excluding licences and spectrum, decreased from 12.0% in 2010 to 11.6% in 2011.

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

In 2011, Telenor delivered a solid operating cash flow (defined as EBITDA less capex) of NOK 19 billion, an increase of NOK 1.2 billion compared to 2010. This is mainly due to higher EBITDA as explained above, while capex remained stable.

Net cash inflow from operating activities during 2011 was NOK 27.1 billion, which is an increase of NOK 0.6 billion compared to 2010. The increase is mainly explained by higher EBITDA and increased dividend from VimpelCom Ltd., partly offset by higher tax payments during 2011. Net cash outflow to investing activities during 2011 was NOK 14.5 billion which is a decrease of NOK 1.1 billion compared to 2010. This is mainly explained by the NOK 1.0 billion purchase of C More Group AB in 2010. Net cash outflow to financing activities during 2011 was NOK 12.9 billion, an increase of NOK 3.6 billion compared to 2010. The increase mainly relates to higher dividend paid out and higher share buy-backs this year to shareholders of Telenor ASA of NOK 4.4 billion combined. Cash and cash equivalents decreased during 2011 by NOK 0.7 billion to NOK 12.9 billion as of 31 December 2011.

At the end of 2011, total assets in the consolidated statement of financial position amounted to NOK 166.3 billion with an equity ratio (including non-controlling interests) of 52.2% compared to NOK 172.7 billion and 55.7%, respectively at the end of 2010. Total current liabilities at the end of 2011 were NOK 47.6 billion compared to NOK 43.0 billion at the end of 2010. Net interest-bearing liabilities decreased from NOK 19.3 billion at the end of 2010 to NOK 18.2 billion by the end of 2011. Telenor completed the share buyback program for 2011 returning NOK 4.4 billion to the shareholders. Together with the dividends of NOK 6.2 billion paid out in June 2011, this resulted in an all-time-high shareholder remuneration.
In the Board's view, Telenor Group holds a satisfactory financial position.

For 2011, the return on capital employed after tax and including associated companies (ROCE) was 7% compared to 10% in 2010. The reduction was mainly due to the impairment loss in Uninor. Excluding Uninor, ROCE for 2011 was 16%, an increase from 2010 of 1 percentage point.

Telenor's annual report for 2010 included an outlook for 2011. This outlook was adjusted during 2011, partially due to the fact that the Asian operations improved their performance. For 2011, Telenor had an organic revenue growth of 7%, in line with the outlook from the third quarter of 2011. EBITDA margin before other items was 31%, which is slightly below the expected range of above 31%. Capex (excluding licences and spectrum) as a proportion of revenues from continuing operations was 11.6% in 2011, in line with the expectation.

The financial statements are adjusted compared to the preliminary and unaudited 2011 results reported by Telenor Group on 8 February 2012. The adjustment relates to Telenor Group's share of significant transactions and events of NOK 779 million in VimpelCom Ltd. which arises from change in amortization method of excess values of Wind Telecom acquisition and impairment losses of VimpelCom Ltd.'s operations in Vietnam and Cambodia. This is done according to the financial information for the fourth quarter of 2011 released by VimpelCom Ltd. on 13 March 2012.

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

TELENOR GROUP OPERATIONS

Telenor Group's main operations are concentrated in three geographic regions: The Nordics, Central and Eastern Europe, and Asia. Telenor Group has mobile operations in 11 markets in these regions, as well as an economic stake of 31.7% in VimpelCom Ltd., which operates in 19 markets. Telenor's operations in Norway, Sweden and Denmark also offer fixed telecommunication services. In addition to the mobile and fixed operations, the Group's core business includes Telenor Broadcast, which has a leading position in the Nordic market for TV services and satellite broadcasting.

Please note that all comments below are based on the development in local currency for 2011 compared to 2010 unless otherwise stated.

Nordic region

Telenor's number of mobile subscriptions in the region increased by 228,000, reaching 7.4 million by the end of 2011. The growth was primarily driven by strong demand for mobile data.

Norway

The introduction of flat fee subscriptions in the Norwegian mobile market in late 2010 and the continuous asymmetric termination rates led to price pressure and established a significantly lower price level in the market. As a response to the new price level, Telenor introduced competitive offerings and launched a new portfolio of bundled mobile subscriptions with monthly flat fees in April 2011. In late 2011, Telenor introduced a campaign that offered three months of usage for the price of one month with the aim to speed up the migration to the bundled price plans and increase the number of active data users. At the end of 2011, around 50% of Telenor's customers were smartphone users. Total revenues decreased by 5%. Mobile revenues declined by 5%, mainly caused by a 6% reduction in ARPU and sale of the retail chain Telehuset in April 2011. The decline in ARPU is mainly related to reduction in interconnect rates and roaming charges. Voice usage remained stable, while price reductions were offset by increased data usage. Fixed revenues declined by 4% in 2011, in line with previous trends. EBITDA margin before other income and expenses decreased by 1 percentage point from 39% in 2010 to 38% in 2011 as the decline in revenues was not offset by cost reductions. The increase in capital expenditure was mainly related to the mobile network modernisation that was completed in October 2011.

Sweden

During 2011, competition in the Swedish mobile market was focused on mobile broadband and bundled subscriptions, as well as smartphone offers. At the end of 2011, around 50% of Telenor's customers were smartphone users. Telenor experienced a 3% revenue growth in local currency, up to NOK 10.1 billion. Revenues from the mobile operation increased by 7%. The growth was driven by higher demand for mobile data, a larger subscriber base and growth in handset revenue. In October, Telenor abolished handset subsidies in the consumer market and starting selling handsets by instalments instead. Continued reduction in the number of telephony and broadband subscriptions resulted in 8% decline in fixed revenues. The EBITDA margin before other income and expenses improved by 1 percentage point, bringing it to 25%, due to revenue growth and cost efficiency activities. Capital expenditure increased as a result of acquiring spectrum in the 800 MHz and 1800 MHz bands, both of which will be used for 4G deployments. In Sweden, Telenor and Tele2 have a network and spectrum sharing agreement for 2G and 4G through the infrastructure joint venture Net4Mobility. For 3G, Telenor has a network sharing agreement with the operator 3 (Hi3G Access) through the joint venture 3GIS.

Denmark

In 2011, the fierce competition in the mobile market continued, in particular on all-inclusive offers from no-frill operators. The general price level has been significantly lowered, further deteriorating profits in the Danish mobile market. At the end of 2011, around 40% of Telenor's customers were smartphone users. Total revenues in local currency decreased by 1%, to NOK 7.0 billion. Revenues from the mobile operation increased by 1%, as strong growth in handset and wholesale revenues more than offset the reduction in ARPU. The wholesale revenues came primarily from the mobile service provider Onfone which exited Telenor's network in September 2011. As a result of continuous price pressure in the broadband market and a decrease in the number of subscriptions, revenues in the fixed line operation declined by 14%. The EBITDA margin before other income and expenses improved by 1 percentage point, bringing it to 25%, due to lower handset subsidies and increased wholesale revenues combined with cost saving activities. The decline in capital expenditure was mainly due to high investments in 2010 related to the acquisition of 2.6 GHz spectrum in May 2010. In June 2011, Telenor and Telia entered into a network and spectrum sharing agreement for 2G, 3G and 4G in Denmark through a joint infrastructure company.

Broadcast

In the Nordic market for TV services, Telenor Broadcast maintained its leading position in 2011. Revenues grew by 1% up to NOK 7.1 billion, mainly due to a full year of operation in Norkring Belgium. EBITDA margin before other income and expenses in 2011 was 27%, an increase of 3 percentage points compared to 2010. This increase was mainly related to lower costs in Canal Digital DTH (Direct to Home). Capital expenditure decreased mainly due to lower investments in terrestrial transmission networks in Norkring. In early 2011, Telenor decided to invest in a new expansion satellite, which is expected to be ready for launch towards the end of 2013. The satellite will provide much-needed growth capacity for TV services, specifically in Central and Eastern Europe. The satellite has additional capacity that allows Telenor Satellite Broadcasting to strengthen its maritime service proposition by providing data communication services in areas such as the North Sea and the Baltic Sea.

Central and Eastern Europe

Telenor's number of mobile subscriptions in the region increased by 60,000, reaching 7.0 million by the end of 2011. The growth was contributed by Telenor in Serbia.

Hungary

The Hungarian macro economic situation remained challenging in 2011, putting pressure on retail sales and household consumption. In spite of this, there is an increasing demand for mobile Internet and smartphones. At the end of 2011, 15% of Telenor's customers were smartphone users. Telenor experienced a 3% revenue decline in local currency resulting in total revenues of NOK 4.5 billion, mainly due to continued reduction in interconnect and roaming fees, as well as reduced revenues from own subscriptions following the general economic pressure. This was partly compensated by growth in non-mobile revenues. EBITDA margin before other income and expenses in 2011 was 34%, a decrease of 2 percentage points compared to 2010. The decrease was mainly related to higher handset subsidies and higher operating expenses. The EBITDA margin both in 2011 and 2010 is negatively affected by approximately 6 percentage points due to the crisis tax levied upon the telecommunication industry in Hungary for the years 2010-2012. The increase in capital expenditure was mainly related to the mobile network modernisation that will be completed early 2012. In December 2011 Telenor acquired an additional amount of 2x1.8 MHz in the 900 MHz band during an auction, thereby enabling the possibility to launch 3G services in the 900 band.

Serbia

After the Serbian economy started to recover in second half of 2010, the telecom market has experienced good growth throughout most of 2011. Towards the end of the year, there have been signs of worsening macroeconomic conditions. Competition in the mobile market has focused on attractive handset subscriptions. At the end of 2011, 15% of Telenor's customers were smartphone users. Telenor has increased its market share and built a solid subscriber base increasing the share of contract subscriptions. Revenues in local currency increased by 12% to NOK 2.9 billion, driven by a larger subscription base, 7% growth in ARPU due to increased average usage, as well as higher interconnect revenues. The EBITDA margin before other income and expenses increased by 2 percentage points to 42% in 2011 as a result of revenue growth and cost efficiency measures. The increase in capital expenditure was mainly related to the network modernisation that was completed in January 2012.

Montenegro

The mobile market in Montenegro was stable in 2011. Telenor's revenues in local currency were in line with 2010, corresponding to NOK 0.6 billion. EBITDA margin before other income and expenses in 2011 was 45%, in line with the margin of 2010. In November 2011, Telenor was the first operator in Montenegro to launch 4G services. At the end of 2011, 13% of Telenor's customers were smartphone users.

Asia

Telenor Group's Asian operations added 29 million subscriptions, reaching 126 million in 2011. The subscription growth was mainly driven by Uninor in India as well as Grameenphone in Bangladesh.

DTAC – Thailand

The Thai telecom market in 2011 was characterised by an increased demand for data and smartphones, boosted by the introduction of 3G services. At the end of 2011, around 15% of DTAC's customer base were smartphone users. Revenues in local currency increased by 9% up to NOK 14.6 billion, mainly driven by subscription growth and smartphone demand. The EBITDA margin before other income and expenses was 34%, a slight decline from 2010. Higher revenues in 2011 were offset by increased revenue share fees to the concession owner CAT. Capital expenditure increased related to the build-out of 3G on the 850 MHz band, which was commercially launched in August 2011, and the ongoing network modernisation. DTAC is currently facing certain regulatory challenges. For further details, please refer to the section "Risk factors".

DiGi – Malaysia

In 2011, the telecom market in Malaysia experienced high growth in data usage and an increased demand for smartphones and tablets. At the end of 2011, 20% of DiGi's customer base were smartphone users. In spite of acquiring a 3G licence later than its two main competitors, DiGi has during 2011 managed to capture a significant portion of data revenues. Revenues in local currency increased by 10% up to NOK 10.9 billion, driven by higher demand for mobile data, growth in handset revenues and a larger subscription base. The EBITDA margin before other income and expenses increased by 2 percentage points reaching 46%, as a result of higher revenues and cost efficiency measures. Capital expenditure decreased somewhat and was mainly related to further site roll-out and increased capacity as well as the ongoing network modernisation.

Grameenphone – Bangladesh

With real mobile penetration estimated at 35%, there is still a large untapped potential for future growth of telecom in Bangladesh, as well as basic voice services, by reaching a larger share of the rural population. The growing share of customers coming from lower income segments, however, is diluting average revenues per user. The smartphone penetration is estimated to be below 5%. Grameenphone increased its revenues in local currency by 19% up to NOK 6.7 billion, driven by continued strong subscription growth, in particular in rural areas. The EBITDA margin before other income and expenses increased by 4 percentage points to 53%, as a result of revenue growth and lower subscription acquisition cost, following a reduction in SIM tax effective from June 2011. Capital expenditure increased significantly as a result of the ongoing network modernisation and capacity investments to align with subscription growth and traffic volumes. In Bangladesh, Grameenphone's 2G licence and spectrum expired in November 2011. The renewal decision has not been finalised as some issues around the licence renewal are pending before the court. Thus, the final conditions for renewal are still unclear.

Pakistan

In 2011, total revenues in local currency increased by 18% up to NOK 5.0 billion, mainly due to growth in subscriptions and a 3% increase in revenue per user. Telenor introduced mobile financial services in Pakistan in October 2009 and now offers a broad range of services, reaching a growing share of the un-banked population of Pakistan. Revenues from financial services contributed with approximately 2 percentage points to the overall revenue growth. The EBITDA margin before other income and expenses increased by 7 percentage points to 37%. The margin improvement was a result of continued subscription growth and improved contribution margin driven by decommissioning of leased lines. Capital expenditure decreased slightly awaiting the upcoming network modernisation. In spite of a very challenging political and security situation, the telecom business in Pakistan continues to grow and mature. In early 2012, the Pakistani authorities announced their intention to arrange a 3G auction at the end of March 2012, this has however been further postponed. The smartphone penetration is estimated to be below 5%.

Uninor – India

Uninor has captured a substantial share of the net additions and is focused on bringing affordable voice services to the Indian mass market by operating an ultra low cost model. Uninor continued the strong subscriber growth trend from 2010 and reported 28 million subscriptions by the end of 2011, more than twice the number from 2010. Services were available in 13 telecom circles. Revenues were NOK 3 billion and the EBITDA loss was NOK 3.4 billion, a reduction of NOK 0.8 billion from 2010. Capital expenditures were reduced by NOK 0.7 billion to NOK 1.0 billion. In the second half of 2011, the incumbent operators have increased their tariffs, although this has not yet impacted the rate per minute and the competition is still intense.

On 2 February 2012, the Supreme Court of India delivered its judgment on a public interest petition seeking cancellation of 122 cellular phone licences granted by the Government of India in 2008, including 22 licences to Unitech Wireless (Uninor). As a result, an impairment loss of NOK 4.1 billion was recognised in the fourth quarter of 2011. For further information, please refer to the section "Events after the reporting period".

Other units

Revenues in other units declined by 15% down to NOK 2.7, while EBITDA before other income and expenses was NOK -807 million in 2011 compared to NOK -263 million in 2010. More than half of the reduction is explained by the deconsolidation of EDB Business Partner from the third quarter of 2010, resulting in positive eliminations due to internal transactions within Other units segment last year.

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

DIGITAL SERVICES

Positioning in new Internet-driven ecosystems is high on Telenor's strategic agenda. The ability to offer a wide range of digital services, such as music, movies, storage, mobile health solutions, mobile advertising and innovative communication services, to our customers is central to our future development. Acting on this challenge, Telenor established the company ComoYo in 2011 with a focus on launching "over the top" digital services to consumers in close co-operation with Telenor business units, and with the potential for global expansion over time. Another important initiative in this field was announced in November, when Telenor and Google signed a global agreement.

Mobile financial services offer new ways to use the mobile phone for banking and payment, based on Telenor's distribution networks and co-operation with banks. There are tremendous opportunities within payment services and domestic and international remittances in countries such as Bangladesh and Pakistan, where Telenor is covering previously unmet needs through a low cost distribution model. In more mature markets, Telenor's main role is as a carrier of financial services for established service providers, adding value through providing secure electronic signature and identification.
In a collaboration project financed by Norwegian Research Council, Telenor and the largest Norwegian bank DNB have tested a mobile payment solution based on NFC (Near Field Communication) enabled by mobile phones.
Machine-to-machine (M2M) communication represents another growth area where Telenor has taken an active role. In 2011, the Nissan LEAF telematics system, with Telenor Connexion as an important contributor, won the GSMA award for "Best Mobile Innovation for Automotive and Transport". M2M health services are also being developed. Telenor has, together with health care industry and technology partners, established an innovation project to actively meet the challenges of an aging population through innovative care technology.

RESEARCH AND INNOVATION

Research and innovation are vital to ensure future growth. Telenor has a broad approach to innovation, spanning from improvements in the core business, operational efficiency and industrialisation processes to strategic research, new business initiatives and the launch of innovative services. Telenor utilises open innovation with customers, industrial partners and with research institutions worldwide to secure access to cutting edge knowledge and services, including EU research programmes, participation in the global GSM Association and various standardisation bodies.

Telenor is collaborating with academic partners and the industry to secure the best customer experience. In May 2011, the Centre for Service Innovation (CSI) was officially opened at the Norwegian School of Economics (NHH) in Norway. The CSI is backed by a consortium of the largest Norwegian service providers within telecom, banking and insurance, and national and international research groups. The Centre represents a new way of working and offers a unique opportunity for bridging research and business development.

Increasing demand for data requires higher bandwidth and capacity. Therefore, cost per bit must be reduced to adapt to the new demands. Telenor explores the technological migration steps necessary to ensure Telenor's future position as a mobile operator in the best way, working with issues such as service differentiation, infrastructure and spectrum sharing opportunities. More cost efficient utilisation of our networks is a target.

In 2011, costs related to research and innovation that have been recognised in the income statement amount to NOK 0.8 billion (of which NOK 0.4 billion relates to research and development). This relates to research and innovation in technology, services, business models and processes. Telenor works on new services such as financial services, over-the-top services and M2M connectivity and on new group processes to industrialise operations across the Group. In addition Telenor has invested in innovation initiatives creating new infrastructure services, such as the network upgrade to 4G in Nordic and network upgrade to 3G in Asia. Including these investments the total amount of research and innovation in Telenor Group are estimated to be NOK 2.0 billion.

HEALTH, SAFETY, SECURITY AND THE ENVIRONMENT (HSSE)

In 2011, Telenor Group continued to work proactively and systematically with continuous improvement within the area of HSSE and Supply Chain Sustainability through its systematic Business Assurance activities in all business units. Having implemented an HSSE Management System in accordance with OHSAS 18001 (occupational health & safety) and ISO 14001 (the environment) across most of the Group in 2010, Telenor business units have in 2011 made use of these systems to assess and mitigate risk, driving continuous improvement within their own operations.

HSSE awareness has been a priority area also in 2011 and a Group-wide HSSE online training programme "People First" was developed and rolled out in a large part of the business units during 2011 and a continued rollout of the programme is expected in 2012. The programme is also available for Telenor's suppliers at www.telenor.com. In 2011, a total of 9 680 Telenor employees completed the programme in addition to 19 726 employees of suppliers to Telenor. Integration of HSSE with regular business operations has been strengthened and the monthly internal non-financial reporting has been integrated with the financial reporting system throughout 2011.

Telenor had no work-related fatalities among employees during 2011. However, three work-related fatalities were reported by in-house contractors. They were all security guards working at our base stations and killed during robbery. It is also to great regret that as many as 10 employees of Telenor's first line suppliers died during work for Telenor; three of these as a result of road traffic accidents and unfortunately another seven killed by hostile attack or robbery. The majority of these incidents relate to the general security situation in Pakistan.

With our contractors and suppliers, Telenor has investigated these fatalities with the main objective to prevent similar incidents in the future. Telenor has also followed up and secured that the families of all the deceased have been taken care of by the respective suppliers. For the whole group, the Lost-Time Injury Frequency (LTIF) for Telenor in 2011 was 0.45 injuries per million worked hours.

The sickness absence frequency for the Group in 2011 was 1.8%, comprised of 3.3% in the Nordic region, 2.4% in the CEE region, and 1.0% in Asia.

Telenor Group has worked systematically on reducing risk in the supply chain in 2011 as in previous years. Telenor has by the end of 2011 contractually committed 12 354 suppliers world-wide to adhere to its Supplier Conduct Principles and has performed a close monitoring to this effect. During 2011, the Telenor companies have carried out 2 397 announced or unannounced supplier inspections locally, complemented with three Group audits of large global suppliers. In addition, at the end of 2010, Telenor carried out a global supplier self assessment covering 1 750 suppliers globally, which has been followed up by systematic work in every business unit during 2011, with a successful reduction of a related risk indicator by 88%.

For information on CO_2 emission and other environmental issues, please see the last sections under corporate responsibility further below.

PEOPLE DEVELOPMENT

At the end of 2011, Telenor Group had 32 030 employees, 25 270 of whom are outside of Norway. This is a 4% reduction compared to 2010.

Telenor Group works consistently to attract the most talented people in the industry, grow its business by effective talent management and develop leadership by utilising management and experts across the business units. This is based on a business culture with strong leadership and execution skills, as well as responsible business: the Telenor Way. The Telenor Way includes five elements: Vision, Company Values, Codes of Conduct, Policies and Procedures and Leadership Expectations. The Codes of Conduct was revised in 2011, making it easily applicable in the daily work of our employees.

Telenor Group shall enable its managers to deliver on business goals through empowerment and clear leadership, and take measures so that needed experts and capable leaders are moving around across countries with more ease and greater impact. It is vital to enable business units to get hold of relevant competence and personnel across business and geographic borders. Therefore the Group has prepared for a common operating model for people development across the Telenor companies globally. This model will enable common processes; mobility of competences across countries; strategic workforce planning as well as standardised development programs for leaders and experts.

Telenor consistently strives to develop leadership capabilities and knowledge. Telenor Group is committed to ensuring diversity and non-discrimination in the Group. All employees of Telenor Group have signed the Codes of Conduct. By doing so, they are committed to opposing discrimination and shall do their utmost to promote equality in all employment practices. No direct or indirect negative discrimination shall take place, and Telenor Group does not tolerate degrading treatment of any employee.

Telenor Group operates the "Telenor Open Mind" programme. This programme offers physically disabled people two years of job training in the Group. So far, approximately 75% of the participants secured permanent employment after completing the programme.

Telenor Group sets requirements for diversity in recruitment and development programmes. 35.7% of the total workforce in Telenor Group consists of women. The corresponding figure for managers is 21.5%. In 2011, 25% of the participants in Telenor Group's management development programmes were women. The Board of Telenor ASA consisted of four women and seven men. Group Executive Management consisted of three women and six men.

CORPORATE RESPONSIBILITY

Telenor Group aims to create shared value for the company and for the societies in which it operates. Through business-integrated corporate responsibility, Telenor aims to extend the wider benefits of communications technology to reach underserved groups, provide safe user experiences and minimise impact on the environment. Telenor Group is a member of the UN Global Compact (UNGC) and adheres to the ten UNGC principles for corporate responsibility within human and labour rights, environmental protection and anti-corruption.

Telenor Group aims to disclose transparent and high-quality data on non-financial performance, focusing on material issues and communication of progress, so as to ensure clear links between business strategy, non-financial performance indicators and activities.

In 2011, Telenor Group was, named one of the top five performers in the mobile telecommunications sector of the Dow Jones Sustainability Indexes (DJSI) for the 10th year running. DJSI is the world's most comprehensive annual analysis of companies' social, economic and environmental performance. Telenor Group was also ranked as one of the top 10 telecommunications companies by the Carbon Disclosure Project (CDP).

Telenor Group supports and respects internationally recognised human rights, including the UN Universal Declaration of Human Rights, and strives to avoid human rights abuses and complicity therein through responsible business practices across the organisation.

Telenor Group aims to minimise its environmental impact and all business units strive to minimise their use of energy, water and raw materials. In order to reduce the growth in Telenor Group's energy consumption and CO_2 emissions, the key climate ambition is to improve energy efficiency of the business units' networks, which represents approximately 90% of Telenor Group's total CO_2 emissions. All business units focused on energy efficiency initiatives such as network modernisation, infrastructure improvements and integration of energy requirements in the procurement processes. Total 2011 CO_2 emissions in Telenor Group are estimated to be 1.1 million tonnes of CO_2, which is an increase of 4% compared with 2010. The increase is mainly due to the increased activity and network expansion in India. Excluding India, the Group's CO_2 emission growth rate was reduced by 4% compared to 2010.

Telenor Group will publish a Sustainability Report highlighting its efforts and performance on issues of vital importance to the business and the many stakeholders in society. The report will be presented for the first time on www.telenor.com in Q2 2012.

RISK FACTORS

Operating across multiple markets exposes Telenor Group to a range of financial, regulatory, operational, industry and reputational risks that may adversely affect our business.

Financial risk

The turbulence in financial markets intensified during the fall of 2011, particularly in the euro zone. This has resulted in an increased focus on the management of financial risk and counter-party risk. Telenor Group is exposed to credit risk mainly related to accounts receivables, investments in financial institutions, financial derivatives and investment in Government debt securities. In 2011, Telenor Group had no credit losses due to defaults on financial institutions or Government securities. Telenor Group emphasises the need to retain financial flexibility. The refinancing risk is considered to be low and Telenor has ensured satisfactory financial flexibility through a diversified set of funding sources.

69% of the Group's revenues are derived from operations with a functional currency other than the Norwegian Krone. Currency fluctuations affect the value of investment in foreign operations when translating statements into the presentation currency Norwegian Krone. Telenor only partly hedges the Group's net investment in foreign operations. This is done by issuing debt in foreign currency or using financial instruments in the relevant currencies when appropriate. The most significant debt currencies for Telenor Group are Euros, US dollars, Swedish Krona, Malaysian Ringgits, Pakistani Rupees, Indian Rupees and Thai Baht.

Committed cash flows in foreign currencies equivalent to NOK 50 million or more are hedged using currency forwards contracts. Committed cash flow in foreign currencies of amounts less than NOK 50 million and uncommitted foreign currency exposure 12 months forward may also be hedged. Only the net currency exposure is hedged. Telenor Group is exposed to interest risk through funding and liquidity management activities. The interest rate risk is managed using both fixed and floating rate debt as well as interest rate derivatives. The Group's treasury policy states that the interest rate duration on the debt portfolio shall be in the interval from 0.0 years to 2.5 years. The duration was 1.3 years as of 31 December 2011 (1.4 years as of 31 December 2010).

Regulatory risk

Telenor Group's operations are subject to extensive regulatory requirements. Unfavourable regulatory developments and regulatory uncertainty could adversely affect the Group's results and business prospects.

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

Telenor Group depends on licences, access to spectrum and numbering resources in order to provide telecommunications services. Spectrum processes, including renewal of existing spectrum licences in some markets, are expected over the next 2–3 years. If the Group is not successful in acquiring spectrum licences or is required to pay higher rates than expected, this might impact the Group's business strategy, and/or the Group could be required to make additional investments to maximise the utilisation of existing spectrum.

In many countries where the Group operates, the regulator has reduced, or plans to reduce, the regulated price of terminating mobile calls in our and our competitors' networks. A dramatic reduction of the mobile termination rate (MTR) could significantly reduce the revenue from mobile voice traffic. Furthermore, the transition from voice to data services is influenced by a number of regulatory levers, e.g. MTR levels and net neutrality provisions.

In India , there is a substantial risk that Uninor will not be able to continue its operation. This will be the case if the auctions are not held before the licences are quashed and if the new conditions are not financially viable.

A proposed National Telecom Policy was presented by the Government in February 2012. The draft policy covers a range of issues such as licencing, M&A-guidelines and spectrum sharing which are highly important to the sector. Thus, key elements of the regulatory regime are still under consideration by the authorities and changes could have a major impact on Uninor's ability to continue its operation.

In Bangladesh, Grameenphone's 2G licence and spectrum expired in November 2011. The renewal decision has not been finalised as some issues around the licence renewal are pending before the court. Thus, the final conditions for renewal are still unclear.

In Thailand, the new Frequency Act paves the way for a more level playing field between the state-owned licencees and DTAC. The first step was to establish a new regulatory body (NBTC). Before NBTC can proceed with the 3G auction (scheduled for Q3 2012) it has to put in place the National Frequency Plan and the National Frequency Table. Thus, there is a risk of further delay in this process.

Operational/Industry risk

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

Competition across the Group's portfolio of markets revolves around four main drivers: price, network coverage, quality of product and customer relationship management. Revenue growth is partly dependent on the development and marketing of new applications and services. If a new service is not technically or commercially successful, or if limitations in existing services affect the customer experience, Telenor Group's ability to attract or retain customers may be impaired.

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

Telenor Group depends on key suppliers and third-party providers for supply and maintenance of equipment and services that the company needs to develop its network and operate its business. Problems that manifest in relation to the supply chain may adversely affect the Group's business and results of operations.

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

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

Telenor Group handles substantial volumes of confidential information. Loss, mismanagement or unauthorised disclosure of such information could adversely affect the Group's business.

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

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

Telenor Group operates in countries where there is a history of political instability and violence. Any recurrence or escalation of such events, including social unrest, terrorist attacks and war, may prevent the Group from operating its business effectively.

Risk management

Telenor's risk management objective is to earn competitive returns from its various business activities at acceptable risk levels and without compromising its vision, values and codes of conduct.

Risk management is integrated within the Group's annual strategy planning process, and key risks highlighted therein by business units are tracked through the quarterly Group Business Review process.

Operationally the aim is to integrate systematic risk management with the Group's business processes. A key activity is to ensure that all managers at all levels assume responsibility for risk management within their areas, and for embedding risk management in the day-to-day business processes. Within larger business units, local risk managers are in place to coordinate risk management processes and drive management visibility of key risks in a structured way.

SHARES AND SHAREHOLDER ISSUES

The Telenor share is listed on the Oslo Stock Exchange (OSE) and was one of the most traded shares on OSE in 2011. An increasing part of the trades in the Telenor share is being done on other market places. OSE's market share of the trades in the Telenor share declined from 62% in 2010 to 44% in 2011.

Including reinvested dividends, the total return of the Telenor share was 8% in 2011, whereas the benchmark index STOXX Europe 600 Telecommunications Index Gross Return (SXKGR) was unchanged. The OSEBX index decreased by 12%.

The Telenor share closed at NOK 98.10 at year-end 2011, corresponding to an equity value of NOK 158 billion.

At year-end, Telenor's share capital was NOK 9,649,161,678, divided into 1,608,193,613 ordinary shares. The share capital was reduced by NOK 298,171,398 in 2011. This was done by cancelling 22,877,098 shares and by redeeming 26,818,135 shares held by the Ministry of Trade and Industry.

The company had approximately 45,800 shareholders at year-end, a decline of 8% from the previous year. The 20 largest shareholders held 79.7% of the registered shares. Calculated on a free float basis, North American investors owned 34% of the Telenor shares, while Norwegian investors held 20% at year end. European and UK investors held 19% and 15% of the company, respectively.

Telenor owned 24.0 million treasury shares as of 31 December 2011, of which 22.2 million were held for the purpose of cancellation. Based on the number of treasury shares held for cancellation at year-end and subject to approval by the Annual General Meeting in 2012, 26.0 million of the Ministry of Trade and Industry's Telenor shares will be redeemed for a consideration of approximately NOK 2.4 billion. This is a part of an agreement entered into in 2011 between Telenor and the Ministry, so that the Ministry's ownership stake in Telenor of 53.97% will remain unaffected if Telenor repurchased shares for cancellation. For more comprehensive information, reference is made to note 37 to the Financial Statements.

Through active communication with the capital market and shareholders in 2011, Telenor ensured that significant information required for an external evaluation of Telenor Group's securities was published in accordance with applicable rules and guidelines.

CORPORATE GOVERNANCE

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

Telenor operates in accordance with the Norwegian Code of Practice for Corporate Governance with the exception of point 14 on the drawing up of main principles for takeover bids. The background for this exception is the Kingdom of Norway's 53.97% ownership in Telenor.

The Board of Directors has established three committees within the Board: The Governance and Remuneration Committee, the Ethics and Sustainability Committee and the Audit Committee, which all are preparatory working committees of the Board.

The Governance and Remuneration Committee is composed of four members of the Board. Harald Norvik is the chairman of the Committee. The Committee oversees that Telenor adheres to generally accepted high standards of Corporate Governance. With regard to remuneration issues, the Committee considers Telenor's remuneration policy and programs, including bonus programmes and share-based schemes, and presents recommendations to the Board of Directors for decision. The Committee annually evaluates the CEO's remuneration and presents recommendations to the Board of Directors for decision. The Committee held five meetings in 2011.

The Ethics and Sustainability Committee is composed of four members of the Board. Liselott Kilaas chairs the Committee. The Committee supports the Board in fulfilling its responsibilities with respect to ethics and compliance as stated in law, code of practices and the Codes of Conduct and accompanying governing documents. The Committee also supports the Board with respect to corporate responsibility. The Committee further oversees Telenor's efforts to ensure good internal occupational Health, Safety, Security and working environment (HSSE) practices throughout the Group, as well as Telenor's processes and performance for HSSE and sustainability in the supply chain The Ethics and Sustainability Committee held five meetings in 2011.

The Audit Committee is composed of three members of the Board. Dag J. Opedal is the chairman of the Committee. The Committee supports the Board in fulfilling its responsibilities with respect to financial reporting, internal control over financial reporting and auditing matters. The Committee oversees the procedures to identify financial and operational risks as well as understand and assess risk exposures and mitigating actions. The Committee held six meetings in 2011.

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

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

COMPOSITION AND WORK OF THE BOARD

Telenor's Board of Directors shall have a diverse composition and competence tailored to meet the company's needs. None of the Board members, apart from the employee representatives, are employees of Telenor or have carried out work for Telenor. The Board's work complies with Telenor's instructions for Board members and the applicable guidelines and procedures. The Board has also carried out a self-assessment of its own activities and competence. The Board of Directors held 15 Board meetings in 2011.

In May 2011, the Corporate Assembly elected Frank Dangeard, Hallvard Bakke and Dag J. Opedal as new Board members for a period of two years. Sally Davis replaced Kjersti Kleven in November 2011. Furthermore, Harald Norvik, Liselott Kilaas, Burckhard Bergmann and Barbara Milian Thoralfsson were re-elected as Board members in May for a period of two years. Brit Østby Fredriksen, Harald Stavn and Bjørn André Anderssen are employee-elected Board members.

EVENTS AFTER THE REPORTING PERIOD

A-pressen: sale of TV2

A-pressen, an associated company of Telenor, sold its 50% share of TV2 for NOK 2.1 billion in February 2012. Telenor owns 48.2% of A-Pressen.

Uninor

On 2 February 2012, the Indian Supreme Court delivered its judgment on a public interest petition seeking cancellation of 122 cellular phone licences granted by the Government of India in 2008, including 22 licences to Unitech Wireless (Uninor). The court has in its judgment quashed all 122 licences issued on and after 10 January 2008, including those granted to Uninor. The quashing is effective 4 months from 2 February 2012. Meanwhile, the TRAI (Telecom Regulatory Authority of India) shall make fresh recommendations for grant of licences and allocation of spectrum in the 2G band by auction, as was done for allocation of spectrum in 3G band. As a consequence of this an impairment loss of NOK 4.1 billion was recognised in the fourth quarter of 2011.

On 15 February 2012, Telenor Group issued a notice to its Indian strategic partner Unitech Ltd, that it will seek indemnity and compensation following the cancellation of Uninor's 22 licences by the Supreme Court of India. The Group holds Unitech Ltd. liable for the breach of warranties related to the cancellation of the licences – seeking compensation for all investment and damages caused by the Supreme Court Order. Telenor also makes an indemnity claim against Unitech Ltd. for the failure to obtain spectrum in the strategically critical Delhi region. Uninor has at 2 March 2012 filed a petition seeking review of the judgment and order passed by the Supreme Court of India. Uninor has prayed to the Supreme Court for relief against the Court's previous order of cancellation of its licences.

Telenor Group will consider every option available in India. It is the group's position that the strategic partnership with Unitech Ltd does not have a future, and Telenor therefore have started the process of looking for a new Indian partner.

VimpelCom Ltd

Telenor Group, on 15 February 2012, purchased 234,000,000 VimpelCom preferred shares from Weather Investments II S.a.r.l. ("Weather"), for NOK 2.2 billion thereby increasing the Group's voting share in VimpelCom Ltd. to 36.36%. At the same time, Telenor and Weather entered into an option agreement, granting Weather a put-option on Telenor for the remaining 71,000,000 preference shares in VimpelCom at the same price per share as in the first transaction. Telenor has in addition certain situational call-options, amongst other related to the remaining preference shares.

In connection with the transaction, the Group has withdrawn all its claims against Altimo Holdings & Investments Ltd., Altimo Cooperatief U.A. and VimpelCom Ltd. in the pending arbitration proceeding. The Group's withdrawal of its claims will result in the termination of the VimpelCom shareholders agreement.

OUTLOOK FOR 2012

Based on the current Group structure including Uninor and currency rates as of 31 December 2011, Telenor expects:

- Organic revenue [2] growth above 5%
- An EBITDA margin before other income and expenses in the range of 32–33%
- Capital expenditure as a proportion of revenues, excluding licences and spectrum, in the range of 12–13%

Telenor expects that Uninor will contribute with an EBITDA loss around NOK 2.0 billion and capital expenditure, excluding licences and spectrum, around NOK 1.0 billion. Due to the cancellation of Uninor's licences by the Indian Supreme Court on 2 February 2012, the outlook for Uninor for 2012 is highly uncertain. For more details about the cancellation, please refer to events after the reporting period.

A growing share of Telenor Group's revenues and profits is derived from operations outside Norway. Currency fluctuations may to a greater extent influence the reported figures in Norwegian Krone. Financial, regulatory, operational, industry, political and reputational risks, may also influence the profits.

ANNUAL RESULT AND ALLOCATION

Telenor ASA's net income for the year 2011 was NOK 6,168 million, after receipt of a group contribution of NOK 11,200 million. The Board proposes the following allocation:

Transferred to retained earnings: NOK 6,168 million.

After this allocation, Telenor ASA's distributable equity totalled NOK 16, 262 million as at 31 December 2011. The proposed cancellation of shares will impact the equity available for distribution as dividend by NOK 2.2 billion.

At the Annual General Meeting in May 2012, the Board will propose a dividend of NOK 5 per share for 2011 to be paid in May/June 2012, in total NOK 7.9 billion.

Fornebu, 21 March 2012

Harald Norvik
Chairman

Liselott Kilaas
Deputy Chairman

Sally Davis
Board member

Dag J. Opedal
Board member

Hallvard Bakke
Board member

Frank Dangeard
Board member

Dr. Burckhard Bergmann
Board member

Barbara Milian Thoralfsson
Board member

Harald Stavn
Board member

Brit Østby Fredriksen
Board member

Bjørn André Anderssen
Board member

Jon Fredrik Baksaas
President & CEO

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

Consolidated Income Statement

Telenor Group 1 January–31 December

NOK in millions, except per share amounts	Note	**2011**	2010
Revenues	6	**98 516**	94 843
Operating expenses			
Costs of materials and traffic charges	7	**(27 541)**	(26 239)
Salaries and personnel costs	8	**(10 814)**	(10 852)
Other operating expenses	9, 11	**(29 635)**	(28 532)
Other income (expenses)	10	**(485)**	(572)
Depreciation and amortisation	12	**(15 309)**	(16 134)
Impairment losses	12	**(4 340)**	(14)
Operating profit		**10 393**	12 500
Share of net income from associated companies	21	**2 114**	3 145
Gain on disposal of associated companies	21	**1 662**	6 549
Financial income and expenses			
Financial income	13	**812**	765
Financial expenses	13	**(2 207)**	(1 825)
Net currency gains (losses)	13	**(277)**	(649)
Net change in fair value of financial instruments at fair value through profit or loss	13	**27**	(370)
Net gains (losses and impairment) of financial assets and liabilities	13	**52**	90
Net financial income (expenses)	13	**(1 593)**	(1 989)
Profit before taxes		**12 575**	20 205
Income taxes	14	**(5 358)**	(4 982)
Profit from continuing operations		**7 217**	15 223
Loss from discontinued operations	15	**-**	(415)
Net income		**7 217**	14 808
Net income attributable to:			
Non-controlling interests		**52**	475
Equity holders of Telenor ASA		**7 165**	14 334
Earnings per share in NOK			
From continuing operations:			
Basic	16	**4.45**	8.94
Diluted	16	**4.44**	8.93
From net income:			
Basic	16	**4.45**	8.69
Diluted	16	**4.44**	8.67

Consolidated Statement of Comprehensive Income

Telenor Group 1 January–31 December

NOK in millions	Note	2011	2010
Net income		**7 217**	14 808
Other comprehensive income (loss)			
Translation differences on net investments in foreign operations	25	**(1 196)**	1 665
Income taxes	14	**(124)**	70
Amount reclassified from equity to profit and loss on disposal	25	**536**	3 528
Net gain (loss) on hedge of net investments	30	**3**	606
Income taxes	14	**(1)**	(170)
Amount reclassified from equity to profit and loss on disposal	30	**-**	(36)
Income taxes	14	**-**	10
Net gain on available-for-sale investments		**9**	10
Amount reclassified from equity to profit and loss on disposal		**(55)**	-
Amount reclassified from equity to profit and loss related to Cash flow hedges	30	**-**	667
Income taxes	14	**-**	(188)
Share of other comprehensive income (loss) from associated companies	25	**(210)**	(675)
Amount reclassified from equity to profit and loss on disposal	25	**416**	-
Other comprehensive income (loss), net of taxes		**(622)**	5 488
Total comprehensive income (loss)		**6 595**	20 297
Total comprehensive income (loss) attributable to:			
Non-controlling interests		**(246)**	1 242
Equity holders of Telenor ASA		**6 841**	19 055

Consolidated Statement of Financial Position

Telenor Group as of 31 December

NOK in millions	Note	**2011**	2010
ASSETS			
Deferred tax assets	14	1 275	2 006
Goodwill	17, 18	22 145	24 472
Intangible assets	19	21 774	27 007
Property, plant and equipment	20	49 620	52 963
Associated companies	21	33 967	31 026
Other non-current assets	23	3 241	3 048
Total non-current assets		**132 022**	140 522
Prepaid taxes		147	93
Inventories		992	1 113
Trade and other receivables	22	17 554	16 451
Other financial current assets	23	2 638	946
Assets classified as held for sale		86	-
Cash and cash equivalents	24	12 899	13 606
Total current assets		**34 317**	32 209
Total assets		**166 339**	172 731
EQUITY AND LIABILITIES			
Equity attributable to equity holders of Telenor ASA	25	83 992	87 867
Non-controlling interests	25	2 910	8 351
Total equity	25	**86 902**	96 218
Liabilities			
Non-current interest-bearing financial liabilities	29	23 157	25 701
Non-current non-interest-bearing financial liabilities	28	1 659	1 125
Deferred tax liabilities	14	2 188	2 927
Pension obligations	27	1 933	1 918
Other provisions	26	2 911	1 879
Total non-current liabilities		**31 848**	33 550
Current interest-bearing financial liabilities	29	10 767	8 751
Trade and other payables	28	30 708	27 848
Current tax payables	14	3 876	4 532
Current non-interest-bearing liabilities	28	1 251	879
Provisions and obligations	26	986	953
Total current liabilities		**47 589**	42 963
Total equity and liabilities		**166 339**	172 731

Fornebu, 21 March 2012

Harald Norvik
Chairman

Liselott Kilaas
Deputy Chairman

Sally Davis
Board member

Dag J. Opedal
Board member

Hallvard Bakke
Board member

Frank Dangeard
Board member

Dr. Burckhard Bergmann
Board member

Barbara Milian Thoralfsson
Board member

Harald Stavn
Board member

Brit Østby Fredriksen
Board member

Bjørn André Andersen
Board member

Jon Fredrik Baksaas
President & CEO

Consolidated Statement of Cash Flows

Telenor Group 1 January–31 December

NOK in millions	Note	2011	2010
Profit before taxes from continuing operations		12 575	20 205
Loss before taxes from discontinued operations	15	-	(472)
Profit before taxes		**12 575**	**19 733**
Income taxes paid		(5 932)	(5 485)
Net (gain) loss from disposals, impairments and change in fair value of financial assets and liabilities		(104)	407
Depreciation, amortisation and impairment losses		19 649	16 622
Share of net income and gain on disposal of associated companies		(3 776)	(9 694)
Dividends received from associated companies		2 293	1 812
Changes in inventories		89	(218)
Changes in trade receivables and prepayments from customers		(292)	892
Changes in trade payables		1 188	(233)
Difference between expensed and paid pensions		38	31
Net currency losses not relating to operating activities		181	550
Changes in other operating working capital		1 183	2 048
Net cash flow from operating activities		**27 093**	**26 465**
Proceeds from sale of property, plant and equipment and intangible assets		377	291
Purchases of property, plant and equipment and intangible assets		(13 261)	(13 422)
Proceeds from disposal of subsidiaries and associated companies, net of cash disposed	24	136	(415)
Purchases of subsidiaries and associated companies, net of cash acquired	24	(393)	(1 416)
Proceeds from sale of other investments		1 033	1 054
Purchases of other investments		(2 343)	(1 682)
Net cash flow from investing activities		**(14 451)**	**(15 590)**
Proceeds from borrowings		9 085	18 987
Repayments of borrowings		(8 589)	(19 863)
Proceeds from issuance of shares, including from non-controlling interests in subsidiaries		1	2
Purchase of treasury shares	25	(4 535)	(2 164)
Repayment of equity and dividends paid to non-controlling interests in subsidiaries	25	(2 624)	(2 084)
Dividends paid to equity holders of Telenor ASA	25	(6 206)	(4 141)
Net cash flow from financing activities		**(12 868)**	**(9 263)**
Effects of exchange rate changes on cash and cash equivalents		(481)	442
Net change in cash and cash equivalents		**(706)**	**2 054**
Cash and cash equivalents as of 1 January		13 606	11 552
Cash and cash equivalents as of 31 December	24	**12 899**	**13 606**

Consolidated Statement of Changes in Equity

Telenor Group – for the years ended 31 December 2010 and 2011

	Attributable to equity holders of Telenor ASA						
NOK in millions	Paid-in capital [1]	Other reserves [1]	Retained earnings	Cumulative translation differences [1]	Total	Non-controlling interests [1]	Total equity
Equity as of 1 January 2010	**10 005**	**11 851**	**64 843**	**(10 723)**	**75 976**	**9 089**	**85 065**
Net income for the period	-	-	14 334	-	14 334	475	14 809
Other comprehensive income for the period	-	(201)	-	4 923	4 721	767	5 488
Total comprehensive income for the period	**-**	**(201)**	**14 334**	**4 923**	**19 055**	**1 242**	**20 297**
Transactions with non-controlling interests	-	(768)	-	-	(768)	144	(625)
Equity adjustments in associated companies	-	29	-	-	29	-	29
Dividends	-	-	(4 141)	-	(4 141)	(2 115)	(6 255)
Share buy back	(149)	(2 178)	-	-	(2 326)	(9)	(2 335)
Sale of shares, share issue, and share options to employees	3	38	-	-	41	-	41
Equity as of 31 December 2010	**9 859**	**8 771**	**75 036**	**(5 800)**	**87 867**	**8 351**	**96 218**
Net income for the period	-	-	7 165	-	7 165	52	7 217
Other comprehensive income for the period	-	160	-	(484)	(324)	(298)	(622)
Total comprehensive income for the period	**-**	**160**	**7 165**	**(484)**	**6 841**	**(246)**	**6 595**
Transactions with non-controlling interests	-	(99)	-	-	(99)	(163)	(262)
Equity adjustments in associated companies	-	63	-	-	63	-	63
Dividends	-	-	(6 206)	-	(6 206)	(5 033)	(11 239)
Share buy back	(294)	(4 240)	-	-	(4 535)	-	(4 535)
Sale of shares, share issue, and share options to employees	9	52	-	-	61	-	61
Equity as of 31 December 2011	**9 574**	**4 707**	**75 995**	**(6 284)**	**83 992**	**2 910**	**86 902**

[1] See note 25

Notes to the Consolidated Financial Statements

Telenor Group

/ 00 / Contents notes

/ 01 / General information, compliance and changes in International Financial Reporting Standards

General information

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

These consolidated financial statements have been approved for issuance by the Board of Directors on 21 March 2012 and is subject to approval by the Annual General Meeting on 16 May 2012.

Statement of compliance

From 1 January 2005, as required by the European Union's IAS Regulation and the Norwegian Accounting Act, the Company has prepared its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"). References to "IFRS" hereafter should be construed as references to IFRS as adopted by the EU.

Adoption of new and revised standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year. In addition, the Group has adopted the following new and amended standards and interpretations issued by the IASB and approved by the EU that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2011:

- IAS 24 Related Party disclosures: Revised
- Improvements to IFRS issued April 2010
- IAS 32 Financial Instruments: Presentation – Classification of Rights Issues
- IFRIC 14 Prepayments of a Minimum Funding Requirement – Amended
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

The Group has not early adopted any standards or interpretations in 2011.

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

IFRS 7 Financial Instruments – Disclosures (effective from 1 July 2011). The amendment contains new disclosures to enhance the transparency of disclosure requirements for the transfer of financial assets. The amendments will assist users to understand the implications of transfers of financial assets and the potential risks that may remain with the transferor. The amendment affects disclosure only and has no impact on the Group's financial position or performance.

IFRS 7 Financial Instruments – Disclosures (effective from 1 January 2013, but not approved by the EU) The IASB has introduced new disclosure requirements in IFRS 7. These disclosures would provide users with information that is useful in (a) evaluating the effect of potential effect of netting arrangements on an entity's financial position and (b) analysing and comparing financial statements prepared in accordance with IFRS. The amendment affects disclosure only and has no impact on the Group's financial position or performance.

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

IFRS 10 Consolidated Financial Statements (effective from 1 January 2013, but not approved by the EU). IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27. This change is not expected to have any effect for the Group.

IFRS 11 Joint Arrangements (effective from 1 January 2013, but not approved by the EU). IFRS 11 replaces IAS 31 Interests in Joint Ventures. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. SIC-13 Jointly Controlled Entities – Non-monetary Contributions by Venturers has been withdrawn upon the issuance of IFRS 11. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under IAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportionate accounting. This change will have limited effect for the Group since the operative joint ventures as of 2011 are joint operations under the new IFRS and the Group applies the proportionate method of consolidation. Applying the method of accounting prescribed under IFRS 11 for joint operations would not have any significant impact.

IFRS 12 Disclosure of Interests in Other Entities (effective from 1 January 2013, but not approved by the EU). IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required.

IFRS 13 Fair Value Measurement (effective from 1 January 2013, but not approved by the EU). IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Group is currently assessing the impact that this standard will have on the financial position and performance.

IAS 1 Presentation of Financial statements – amended (effective from 1 July 2012, but not yet approved by the EU). The amendments to IAS 1 changes the grouping of items presented in Other Comprehensive Income. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Group's financial position or performance.

IAS 19 (as revised in 2011) Employee Benefits (effective from 1 January 2013, but not approved by the EU). The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as: to eliminate the corridor approach and recognise all actuarial gains and losses in Other Comprehensive Income as they occur; to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). The estimated negative effect on the equity as of 1 January 2012 of removing the corridor method is NOK 1.2 billion.

IAS 27 (as revised in 2011) Separate Financial Statements (effective from 1 January 2013, but not approved by the EU). As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements.

IAS 28 (as revised in 2011) Investments in Associates and Joint Ventures (effective from 1 January 2013, but not approved by the EU). As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates.

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

/ 02 / Summary of significant accounting policies

Basis of preparation

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

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

Basis of consolidation and non-controlling interests

The consolidated financial statements include the financial statements of Telenor ASA and entities controlled by Telenor ASA (the Group). Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control normally exists when the Group has more than 50% of the voting power through ownership or agreements, except where non-controlling interests are such that a non-controlling shareholder is able to prevent the Group from exercising control.

In addition control may exist without having 50% voting power through ownership or agreements as a consequence of de facto control. De facto control is the ability to exercise control through the majority of the votes at the General Meeting and at the Board of Directors meeting, without the legal right to exercise unilateral control. Entities where the Group has de facto control are consolidated.

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

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

A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary it derecognises the assets, liabilities, non-controlling interest and any cumulative translation differences in relation to the subsidiary. Any investment retained at the date when control is lost is measured at fair value and a gain/loss is recognised.

For acquisition of non-controlling interest prior to 1 January 2010, the following key difference applies:

- For acquisitions of non–controlling interest the difference between the consideration and the fair value of the share of the net assets required was recognised in goodwill. The change in fair value from the date of obtaining control was recognised as an equity transaction.

Acquisitions of non controlling interests prior to 1 January 2010 have not been restated.

Foreign currency translation

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

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

Current/non-current classification

An asset is classified as current when it is expected to be realised or is intended for sale or consumption in the Group's normal operating cycle, it is held primarily for the purpose of being traded, or it is expected/due to be realised or settled within twelve months after the reporting date. Other assets are classified as non-current. A liability is classified as current when it is expected to be settled in the Group's normal operating cycle, is held primarily for the purpose of being traded, the liability is due to be settled within twelve months after the reporting period or if the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. All other liabilities as classified as non-current.

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

Business combinations

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

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition are recognised at their fair values at the acquisition date, except for non-current assets that are classified as held for sale and recognised at fair value less cost to sell.

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised either in the income statement or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

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

For business combination prior to 1 January 2010, the following key differences apply:

- Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interests were measured at the proportionate share of the acquiree's identifiable net assets.
- Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

Business combinations prior to 1 January 2010 have not been restated.

Investments in associated companies

An associated company is an entity over which the Group has significant influence and that is not a subsidiary or a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but without the ability to have control over those policies. Significant influence normally exists when the Group has 20% to 50% voting power through ownership or agreements.

The results and assets and liabilities of associated companies are incorporated using the equity method of accounting. Under the equity method, investments in associated companies are carried in the consolidated statement of financial position at cost and adjusted for post-acquisition changes in the Group's share of the net assets of the associated companies (i.e. comprehensive income and equity adjustments), less any impairment in the value of the investments. Adjustments are made where necessary to bring the accounting policies in line with those of the Group. Losses in 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 or deferred 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 presented at two separate line items in the income statement between operating profit (loss) and financial items. Gains and losses on disposals are presented separately. The share of other comprehensive income is recognised in the Group's comprehensive income. Other equity adjustments in associated companies are recognised in the statement of changes in equity.

Financial statements as of the reporting date are for some associated companies not available before the Group issues its quarterly financial information. In such instances, the share of net income of the associate is recognised in the consolidated financial statements with a one quarter lag. Adjustments are made for the effects of publicly available information on significant transactions or events that occur between the latest interim financial reporting of the associated company and the date of these consolidated financial statements. To ensure consistency in reporting in quarterly and annual reports, the figures in the annual report are not updated in situations where the financial statements for the associated company are made available between the issuance of the quarterly report for the fourth quarter and the issuance of the annual report.

Interests in joint ventures

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

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

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

Goodwill

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

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

Cash-generating units

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. In identifying whether cash inflows from an asset (or group of assets) are largely independent of the cash inflows from other assets (or groups of assets), the management considers various factors including how management monitors the entity's operations (such as by product or service lines, businesses or geographical areas). Goodwill is monitored and tested for the group of cash-generating units combined in markets where the fixed and mobile operations are monitored and reported as one operating segment. The group of cash-generating units is in any case not larger than an operating segment determined in accordance with IFRS 8 Operating Segments.

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, abandoned 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 is excluded from continuing operations and reported separately as profit (loss) from discontinued operations. Prior periods' profit (loss) from discontinued operations is reclassified to be comparable. Assets and liabilities classified as held for sale are presented on separate line items in the statement of financial position as current assets and current liabilities. Prior periods are not restated in the statement of financial position.

Revenue recognition and measurement

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

Revenues primarily comprise sale of
- Services: subscription and traffic fees, connection fees, interconnection fees, roaming charges, fees for leased lines and leased networks, fees for data network services and fees for TV distribution and satellite services.
- Customer equipment is primarily mobile devices/phones.

Subscription and traffic fees

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

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

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

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

Multiple element arrangements
When the Group delivers multiple services and/or equipment as part of one contract or arrangement, the consideration is allocated to the separate identifiable components if the delivered item has value to the customer on a standalone basis and there is objective and reliable evidence of the fair value of undelivered items. The consideration is allocated between the elements based on their relative fair values, and recognition of the revenue allocated to the delivered item is limited to the amount that is not contingent on the delivery of additional items or other specified performance criteria.

Discounts
Discounts are often provided in the form of cash discounts or free products and services delivered by the Group or by external parties. Discounts are recognised on a systematic basis over the period the discount is earned. Cash discounts or free products and services given as part of sales transactions are recognised as a reduction of revenue. Free products or services provided that are not related to sales transactions are recognised as expenses.

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

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

Revenues from transit traffic are recognised based on an evaluation of the substance in the agreement, and will be recognised gross or net depending on whether the Group acts as a principal or agent in the transactions.

License fees payable to telecommunications authorities that are calculated on the basis of revenue share arrangements are not offset against the revenues. Instead, they are recognised as license costs because the Group is considered to be the primary obligor.

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

Pensions
The Group's obligations related to defined benefit plans are valued at the present value of accrued future pension benefits for the employees at the end of the reporting period. Pension plan assets are valued at their fair value. Accumulated effects of changes in estimates, changes in assumptions and deviations from actuarial assumptions (actuarial gains or losses) that are less than 10% of the higher of the pension benefit obligations and the pension plan assets at the beginning of the year are not recognised. When the accumulated effect is above 10%, the excess amount is recognised in the income statement over the expected average remaining service period of the participating employees. The net pension cost for the period is presented as salaries and personnel costs.

Changes in the pension obligations due to changes in pension plans are recognised over the expected remaining service period when the changes are not immediately vested. Gains or losses on the curtailment or settlement of a defined benefit plan are recognised through the income statement when the curtailment or settlement occurs. A curtailment occurs when the Group either is demonstrably committed to make a material reduction in the number of employees covered by a plan or amends the terms of a defined benefit plan such that a material element of future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits. The effect of curtailment or/and settlement is presented as a part of 'other income and expenses' in the income statement.

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

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

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

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

Lease income from operating leases is recognised on a straight-line basis over the lease terms. Incentives provided to the lessees are aggregated and recognised as a reduction of income on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are included in the carrying amounts of the leased assets and recognised as an expense over the lease term on the same basis as the lease. Contingent rents are recognised as revenue in the period in which they are earned.

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

Lease payments under operating leases are recognised in the income statement on a straight-line basis over the lease terms. Incentives received on negotiating or renewing the operating leases are also amortised on a straight-line basis over the lease terms. Prepaid lease payments made on entering into operating leases or acquiring leaseholds are recognised in the statement of financial position and amortised on a straight line basis over the lease term.

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

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

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

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

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

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

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

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

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

Cash and cash equivalents
Cash and cash equivalents include cash, bank deposits, fixed rate bonds and commercial paper with original maturity of three months or less.

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

Interest-bearing liabilities

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

Derivatives

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

The derivative financial instruments are measured at fair value. Any gains or losses arising from changes in fair value on derivatives that are not cash flow hedges or hedges of net investments are recognised in the income statement as financial income or expense. Accounting for cash flow hedges and hedges of net investments are described below.

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

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

Hedging

The Group applies hedge accounting for hedges that meet the criteria for hedge accounting. The Group has cash flow hedges, fair value hedges and hedges of net investments in foreign operations.

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

Hedge relationships that meet the requirements for hedge accounting are accounted for in the Group's consolidated financial statements as follows:

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

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

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

If the forecast transaction is no longer expected to occur, amounts previously recognised in other comprehensive income are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in other comprehensive income, in the period the hedge was effective, remain in other comprehensive income until the hedged forecasted transaction occurs.

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

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

For fair value hedges relating to items earlier carried at amortised cost, the adjustment for gains and losses attributable to the risk being hedged is amortised through the income statement over the remaining time to maturity.

The Group discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting or the Group revokes the designation. The fair value adjustment to the hedged object attributable to the risk being hedged at de-designation will be amortised in the income statement over the remaining time to maturity.

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

Income taxes

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

For undistributed earnings in subsidiaries deferred tax is provided for to the extent it is expected that retained earnings will be distributed in the foreseeable future. For undistributed earnings in associated companies, deferred tax is provided for because the Group cannot control the timing of the reversal of the temporary differences. Deferred taxes are calculated on undistributed earnings in foreign subsidiaries and associated companies based on the estimated taxation on transfer of funds to the parent company, based on the enacted tax rates and regulation as of the end of the reporting period.

The Group includes deductions for uncertain tax positions when it is probable that the tax position will be sustained in a tax review. The Group records provisions relating to uncertain or disputed tax positions at the amount expected to be paid. The provision is reversed if the disputed tax position is settled in favour of the Group and can no longer be appealed.
Deferred tax assets are recognised in the statement of financial position to the extent it is more likely than not that the tax assets will be utilised. The enacted tax rates at the end of the reporting period and undiscounted amounts are used.

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

Inventories

Inventories are valued at the lower of cost or net realisable value for products that will be sold as a separate item. Inventories that will be sold as part of a transaction with several items, which is expected to earn net income, are grouped for net realisable evaluation. 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, the costs associated with connection fees exceed the revenues and are expensed as incurred.

Advertising costs, marketing and sales commissions

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

Property, plant and equipment

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

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

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

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

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

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

Intangible assets

Intangible assets acquired separately are measured initially at cost. The cost to be capitalised as part of the asset, includes direct and incremental costs and, for qualifying assets, borrowing costs. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

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

Gains and losses arising from derecognition of an intangible asset are measured at the difference between the net sales proceeds and the carrying amount of the asset and are reported 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 research stage of a project, as well as maintenance and training costs, are expensed as incurred.

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

Impairment of property, plant and equipment and intangible assets other than goodwill

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

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

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

Provisions

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

Assets retirement obligations

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

Share-based payments

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

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

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

Statement of cash flows

The Group presents the statement of cash flows using the indirect method. Cash inflows and outflows are shown separately for investing and financing activities, while operating activities include both cash and non-cash line items. Interest received and paid and dividends received are reported as a part of operating activities. Dividends distributed (both by Telenor ASA and by subsidiaries with non-controlling interests) are included as a part of financing activities. Value Added Tax and other similar taxes are regarded as collection of tax on behalf of authorities, and are reported net.

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

Treasury shares

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

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

Critical judgements in applying the Group's accounting policies

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

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

Consolidation of DiGi

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

DiGi is listed on Bursa Malaysia Securities Berhad and the shares in DiGi are widely dispersed. As the Group owns 49% of the shares, 98% of the shares have to be present at the General Meeting for the Group not to have the majority of the votes at the General Meeting. As a consequence of this and based on experience from past general meetings, the Group has the power to direct DiGi's activities. The Group's assessment is that the ability to exercise control is upheld through a majority of the votes at the General Meeting and at Board of Directors meetings. Consolidation based on de facto control will be assessed on an ongoing basis.

Key sources of estimation uncertainty – critical accounting estimates

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

Revenue recognition

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

Pension obligations and pension plan assets, see also note 27

Calculation of net pension obligations (the difference between pension obligations and pension plan assets) are made based on certain key estimates and assumptions. The discount rate is the most significant assumption. A sensitivity analysis for changes in certain actuarial assumptions and how they influence the pension obligations and the pension costs is included in note 27. The basis for the assumptions is also described in this note.

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

Depreciation and amortisation expenses are based on management's estimates of residual value, amortisation method and the useful life of property, plant and equipment and intangible assets. Estimates may change due to technological developments, competition, changes in market conditions and other factors and may result in changes in the estimated useful life and in the amortisation or depreciation charges. Technological developments are difficult to predict and the Group's views on the trends and pace of development may change over time. Critical estimates in the evaluations of useful lives for intangible assets include, but are not limited to, estimated average customer relationship based on churn, remaining license or concession period and expected developments in technology and markets. The useful lives of property, plant and equipment and intangible assets are reviewed at least annually taking into consideration the factors mentioned above and all other important relevant factors. Estimated useful lives for similar types of assets may vary between different entities in the Group due to local factors such as growth rate, maturity of the market, history and expectations for replacements or transfer of assets, climate and quality of components used. A change in estimated useful lives is a change in accounting estimate, and depreciation and amortisation plans are adjusted prospectively.

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

The Group has made significant investments in property, plant and equipment, intangible assets, goodwill and other investments. Goodwill, intangible assets with indefinite useful life and intangible assets not yet in use are tested for impairment annually or more often if indicators of impairment exist, whereas other assets are tested for impairment when circumstances indicate there may be a potential impairment. Factors that indicate impairment which trigger impairment testing include the following: significant fall in market values; significant underperformance relative to historical or projected future operating results; significant changes in the use of the assets or the strategy for the overall business, including assets that are decided to be phased out or replaced and assets that are damaged or taken out of use, significant negative industry or economic trends; significant loss of market share, significant unfavourable regulatory and court decisions and significant cost overruns in the development of assets.

Estimating recoverable amounts of assets and companies must in part be based on management's evaluations, including determining appropriate cash-generating units, determining the discount rate, estimates of future performance, revenue generating capacity of the assets and assumptions of the future market conditions. A significant part of the Group's operations is in countries with emerging markets. The political, regulatory and economical situation in these countries may change rapidly and global financial turmoil and recession may have a significant impact on these countries. Recessionary effects and increased macroeconomic risks may impact the estimates of future performance and discount rates used in estimating recoverable amounts of assets. Changes in circumstances and in management's evaluations and assumptions may give rise to impairment losses in the relevant periods.

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

As a consequence of a court ruling that withdraws Uninor's licenses, an impairment loss of NOK 4.1 billion was recognised in 2011. The impairment loss was based on value in use calculations as of 31 December 2011 assuming continuing operations of Uninor. There are uncertainties about the form of the future operations, the cost of new licenses and the estimated future cash flows, see also note 38. This may affect future evaluations.

Deferred tax assets, see also note 14

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

Associated companies, see note 21

The Group has as of 31 December 2011 an ownership interest of 31.7% in VimpelCom Ltd. (VimpelCom) and accounts for the investment in VimpelCom in accordance with the equity method. After the combination of VimpelCom and Kyivstar GSM in the second quarter of 2010 and the combination of VimpelCom and Wind Telecom in the second quarter of 2011, the carrying amount and share of net income from VimpelCom was significantly increased. Financial statements of VimpelCom as of the reporting date were not available before the Board of Telenor ASA approved its unaudited interim consolidated financial statements for the fourth quarter 2011. VimpelCom is listed on the New York Stock Exchange and the company is not able to provide financial information to one investor without providing equivalent information to all other investors at the same time. As a consequence, the share of net income from VimpelCom, has from 2010 been recognised in the consolidated financial statements of the Group with a one quarter lag. Thus, share of net income from VimpelCom for 2010 included share of net income for the period 1 January to 30 September 2010. For 2011, the share of net income from VimpelCom includes share of net income for the period 1 October 2010 to 30 September 2011. Adjustments were made for the effects of publicly available information on any significant transactions and events that occur between the latest interim financial reporting from VimpelCom and the date of the Group's consolidated financial statements. This required significant judgement.

In the second quarter of 2011, VimpelCom acquired Wind Telecom for a consideration comprising cash, ordinary shares and preferred shares. As a result of the transaction, the Group's ownership share in VimpelCom was diluted and a gain of NOK 1.6 billion was recognised. The estimation of the gain was based upon assumptions that required management to make judgements about fair value of the Wind Telecom contribution.

Tax uncertainty, legal proceedings, claims and regulatory discussions, see also note 14 and 35

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

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

/ 04 / Business combinations, acquisitions of non-controlling interests and disposals

No material business combinations, acquisition of non-controlling interests or disposals were completed in 2011.

In 2010 there were material acquisitions of non-controlling interests in Unitech Wireless (Uninor). The deemed disposal of EDB Business Partner ASA was completed in 2010.

All business combinations are accounted for by applying the acquisition method of accounting.

Acquisitions 2011

Individually immaterial business combinations during 2011
During 2011, the Group has acquired some small businesses with a consideration of less than NOK 50 million per acquisition. The impacts on the consolidated financial statements from these business combinations were immaterial. The identifiable assets and liabilities acquired in the business combination are measured at fair value at the acquisition date.

Acquisitions of non-controlling interests
In 2011 the Group acquired some minor non-controlling interests with a total consideration of NOK 243 million.

Disposals 2011

The Group also disposed of some minor businesses during 2011, which resulted in a net gain of NOK 83 million.

Acquisitions in 2010

Acquisition of non–controlling interests Unitech Wireless (Uninor), India
On 7 January 2010, the Group acquired an 11.1% ownership interest in addition to the previously acquired ownership of 49.0%. On 10 February 2010, the Group acquired an additional 7.2% ownership interest, increasing the ownership to 67.3%. The transactions were completed by capital contributions of NOK 1.8 billion and NOK 2.6 billion, respectively. The acquisitions of non-controlling interests have been accounted for as equity transactions and NOK 768 million have been charged to the equity attributable to the equity holders of Telenor ASA.

Individually immaterial business combinations during 2010
During 2010, the Group acquired some small businesses where the consideration was less than NOK 50 million per acquisition. The business combinations were executed through acquisition of assets and liabilities assumed and have limited impact on the Group financial statements. The identifiable assets and liabilities acquired in the business combination are measured at fair value at the acquisition date.

Disposals 2010

The Group disposed through a deemed disposal one material business during 2010, EDB Business Partner ASA. EDB Business Partner ASA merged with ErgoGroup AS and this was carried out with accounting effect from 30 September 2010. As a consequence of the merger, the Group's ownership interest was reduced and a loss of NOK 25 million was recognised. After the merger EDB ErgoGroup ASA is accounted for as an associated company and EDB Business Partner ASA was presented as discontinued operation. See note 15 for further information.

The Group also disposed of some minor businesses during 2010, which resulted in a net gain of NOK 7 million.

/ 05 / Segments

The segment information for the period 2010 to 2011 is reported in accordance with the reporting to Group Executive Management (chief operating decision-makers). The segment reporting is consistent with financial information used by the chief operating decision-makers for assessing performance and allocating resources. Segment result is defined as EBITDA before other income and expenses.

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

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

Broadcast comprises the Group's TV-based activities within the Nordic region including pay-TV services via satellite dish, cable TV-networks, satellite master antenna TV-networks systems, broadband access services to cable TV-subscribers and broadcasting rights. Other operations consist of New Business, Comoyo (providing internet entertainment solutions), Corporate functions and Group activities. New Business consists of start-up companies and activities that separately are not significant enough to be reported as separate segments. The companies operate within the international communication services, machine to machine communication and internet based services. Corporate functions and Group activities comprise activities such as real estate, research and development, strategic Group projects, Group Treasury, international services, the internal insurance company and central staff and support functions.

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

Gains and losses arising from internal transfer of businesses, group contribution and dividends within the Group are not included in the income statements for the segments.

Segment Information 2011

NOK in millions	Revenues	External revenues	EBITDA before other income and expenses [1]	EBITDA [1]	Depreciation, amortisation and impairment losses	Operating profit (loss)	Investments [2]
Norway	26 719	26 052	10 057	9 720	(3 357)	6 363	3 780
Sweden	10 055	9 921	2 478	2 454	(1 587)	866	1 483
Denmark	6 992	6 837	1 782	1 718	(904)	814	679
Hungary	4 488	4 461	1 537	1 471	(731)	741	426
Serbia	2 911	2 770	1 214	1 214	(592)	623	391
Montenegro	627	578	283	282	(48)	235	23
DTAC – Thailand	14 585	14 562	5 004	5 003	(1 573)	3 430	1 072
DiGi – Malaysia	10 929	10 920	5 063	5 053	(2 150)	2 903	1 116
Grameenphone – Bangladesh	6 730	6 727	3 595	3 602	(1 130)	2 472	977
Pakistan	5 017	5 012	1 847	1 797	(1 341)	455	532
Uninor – India	3 019	3 018	(3 414)	(3 425)	(5 089)	(8 514)	972
Broadcast	7 133	6 977	1 900	1 795	(641)	1 154	277
Other units	2 707	681	(807)	(651)	(535)	(1 187)	576
Eliminations	(3 396)	-	(13)	10	27	38	(23)
Total group	**98 516**	**98 516**	**30 526**	**30 041**	**(19 649)**	**10 393**	**12 282**

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

[2] Investments include investments in businesses, licenses and spectrum.

Segment Information 2010

NOK in millions	Revenues	External revenues	EBITDA before other income and expenses [1]	EBITDA [1]	Depreciation, amortisation and impairment losses	Operating profit (loss)	Investments [2]
Norway	28 047	27 277	11 035	10 905	(3 884)	7 022	3 251
Sweden	9 497	9 323	2 266	2 222	(2 084)	137	1 005
Denmark	7 274	7 089	1 758	1 647	(978)	669	1 119
Hungary	4 806	4 783	1 755	1 636	(708)	927	264
Serbia	2 638	2 522	1 053	1 043	(622)	421	259
Montenegro	644	604	287	285	(125)	160	24
DTAC – Thailand	13 848	13 809	4 820	4 872	(1 695)	3 177	797
DiGi – Malaysia	10 167	10 156	4 500	4 501	(1 478)	3 023	1 355
Grameenphone – Bangladesh	6 492	6 491	3 212	3 213	(1 450)	1 763	734
Pakistan	4 653	4 616	1 382	1 295	(1 293)	2	617
Uninor – India	773	772	(4 246)	(4 257)	(787)	(5 044)	1 624
Broadcast	7 040	6 800	1 678	1 575	(617)	957	1 555
Other units	3 181	601	(263)	(272)	(451)	(723)	850
Eliminations	(4 218)	-	(16)	(16)	26	10	(7)
Total group	**94 843**	**94 843**	**29 220**	**28 648**	**(16 148)**	**12 500**	**13 445**

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

[2] Investments include investments in businesses, licenses and spectrum.

Reconciliation of EBITDA

NOK in millions	2011	2010
Net income	**7 217**	**14 808**
Loss from discontinued operations	-	(415)
Profit from continuing operations	**7 217**	**15 223**
Income taxes	(5 358)	(4 982)
Profit before taxes	**12 575**	**20 205**
Net financial income (expenses)	(1 593)	(1 989)
Share of net income from associated companies	2 114	3 145
Gain on disposal of associated companies	1 662	6 549
Operating profit	**10 393**	**12 500**
Depreciation and amortisation	(15 309)	(16 134)
Impairment losses	(4 340)	(14)
EBITDA	**30 041**	**28 648**
Other income (expenses)	(485)	(572)
EBITDA before other income and expenses	**30 526**	**29 220**

Geographic distribution of external revenues based on customer location

NOK in millions	2011	2010
Norway	28 461	29 681
Sweden	11 509	10 633
Other Nordic	8 125	8 600
Other Western Europe	1 342	1 279
Central Europe	7 936	8 095
Malaysia	10 744	10 015
Thailand	14 193	13 311
Other Asia [1]	15 624	12 685
Other countries	580	545
Total revenues	**98 516**	**94 843**

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

Assets by geographical location of the company

	Non current assets excluding deferred tax assets and other non current assets		Total assets	
NOK in millions	2011	2010	2011	2010
Norway	26 279	25 929	37 769	37 078
Sweden	11 695	12 260	17 011	17 460
Other Nordic	8 609	8 894	10 881	11 248
Other Western Europe	376	405	865	673
Central Europe	12 826	14 290	15 345	16 365
Eastern Europe	31 293	27 834	31 293	27 834
Thailand	14 160	15 147	20 789	20 661
Other Asia [1]	22 156	30 675	32 272	41 377
Other countries	113	34	115	36
Total assets	**127 506**	**135 468**	**166 339**	**172 731**

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

/ 06 / Revenues

NOK in millions	2011	2010
Mobile communication	68 436	65 754
Fixed telephony, Internet and TV	14 078	15 025
Satellite and TV-distribution	6 757	6 601
Other	3 784	3 599
Total services	**93 055**	**90 978**
Customer equipment	5 461	3 866
Total products	**5 461**	**3 866**
Revenues	**98 516**	**94 843**

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

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

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

Customer equipment includes mainly sale of mobile devices.

Other includes revenues mainly from leased lines, leased network, data services, managed services, lease of properties etc.

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

/ 07 / Costs of materials and traffic charges

NOK in millions	2011	2010
Traffic charges	(15 246)	(15 686)
Costs of materials etc	(12 294)	(10 553)
Total costs of materials and traffic charges	**(27 541)**	**(26 239)**

Traffic charges include operating lease expenses relating to the lease of dedicated network and satellite capacity. See note 33 for information about operating lease commitments.

/ 08 / Salaries and personnel costs

NOK in millions	2011	2010
Salaries and holiday pay	(8 994)	(9 035)
Social security tax	(1 063)	(1 046)
Pension costs including social security tax (note 27)	(883)	(834)
Share-based payments, excluding social security tax [1)]	(100)	(57)
Other personnel costs	(532)	(597)
Own work capitalised	758	717
Total salaries and personnel costs	**(10 814)**	**(10 852)**

1) Include expenses related to the Group's employee share programme for all employees in European subsidiaries, and the Group's long term incentive programme for managers and key personnel.

The average number of man-years employed was 31,000 in 2011 and 33,000 in 2010.

/ 09 / Other operating expenses

NOK in millions	2011	2010
Operating leases of buildings, land and equipment	(3 858)	(3 573)
Other cost of premises, vehicles, office equipment etc	(1 827)	(1 831)
Operation and maintenance	(4 983)	(4 915)
Concession fees	(4 688)	(4 155)
Marketing and sales commission	(7 743)	(7 121)
Advertising	(2 312)	(2 600)
Consultancy fees and external personnel	(2 229)	(2 121)
Other	(1 995)	(2 216)
Total other operating expenses	**(29 635)**	**(28 532)**

/ 10 / Other income and expenses

NOK in millions	2011	2010
Gains on disposals of fixed assets and operations	399	158
Losses on disposals of fixed assets and operations	(369)	(283)
Expenses for workforce reduction and onerous (loss) contracts	(532)	(401)
One-time effects on pension costs	18	(46)
Total other income (expenses)	**(485)**	**(572)**

Gains on disposals in 2011 were primarily related to sale of fixed assets, properties and operations in Telenor Norway and Other units. Gains on disposals in 2010 were primarily related to sale of properties and fixed assets.

Losses on disposals in 2011 were mainly due to disposals of obsolete equipment in Telenor Norway, Broadcast, Telenor Hungary and Telenor Pakistan. Losses on disposals in 2010 were mainly due to disposals of obsolete equipment in Telenor Norway and Telenor Pakistan.

Expenses for workforce reductions and onerous (loss) contracts in 2011 were mainly related to workforce reductions in Telenor Norway, Telenor Denmark, Broadcast and Telenor ASA, and loss contracts in Broadcast and Telenor Sweden. In 2010, the expenses were mainly attributable to workforce reductions in Telenor Norway, Telenor Denmark, Telenor ASA, Telenor Hungary and Telenor Sweden, and loss contracts in Telenor Hungary and Broadcast. See also note 26.

One-time effects on pension costs in 2011 were related to restructuring of operations in Telenor Norway. In 2010 one-time effects were related to closing of the current AFP (early retirement) pension scheme in the Norwegian companies. See note 27 for more information.

/ 11 / Research and development costs

Research and development costs that have been recognised in the income statement amounted to NOK 387 million in 2011 (NOK 387 million in 2010). Expensed research and development activities relate to new technologies, new services and products, security in the network and new usages of the existing network. The amount above exclude development recognised as intangible assets or property, plant and equipment in the statement of financial position.

/ 12 / Depreciation, amortisation and impairment losses

	Property, plant and equipment		Goodwill		Intangible assets		Prepaid leases		Total	
NOK in millions	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Depreciation and amortisation	(11 163)	(11 270)	-	-	(4 010)	(4 643)	(136)	(221)	(15 309)	(16 134)
Impairment losses	(36)	-	(1437)	(14)	(2 867)	-	-	-	(4 340)	(14)
Total depreciation, amortisation and impairment losses	**(11 199)**	**(11 270)**	**(1 437)**	**(14)**	**(6 877)**	**(4 643)**	**(136)**	**(221)**	**(19 649)**	**(16 148)**

Impairment losses primarily relate to Uninor. The impairment loss was recognised as a consequence of the Indian Supreme Court ruling on 2 February 2012 cancelling all existing 2G licenses of Uninor with effect from 2 June 2012. See note 17, 18, 19, 35 and 38 for further information.

Prepaid leases primarily relate to access charges for lease of the cables of other operators (local loop unbundling etc) in Sweden and Denmark. The basis for the amortisation period for access charges is the estimated customer relationship period, which is based on historical information. See note 22 for more information.

/ 13 / Financial income and expenses

NOK in millions	2011	2010
Interest income on cash and cash equivalents	724	478
Dividend income on available-for-sale financial assets	9	13
Other financial income	79	274
Total financial income	**812**	**765**
Interest expenses on financial liabilities measured at amortised cost	(2 042)	(1 706)
Capitalised interest	41	104
Total interest expenses	**(2 001)**	**(1 602)**
Other financial expenses	(206)	(223)
Total financial expenses	**(2 207)**	**(1 825)**
Net foreign currency gains (losses), excluding effects of reclassifications	73	18
Amounts reclassified from equity to profit and loss	(350)	(667)
Net foreign currency gains (losses)	**(277)**	**(649)**
Net change in fair value of financial instruments at fair value through profit or loss	**27**	**(370)**
Net gains (losses) on disposal of financial assets available-for-sale	54	55
Net gains (losses) on disposal of financial assets at fair value through profit or loss	-	3
Other net gains (losses) financial assets	(3)	32
Net gains (losses and impairment) of financial assets and liabilities	**52**	**90**
Net financial income (expenses)	**(1 593)**	**(1 989)**

The increase in financial income in 2011 compared with 2010 is mainly due to increased interest rates on cash and cash equivalents. The higher level of other financial income in 2010 was primarily related to benefits from Cross Border QTE Leases for GSM mobile network and fixed line network.

The increase in financial expenses in 2011 compared with 2010 is mainly due to changed composition of debt in the group, with a higher portion of debt in high-yield currencies like the Indian Rupee in 2011.

Borrowing costs are capitalised (capitalised interest) on qualifying assets and is based on terms for the general borrowing programs for Norwegian subsidiaries or the relevant foreign subsidiaries' borrowing costs. Subsidiaries owned 90% or more by the Group are financed by the Group. See note 29 for further information about interest rates on external borrowings.

The net change in fair value of financial instruments is primarily attributable to derivatives used for economic hedge of interest-bearing liabilities that do not fulfil the requirements for hedge accounting.

Amounts reclassified from equity to profit and loss in 2011 consist of a currency loss of NOK 350 million from the initial investment in Uninor that was previously recorded in equity and has been reclassified to profit and loss in 2011. Amounts reclassified from equity to profit and loss in 2010 include NOK 534 million reclassified at the implementation of revised IAS 27, after which it was no longer possible to hedge the acquisition of non-controlling interests.

/ 14 / Income taxes

NOK in millions	2011	2010
Profit before taxes	12 575	20 205
Current taxes	(5 353)	(6 503)
Deferred taxes	(5)	1 521
Income tax expense	**(5 358)**	**(4 982)**

Deferred tax income decreased in 2011 compared to 2010. The deferred tax income in 2010 was mainly due to reversal of withholding tax provisions related to OJSC VimpelCom and Kyivstar of approximately NOK 1 billion.

Effective tax rate

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

NOK in millions	2011	2010
Income tax expense at corporate income tax rate in Norway (28%)	(3 521)	(5 657)
Tax rates outside Norway different from 28%	261	508
Share of net income from associated companies	592	881
Non-deductible expenses	(540)	(301)
Impairment of goodwill that is not tax deductible	(430)	(4)
Gains/losses on sale/exchange of shares	497	1 569
Current and deferred taxes on retained earnings in subsidiaries and associated companies	(613)	483
Deferred tax assets not recognised current year	(2 393)	(1 945)
Change in previously not recognised deferred tax assets	151	56
Tax credits	167	39
Significant disputed items	-	(815)
Tax effect of discontinued operations	-	91
Other	471	112
Income tax expense	**(5 358)**	**(4 982)**
Effective tax rate in %	**42.6**	**24.7**

Tax rates outside Norway different from 28%
Significant effects are related to the fact that Telenor Serbia (10%) and Telenor Montenegro (9%) have tax rates lower than 28%, while Grameenphone Ltd. (Bangladesh: 35%), Telenor Pakistan (35%) and Uninor (India: 30.9%) have higher tax rates. The effect of changes in tax rate in Thailand from 30% in 2011 to 23% in 2012 and 20% in 2013 is also reflected.

Share of net income from associated companies
Share of net income from associated companies is recognised on an after tax basis and therefore does not impact the Group's tax expense, see note 21.

Impairment of goodwill that is not tax deductible
In 2011, goodwill impairment is primarily related to Uninor, see note 17 and 18.

Gains/losses on sale/exchange of shares

Gain on disposal and deemed disposal of associated companies is included in this line. In 2011, this mainly relates to the NOK 1.6 billion accounting gain in conjunction with the combination of VimpelCom and Wind Telecom, which is not taxable. For 2010 this mainly relates to the NOK 6.5 billion gain from the combination of OJSC VimpelCom and Kyivstar to VimpelCom Ltd, which resulted in a taxable gain of 3% of NOK 34 billion taxed at 28% or NOK 282 million in current tax expense in 2010. See note 21 for further information regarding these transactions.

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

This line includes current taxes on dividends received, as well as deferred tax liability (primarily withholding tax) the Group has recognised on undistributed earnings in subsidiaries and associated companies outside of Norway. The net tax income in 2010 was due to reversal of withholding tax provisions related to OJSC VimpelCom and Kyivstar of approximately NOK 1 billion. Undistributed retained earnings in foreign subsidiaries and associates for which deferred taxes have not been provided amount to NOK 1.6 billion.

Deferred tax assets not recognised current year

For 2011 and 2010 this primarily relates to tax losses in Uninor.

Significant disputed items

In 2010, Telenor ASA received a reassessment by the Norwegian tax authorities of its 2006 and 2007 tax returns, concerning the gain on a Total Return Swap agreement related to shares in OJSC VimpelCom as the underlying object. The Norwegian tax authorities claim that the Total Return Swap should be taxed as financial instruments with recurring realisations. A provision of NOK 815 million for tax expenses was recognised and paid in 2010. The Group disagrees with the tax authorities' position and has appealed the reassessment.

Other

The positive effect in 2011 is mainly due to the reversal of the CFC taxation, following the signing of the continuation of the tax agreement between Norway and Montenegro, as well as the reversal of over provision of current tax of previous years in Grameenphone and clarification of tax rules concerning the broadband investment tax incentives in DiGi.

Tax losses carried forward

Tax losses carried forward in selected countries expire as follows as of 31 December 2011:

NOK in millions	Norway	Sweden	India	Pakistan	Other	Total
2012	–	–	–	–	20	20
2013	–	–	–	5	43	47
2014	–	–	–	17	176	192
2015	–	–	–	9	80	89
2016	–	–	–	–	91	92
2017 and later	–	–	8 346	8	120	8 474
Not time-limited	1 424	287	1 846	6 190	150	9 897
Total tax losses carried forward	**1 424**	**287**	**10 192**	**6 229**	**680**	**18 812**
On which deferred tax assets have not been recognised	1 372	–	10 176	3 399	505	15 452
Tax losses on which deferred tax assets have been recognised	**52**	**287**	**16**	**2 830**	**175**	**3 360**

Tax losses carried forward in selected countries expire as follows as of 31 December 2010:

NOK in millions	Norway	Sweden	India	Pakistan	Other	Total
2011	–	–	–	–	135	135
2012	–	–	–	5	22	27
2013	–	–	–	12	48	60
2014	–	–	–	19	262	281
2015	–	–	–	9	67	76
2016 and later	–	–	4 337	8	208	4 553
Not time-limited	1 440	1 137	1 182	7 081	181	11 021
Total tax losses carried forward	**1 440**	**1 137**	**5 519**	**7 134**	**923**	**16 152**
On which deferred tax assets have not been recognised	1 437	329	5 519	3 591	923	11 799
Tax losses on which deferred tax assets have been recognised	**3**	**807**	**–**	**3 543**	**–**	**4 353**

For Uninor in India and Telenor Pakistan, deferred tax assets are recognised for the carry forward of unused tax losses only to the extent that these can be utilised against taxable temporary differences, since there is not convincing evidence that sufficient future taxable profit will be available.

Telenor Pakistan, which has unrecognised tax losses, has received reassessment from Tax Authorities in Pakistan concerning the deductibility of certain expenses in tax returns from previous years. Telenor Pakistan disagrees with the reassessment and has appealed it. No provision is made for this tax claim.

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

	2011			2010		
NOK in millions	Deferred tax assets	Deferred tax liabilities	Of which deferred assets not recognised	Deferred tax assets	Deferred tax liabilities	Of which deferred assets not recognised
Tangible and intangible assets	3 665	(6 029)	(711)	4 387	(7 116)	(312)
Undistributed earnings in foreign subsidiaries and associated companies	-	(226)	-	-	(528)	-
Other non-current items	2 410	(1 612)	(113)	2 550	(1 749)	(100)
Total non-current assets and liabilities	**6 074**	**(7 866)**	**(824)**	**6 937**	**(9 393)**	**(412)**
Total current assets and liabilities	**1 048**	**(470)**	**-**	**1 016**	**(453)**	**(43)**
Tax losses carried forward	**5 973**	**-**	**(4 848)**	**5 182**	**-**	**(3 755)**
Total deferred tax assets/liabilities	**13 096**	**(8 336)**	**(5 672)**	**13 134**	**(9 846)**	**(4 209)**
Net deferred tax assets/liabilities	**-**	**(913)**	**-**	**-**	**(921)**	**-**
Of which deferred tax assets		1 275			2 006	
Of which deferred tax liabilities		(2 188)			(2 927)	

Recognised deferred tax assets mainly relate to Norway and DTAC in Thailand.

Changes in net deferred taxes

NOK in millions	2011	2010
As of 1 January	**(921)**	**(2 024)**
Recognised in the income statement	(5)	1 521
Recognised in other comprehensive income	(125)	(278)
Acquisitions and disposals	(2)	(44)
Translation differences on deferred taxes	140	(75)
Tax effect from discontinued operations	-	(22)
As of 31 December	**(913)**	**(921)**

/ 15 / Discontinued operations

For discontinued operations, Group internal transactions remain consolidated and eliminated in the consolidated financial statements. Group external transactions are reclassified to discontinued operations. Accordingly, the tables presented below will not represent the activities of the discontinued operations on a stand-alone basis.

There were no new discontinued operations during 2011.

Cinclus Technology

Cinclus Technology is a subsidiary of the Group and was a provider of Automatic Meter Reading technology. During 2010 Cinclus Technology ceased its original operations based on previous customer contracts, and disposed of all assets and liabilities relating to the operation of these contracts. The company has been looking at alternative activities during 2011.

EDB Business Partner

Following the merger with ErgoGroup ASA the Group's ownership in EDB Business Partner ASA was diluted and the merged company was reported as an associated company from 30 September 2010.

The results of the Group's discontinued operations:

NOK in millions	2010 Total	2010 EDB	2010 Cinclus
Revenues	4 773	4 773	-
Expenses	(5 130)	(5 297)	167
Operating loss	**(357)**	**(524)**	**167**
Net financial income (expenses)	(115)	(115)	-
Loss before taxes	**(472)**	**(639)**	**167**
Income taxes	57	82	(25)
Loss from discontinued operations	**(415)**	**(556)**	**142**

Loss from discontinued operations attributable to:

NOK in millions	2010
Non-controlling interests	(271)
Equity holders of Telenor ASA	(144)

Loss per share in NOK from discontinued operations

Basic	(0.25)
Diluted	(0.26)

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

NOK in millions	2010 Total	2010 EDB	2010 Cinclus
Net cash flow from operating activities	(367)	(431)	64
Net cash flow from investing activities	(291)	(247)	(44)
Net cash flow from financing activities	(333)	(333)	-

/ 16 / Earnings per share

From net income

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

Earnings

NOK in millions, except per share amount	2011	2010
Net income attributable to the equity holders of Telenor ASA	7 165	14 334
Effect of dilutive potential shares	-	-
Net income for the purposes of diluted earnings per share	**7 165**	**14 334**
Basic earnings per share	4.45	8.69
Diluted earnings per share	4.44	8.67

Number of shares in thousands	2011	2010
Weighted average number of shares for the purposes of basic earnings per share	1 610 965	1 649 205

Effect of dilutive potential shares:

Share options and bonus shares	3 642	3 171
Weighted average number of shares for the purposes of diluted earnings per share	1 614 607	1 652 376

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

From continuing operations

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

Earnings

NOK in millions, except per share amount	2011	2010
Net income attributable to the equity holders of Telenor ASA	7 165	14 334
Adjusted for:		
Loss from discontinued operations	–	(415)
Net income for the purposes of basic earnings per share from continuing operations	**7 165**	**14 749**
Effect of dilutive potential shares	–	–
Net income for the purposes of diluted earnings per share from continuing operations	**7 165**	**14 749**
Basic earnings per share from continuing operations	4.45	8.94
Diluted earnings per share from continuing operations	4.44	8.93

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	Telenor Hungary	DTAC Thailand	Telenor Serbia	Uninor India	Broadcast	EDB Business Partner	Other [1]	Total
Accumulated cost										
As of 1 January 2010	**7 676**	**4 773**	**4 759**	**2 181**	**6 466**	**1 399**	**1 868**	**4 034**	**1 232**	**34 388**
Translation differences	(476)	358	(390)	275	(924)	77	11	38	57	(974)
Arising on acquisition of subsidiaries	–	–	–	–	–	–	–	14	5	19
Derecognised on disposal of subsidiaries	–	–	–	–	–	–	–	(4 086)	(3)	(4 089)
As of 31 December 2010	**7 200**	**5 131**	**4 369**	**2 456**	**5 542**	**1 476**	**1 879**	**–**	**1 291**	**29 344**
Translation differences	(34)	(4)	(530)	(77)	(97)	(201)	(1)	–	(5)	(949)
Reallocation of goodwill	–	–	–	–	–	–	–	–	21	21
Derecognised on disposal of subsidiaries	–	–	–	(5)	–	–	(4)	–	(14)	(23)
As of 31 December 2011	**7 166**	**5 127**	**3 839**	**2 374**	**5 445**	**1 275**	**1 874**	**–**	**1 293**	**28 393**
Accumulated impairment losses										
As of 1 January 2010	**(3 179)**	**(182)**	**–**	**(5)**	**(1 791)**	**–**	**(129)**	**(218)**	**(11)**	**(5 515)**
Translation differences	197	(14)	–	(1)	256	–	(2)	–	–	436
Impairment losses	–	–	–	–	–	–	–	–	(14)	(14)
Derecognised on disposal of subsidiaries	–	–	–	–	–	–	–	218	3	221
As of 31 December 2010	**(2 982)**	**(196)**	**–**	**(6)**	**(1 535)**	**–**	**(131)**	**–**	**(22)**	**(4 872)**
Translation differences	14	1	–	–	27	–	(1)	–	–	41
Impairment losses	–	–	–	–	–	(1 275)	(36)	–	(125)	(1 437)
Derecognised on disposal of subsidiaries	–	–	–	6	–	–	–	–	14	20
As of 31 December 2011	**(2 968)**	**(195)**	**–**	**–**	**(1 508)**	**(1 275)**	**(168)**	**–**	**(133)**	**(6 248)**
Carrying amount										
As of 31 December 2011	**4 198**	**4 932**	**3 839**	**2 374**	**3 937**	**–**	**1 706**	**–**	**1 160**	**22 145**
As of 31 December 2010	**4 218**	**4 935**	**4 369**	**2 450**	**4 007**	**1 476**	**1 748**	**–**	**1 269**	**24 472**

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

See note 18 for impairment testing.

/ 18 / Impairment testing

Goodwill acquired through business combinations has been allocated to individual cash-generating units or operating segments as presented in note 17 except for goodwill related to Canal Digital Cable business in Sweden amounting to NOK 76 million (included in Broadcast) which is tested together with Telenor Sweden as a cash generating unit based upon the management's plans for integrating them with effect from 1 January 2012.

Fair value less cost–to-sell is applied to determine the recoverable amounts of the cash-generating units that are listed companies. Fair value less cost-to-sell has been derived from quoted market prices as of 31 December 2011 and 2010. DTAC is listed both on the Stock Exchanges in Singapore and in Thailand. DiGi is listed on the Stock Exchange in Malaysia.

Discounted cash flow models are applied to determine the value in use for the remaining cash-generating units. Management has projected cash flows based on financial forecasts and strategy plans over the first three-year period except for Uninor where the financial forecast and strategy plan cover a period of five years.

Operations that are in a growth phase and have not reached steady state by the end of the explicit forecast period have two extrapolation periods. Cash flows for the period up to steady state are extrapolated using growth rates that reflect management's best estimate for market and economic development of the relevant country in which the entity operates. Beyond steady state, the cash flows are extrapolated using constant nominal growth rates. By the end of 2011, it is assumed that Uninor has not reached steady state by the end of its explicit forecast period. It is assumed that the operations in India will continue by acquiring new licenses. See additional disclosures regarding the situation in India in note 35 and 38.

The value in use estimates have been compared with market valuation and multiples for peers in the telecommunication business for reasonableness.

Key assumptions

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

Growth rates – The expected growth rates for a cash-generating unit converges from its current level experienced over the last few years to the long-term growth level in the market the entity operates. The growth rates used to extrapolate cash flow projections beyond the explicit forecast period are based on management's past experience, assumptions in terms of market share and expectations for the market development in which the entity operates. The growth rates used to extrapolate cash flows in the terminal value are not higher than the expected long-term growth in the economy in which the entity operates.

Average EBITDA margin – The EBITDA margin represents the operating margin before depreciation and amortisation and is estimated based on the current margin level and expected future market development, which also takes into consideration committed operational efficiency programmes. Changes in the outcome of these initiatives may affect future estimated EBITDA margins.

Capital expenditure ("Capex") – A normalised capex to sales ratio (capital expenditure as a percentage of revenues) is assumed in the long run. Changes in traffic volumes and number of subscriptions during a growth phase will affect the future capex to sales ratio. The Broadcast DTH/cable TV operation is less capital-intensive and the capex to sales ratio is therefore not one of the key assumptions for the valuation of this business. Estimated capital expenditures do not include capital expenditures that significantly enhance current performance of assets; as such effects generally are not included in the cash flow projections.

Discount rates – Discount rates are based on Weighted Average Cost of Capital (WACC) derived from the Capital Asset Pricing Model (CAPM) methodology. The cost of a company's equity and debt, weighted to reflect its capital structure of 70:30 respectively, derive its weighted average cost of capital. In economies where risk-free yields do not exist, the WACC rates used in discounting the future cash flows are based on a US 10-year risk-free interest rate, adjusted for inflation differential and country risk premium. The discount rates also take into account the debt premium, market risk premium, gearing, corporate tax rate, and asset beta. For cash-generating units within economies that currently experience high inflation rates and expect lower future inflation, rolling discount rates are applied.

Due to the highly uncertain situation for Uninor after the Supreme Court ruling cancelled the existing licenses, the Group has not been able to reliably adjust future cash flow estimates, nor to capture the risk through the WACC derived from the CAPM methodology. Thus, an appropriate adjustment is made to the WACC to reflect the risks specific to Uninor.

The recoverable amounts for the cash-generating units have been determined based on the following key assumptions for the years ended 31 December 2011 and 2010:

	Discount rate after tax (WACC) in %		Discount rate pre tax in %		Nominal growth in cash flow in terminal value in %	
	2011	2010	2011	2010	2011	2010
Telenor Hungary	10.2–8.8	11.2–9.7	12.3–10.9	13.5–12.0	0.0	0.0
Telenor Denmark	5.5	6.9	7.2	8.9	0.5	0.5
Telenor Sweden	5.0	6.5	6.6	8.2	0.5	0.5
Broadcast	4.5	6.3	6.6	8.5	(1.5)	0.0
Telenor Serbia	13.9–12.1	14.5–11.8	14.9–13.1	15.5–12.8	3.0	3.0
Uninor, India (see further details below)	16.6–14.6	13.9–11.2	19.0–17.0	15.7–12.9	6.0	6.0

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

For Uninor, it has been assumed that operations will continue after expected acquisition of new licenses in 2012 and significant growth in cash flows is expected during the extrapolation period. The expected annual compound growth rate in the cash flows of Uninor for year 6–9 is 10.6%. These growth rates are based on assumptions with regards to the market share and management's best estimate for ARPU levels and number of subscribers. Beyond year 9, the cash flow is extrapolated using a constant nominal growth rate (terminal value).

Capex for Uninor is expected to be lower than average due to a less capital intensive business model arising from extensive use of sourcing partnerships.

Impairment losses

On 2 February 2012, the Supreme Court of India passed an order to revoke all 122 licenses issued to several operators during 2008, with effect from 2 June 2012. This included all licenses issued to Uninor. As a consequence of the Court ruling, the goodwill in Uninor amounting to NOK 1.3 billion was fully impaired in addition to impairment of licenses amounting to NOK 2.8 billion (see note 35 and 38). The impairment loss was based on value in use calculations as of 31 December 2011 assuming continuing operations in India by acquiring new licenses in 2012. The following key assumptions are applied in determining recoverable amount of Uninor:

Key assumptions in 2011	Percentage points
Discount rate after tax	16.6–14.6
Revenue growth [1]	19.4
EBITDA margin growth [2]	14.9
Growth in cash flow from year 6–9 [3]	10.6
Nominal growth rate in terminal value	6.0

[1] Represents the compound annual growth rate during the whole 9 year period.
[2] Represents the compound annual growth rate during the period starting from 2015 onwards until the terminal year.
[3] Represents the compound annual growth rate.

After recognition of impairment losses relating to goodwill and licenses of Uninor, the carrying amount of property, plant and equipment and other intangible assets amounting to NOK 4 billion is supported by the estimated recoverable amount of the cash-generating unit with assumption of continuing operations and continued use of all assets. Estimated recoverable amount is approximately at the same level as the carrying amount of the cash-generating unit, indicating that minor changes in assumptions could result in further impairment losses relating to the carrying amount of remaining assets. See note 35 and 38 for additional information.

Sensitivity analyses of the cash-generating units with significant goodwill

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

/ 19 / Intangible assets

NOK in millions	Customer base	Licenses	Trade marks	Software acquired	Internally generated software	Roaming agreements and other [1]	Work in progress [2]	Total
Accumulated cost								
As of 1 January 2010	**4 688**	**24 436**	**2 786**	**12 486**	**2 943**	**3 600**	**1 508**	**52 447**
Reclassifications [3]	(3)	24	2	(74)	(4)	(2)	(26)	(83)
Additions	-	854	1	1 537	-	46	239	2 677
Internally developed	-	-	-	-	308	4	-	312
Additions through acquisition of subsidiaries	2	-	23	5	-	8	-	38
Translation differences	7	1 455	100	179	(17)	(51)	88	1 761
Derecognition	(2 920)	(1 041)	(285)	(796)	(783)	(42)	(4)	(5 871)
As of 31 December 2010	**1 774**	**25 728**	**2 627**	**13 337**	**2 447**	**3 563**	**1 805**	**51 281**
Reclassifications [3]	-	9	(21)	120	(2)	-	(34)	72
Additions	-	687	-	1 316	-	44	573	2 620
Internally developed	-	-	-	-	143	-	-	143
Additions through acquisition of subsidiaries	11	14	-	17	-	-	-	42
Translation differences	(14)	(1 173)	(44)	(281)	(2)	(75)	(12)	(1 601)
Derecognition	(1 354)	(5)	-	(364)	(30)	15	(4)	(1 742)
As of 31 December 2011	**417**	**25 260**	**2 562**	**14 145**	**2 556**	**3 547**	**2 328**	**50 815**
Accumulated amortisation and impairment losses								
As of 1 January 2010	**(3 792)**	**(6 114)**	**(1 676)**	**(8 975)**	**(2 353)**	**(1 417)**	**-**	**(24 327)**
Reclassifications [3]	2	(9)	(1)	(85)	-	-	-	(93)
Amortisation	(458)	(1 824)	(213)	(1 658)	(182)	(308)	-	(4 643)
Translation differences	(12)	(370)	-	(72)	11	21	-	(422)
Derecognition	2 776	1 013	285	751	351	35	-	5 211
As of 31 December 2010	**(1 484)**	**(7 304)**	**(1 605)**	**(10 039)**	**(2 173)**	**(1 669)**	**-**	**(24 274)**
Reclassifications [3]	-	(3)	-	46	-	-	(8)	35
Amortisation	(79)	(1 854)	(5)	(1 605)	(158)	(309)	-	(4 010)
Impairment losses	-	(2 866)	-	-	-	-	(1)	(2 867)
Translation differences	12	232	20	201	1	43	-	509
Derecognition	1 347	4	-	232	5	(22)	-	1 566
As of 31 December 2011	**(204)**	**(11 791)**	**(1 590)**	**(11 165)**	**(2 325)**	**(1 957)**	**(9)**	**(29 041)**
Carrying amount								
As of 31 December 2011	**213**	**13 469**	**972**	**2 980**	**231**	**1 590**	**2 319**	**21 774**
As of 31 December 2010	**290**	**18 424**	**1 022**	**3 298**	**274**	**1 894**	**1 805**	**27 007**

[1] The carrying amount of the roaming agreements was NOK 1.4 billion as of 31 December 2011 and NOK 1.7 billion as of 31 December 2010.

[2] Net additions.

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

The additions of licenses in 2011 were primarily DTAC's investments in mobile networks related to DTAC's concession right, as well as acquisition of 4G licences and renewal of 2G licences in Telenor Sweden. The additions of licenses in 2010 were primarily DTAC's investments in mobile networks related to DTAC's concession right, as well as acquisition of 4G licenses in Telenor Denmark.

The additions in software acquired in 2011 mainly consist of acquisitions in Telenor Norway, Telenor Denmark and Broadcast.

Derecognition of intangible assets in 2010 mainly relates to the deemed disposal of EDB Business Partner ASA.

DTAC operates under a concession right to operate and deliver mobile services in Thailand granted by CAT Telecom Public Company Limited (CAT). CAT allows DTAC to arrange, expand, operate and provide the cellular telephone services in various areas in Thailand. The concession originally covered a 15-year period but the agreement was amended on 23 July 1993 and 22 November 1996 with the concession period being extended to 22 and 27 years, respectively. Accordingly, the concession period under the existing agreement expires in 2018. In February 2011, the Cabinet in Thailand appointed a committee to negotiate with the operators, reviewing compensation relevance to the Concession amendments. In June 2011, the Cabinet acknowledged that the Committee was unable to consider the operators' proposals as these proposals were beyond the Committee's authority. However, the Committee opined that at the initial stage, this matter should be reported to The National Broadcasting and Telecommunications Commission (NBTC) for consideration in order to issue relevant criteria and measures. At present, the final conclusion of the Cabinet or the way the Cabinet would exercise its discretion on this matter is still unknown to the Group. However, the Group believes the amendments were entered into in good faith, that the amendments are legitimate and that the state was not harmed by them.

The service concession of DTAC is accounted for under the Intangible Asset Model according to IFRIC 12 Service Concession Arrangements. The carrying amount of the concession right amounts to NOK 7.9 billion as of 31 December 2011 (NOK 9.1 billion as of 31 December 2010) and is amortised on a straight-line basis over the remaining concession period. Enhancements and extensions are capitalised and amortised over the remaining useful life of the concession. Repair and maintenance are expensed as incurred.

Uninor's GSM 1800 licenses (22 licenses, one for each telecom circle) in India which were issued in 2008 and originally valid until 2028 have now been cancelled by the Indian Supreme Court with effect from 2 June 2012 and as a result, an impairment loss of NOK 2.8 billion was recognised in income statement. See note 35 and 38 for further information.

The existing 2G license of Grameenphone in Bangladesh was valid until November 2011 and is, therefore, fully amortised as of 31 December 2011. Bangladesh Telecommunication Regulatory Commission (BTRC) issued license renewal guidelines in September 2011. The license could not be renewed after the expiry of the existing license due to certain ambiguities in the license renewal process, see note 35 for further information. However, Grameenphone was allowed to continue its operations under the old license until the matter is resolved and license is renewed. According to the guidelines, the renewed license will have a term of 15 years. The total licence renewal cost is NOK 2.4 billion.

The intangible assets included above have finite useful lives except for certain trademarks which have indefinite useful lives with a carrying amount of NOK 939 million as of 31 December 2011, mainly represented by the trademark of DTAC. Cash-generating units to which trademarks with indefinite useful lives relates are tested for impairment annually or more frequently if there is any indication that the cash-generating unit may be impaired. See note 18 for impairment testing of the cash-generating units. When assessing an indefinite useful life of a particular trademark, the Group considers whether no foreseeable limit exists on its use and a normal level of sales and marketing expense is incurred to maintain that specific trademark. Customer base, trademarks and roaming agreements were acquired as part of business combinations. Licenses consist, in addition to the DTAC concession right, primarily of mobile licenses that were acquired separately or as part of business combinations.

The amortisation period for customer bases is the expected customer relationship period based on historical experience of churn for the individual businesses, and varies primarily between 2 to 5 years. Licenses and roaming agreements are amortised over the license periods (10 to 24 years, excluding the DTAC concession right). Trademarks with finite useful lives are amortised over their estimated useful lives, which is 15 years. Software is amortised over their estimated useful lives. Given the history of rapid changes in technology, software is susceptible to technological obsolescence and therefore, their estimated useful life is normally 3 to 7 years.

/ 20 / Property, plant and equipment

NOK in millions	Local, regional and trunk networks	Mobile telephone network	Subscriber equipment	Switches and equipment	Radio installations	Cable TV equipment	Buildings	Land	Corporate administrative assets	Satellites	Work in progress[1]	Total
Accumulated cost												
As of 1 January 2010	**39 696**	**22 358**	**1 413**	**19 784**	**15 122**	**2 588**	**13 906**	**875**	**9 825**	**4 589**	**5 308**	**135 464**
Reclassifications[2]	67	(127)	1	(448)	613	(1)	(13)	28	48	-	(57)	111
Additions	2 079	1 281	203	1 635	1 779	277	1 005	1	1 442	-	(666)	9 036
Additions through acquisition of subsidiaries	22	-	-	-	-	-	-	1	6	-	-	29
Translation differences	211	478	54	232	99	(1)	(118)	27	130	-	80	1 192
Derecognition	(603)	(588)	(167)	(292)	(186)	(33)	(635)	(9)	(4 167)	-	(58)	(6 738)
As of 31 December 2010	**41 472**	**23 402**	**1 504**	**20 911**	**17 427**	**2 830**	**14 145**	**923**	**7 284**	**4 589**	**4 607**	**139 094**
Reclassifications[2]	786	157	8	(369)	302	-	109	-	127	-	(1 046)	74
Additions	2 220	1 883	199	1 063	1 737	238	330	1	851	(6)	1 639	10 155
Additions through acquisition of subsidiaries	-	-	-	-	-	7	-	-	-	-	-	7
Translation differences	(344)	(771)	(1)	(501)	(717)	-	(212)	(19)	(303)	-	(150)	(3 018)
Derecognition	(1 468)	(1 417)	(222)	(1 044)	(5 714)	(135)	(568)	(4)	(629)	-	(113)	(11 314)
As of 31 December 2011	**42 666**	**23 254**	**1 488**	**20 060**	**13 035**	**2 940**	**13 804**	**901**	**7 330**	**4 583**	**4 937**	**134 998**
Accumulated depreciation and impairment losses												
As of 1 January 2010	**(29 623)**	**(11 994)**	**(1 062)**	**(13 918)**	**(7 536)**	**(1 471)**	**(6 005)**	**(16)**	**(6 191)**	**(2 018)**	**(32)**	**(79 866)**
Reclassifications[2]	(41)	241	-	(19)	(46)	-	(5)	(5)	(39)	-	-	86
Depreciation	(2 197)	(2 466)	(224)	(1 469)	(2 715)	(216)	(570)	(2)	(1 207)	(204)	-	(11 270)
Translation differences	(116)	(173)	(55)	(122)	(5)	(1)	39	-	(86)	-	1	(518)
Derecognition	597	550	166	278	180	32	404	-	3 235	-	(5)	5 437
As of 31 December 2010	**(31 380)**	**(13 842)**	**(1 175)**	**(15 250)**	**(10 122)**	**(1 656)**	**(6 137)**	**(23)**	**(4 288)**	**(2 222)**	**(36)**	**(86 131)**
Reclassifications[2]	(458)	(13)	(1)	351	(79)	-	(15)	-	6	-	17	(192)
Depreciation	(2 215)	(2 839)	(226)	(1 520)	(2 203)	(242)	(592)	(1)	(1 141)	(184)	-	(11 163)
Impairment loss	(1)	(3)	-	-	-	-	(1)	-	(31)	-	-	(36)
Translation differences	145	486	1	153	276	-	40	-	169	-	2	1 272
Derecognition	1 463	1 346	208	1 016	5 663	90	535	1	533	-	17	10 872
As of 31 December 2011	**(32 446)**	**(14 865)**	**(1 193)**	**(15 250)**	**(6 465)**	**(1 808)**	**(6 170)**	**(23)**	**(4 752)**	**(2 406)**	**-**	**(85 378)**
Carrying amount												
As of 31 December 2011	**10 220**	**8 389**	**295**	**4 810**	**6 570**	**1 132**	**7 634**	**878**	**2 578**	**2 177**	**4 937**	**49 620**
As of 31 December 2010	**10 092**	**9 560**	**329**	**5 661**	**7 305**	**1 174**	**8 008**	**900**	**2 996**	**2 367**	**4 571**	**52 963**
Depreciation periods in years[3]	3–30	5–30	3	3–10	5–15	3–15	3–90	-	3–10	17–18	-	-

[1] Net additions.

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

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

The Group has finance leases with carrying amounts of NOK 859 million as of 31 December 2011 (NOK 950 million as of 31 December 2010). These assets are as of 31 December 2011 primarily fibre optic network (local, regional and trunk networks) of NOK 509 million in Grameenphone in Bangladesh and DiGi in Malaysia (NOK 599 million in 2010), and properties (buildings and land) of NOK 341 million in Denmark and Sweden (NOK 350 million in 2010).

As of 31 December 2011, future minimum annual rental commitments under finance leases (the Group as a lessee) were as follows:

NOK in millions	Within 1 year	2 5 years	More than 5 years
Future minimum lease payments	98	463	1 216
Less amount representing interest	(83)	(340)	(501)
Net present value of finance lease obligations	**15**	**124**	**715**

As of 31 December 2010, future minimum annual rental commitments under finance leases (the Group as a lessee) were as follows:

NOK in millions	Within 1 year	2 5 years	More than 5 years
Future minimum lease payments	94	455	1 511
Less amount representing interest	(84)	(377)	(701)
Net present value of finance lease obligations	**10**	**77**	**810**

The Group has buildings that have been acquired for the use by the Group. However, some space is vacant or rented to external parties. In evaluating whether these parts of buildings are investment properties, the Group has evaluated if the parts in the building which are no longer used by the Group are separate or discrete from the rest of the building, and if these parts comprise a significant portion of the building. The evaluation by the Group has not identified any investment properties.

/ 21 / Associated companies and joint ventures

Associated companies:

NOK in millions	2011	2010
Balance as of 1 January	**30 776**	**16 981**
Additions	2 686	16 337
Disposals	(75)	(7 544)
Share of net income	2 114	3 145
Equity transactions including dividends	(2 306)	(1 750)
Share of other comprehensive income	(210)	(675)
Translation differences	820	4 282
Reclassified as held for sale	(83)	-
Balance as of 31 December	**33 722**	**30 776**
Of which investments carried at a negative value [1]	245	250
Carrying amount of investments in associated companies	**33 967**	**31 026**

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

Additions in 2011 primarily relates to the dilution of the Group's ownership interest in VimpelCom Ltd. from 39.58% to 31.67% following VimpelCom's acquisition of Wind Telecom on 15 April 2011. The transaction is accounted for as a deemed disposal with a gain of NOK 1.6 billion recognised in the income statement.

Additions and disposals in 2010 were primarily related to the contribution of the Group's 56.5% ownership interest in Kyivstar to VimpelCom Ltd. Fair value of Kyivstar at the transaction date was NOK 18.7 billion and the Group recognised a gain on disposal of NOK 6.7 billion after elimination of the gain related to the Group's ownership in VimpelCom Ltd. The gain in the income statement related to Kyivstar amounted to NOK 6.5 billion after recognition of transaction related cost.

Specifications of investments in associated companies

NOK in millions	Share owned in % [1]	Carrying amount as of 31 December 2011	Shareof net income 2011 [2]
VimpelCom Ltd.	31.7	31 293	2 519
C More Group AB	35.0	484	(653)
EDB ErgoGroup ASA	30.2	958	43
A-Pressen AS	48.2	762	150
RiksTV AS	33.3	(241)	6
Others	-	466	49
Total		**33 722**	**2 114**

[1] The share owned and voting interests are the same except for VimpelCom Ltd., where the voting interests are 25.01% as of 31 December 2011.

[2] Share of net income includes the Group's share of net income after taxes, amortisation of excess values, impairment losses and adjustment for differences in accounting policies.

In 2010, the Group started to include VimpelCom Ltd.'s published results with a one quarter lag, see note 3 for further details. Accordingly, share of net income from VimpelCom Ltd. in 2011 consists of share of net income for the fourth quarter of 2010, the first three quarters of 2011 and significant transactions and events for the fourth quarter of 2011 amounting to NOK 779 million according to the financial information for the fourth quarter of 2011 released by VimpelCom Ltd. on 13 March 2012. See below for further details.

In 2011, share of net income from C More Group AB includes impairment loss of NOK 530 million, mainly due to weaker subscriber developments and results than expected.

Market values (quoted marked value) of the Group's ownership interest in listed associated companies as of 31 December 2011 were NOK 29.3 billion, NOK 788 million and NOK 88 million for VimpelCom Ltd., EDB Ergo Group ASA and Wireless Matrix Corporation (included in others), respectively.

VimpelCom Ltd.
VimpelCom Ltd. is incorporated in Bermuda, headquartered in the Netherlands, and is listed on the New York Stock Exchange. As of 31 December 2011, the Group owns 31.67% shares of VimpelCom Ltd. with a voting share of 25.01%.

On 15 February 2012, the Group purchased 234 million preferred shares of VimpelCom Ltd. from Weather Investments II for a consideration of NOK 2.2 billion, thereby increasing the Group's voting share in VimpelCom Ltd. from 25.01% to 36.36%. At the same time, Telenor and Weather entered into an option agreement, granting Weather a put-option on Telenor for the remaining 71,000,000 preference shares in VimpelCom at the same price per share as in the first transaction. Telenor has in addition certain situational call-options, amongst other related to the remaining preference shares. In connection with this transaction, the Group has withdrawn all its claims against Altimo Holdings & Investment Ltd., Altimo Cooperatief U.A. and VimpelCom Ltd. in the pending arbitration proceedings. The Group's withdrawal of its claims will result in the termination of the VimpelCom Shareholders Agreement, see note 35 for further information.

On 13 March 2012, VimpelCom Ltd. released financial information for the fourth quarter of 2011. Reported net loss attributable to VimpelCom Ltd. for the fourth quarter in accordance with US GAAP was USD 386 million, of which USD 439 million related to adjustment arising from change in amortization method of excess values of Wind Telecom acquisition and impairment losses of VimpelCom Ltd.'s operations in Vietnam and Cambodia. In accordance with the accounting policy for associated companies, the Group has adjusted for its share of significant transactions and events of USD 139 million (equivalent to NOK 779 million), whereas the Group will, in the first quarter 2012, recognise its share of the fourth quarter remaining net income of USD 53 million using the equity method of accounting.

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

NOK in millions	2011	2010
Income Statement information		
Revenue	41 597	26 364
Net income	**2 114**	**3 145**
Statement of Financial Position information (including excess values)		
Total assets	111 767	58 340
Total liabilities	78 044	27 564
Net assets	**33 722**	**30 776**

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 the Group consolidates proportionally 50%, which is equal to ownership and share of votes. The jointly controlled entity was established to build the network together to reduce costs to build and operate the 3G network.

Net4Mobility HB

Net4Mobility HB is a jointly controlled entity, under a partnership agreement, with the mobile operator Tele2 Sverige AB. Telenor Sweden owns 50% which is equal to the share of votes. The jointly controlled entity was established in 2009 to build and operate a joint 2G and 4G network in order to reduce costs and improve competitive position in the Swedish market. The agreement comprises spectrum sharing in various frequency bands. Tele2 and Telenor Sweden acquired 4G licences in Sweden and will, according to the partnership agreement, contribute these and 2G licenses to the joint venture during 2012 and 2013.

In order to achieve the expected benefits from the network collaboration in Net4Mobility HB, the Group is contributing its share of capital commitment up to the amount of NOK 1.2 billion. The roll-out of the 4G network is in progress. Under Swedish law, all partners in a partnership are jointly and severally liable for all obligations in a partnership.

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

NOK in millions	2011	2010
Revenues	658	643
Operating expenses	(558)	(646)
Net financial income (expenses)	(9)	(2)
Profit before taxes	**92**	**(5)**
Income taxes	(23)	(1)
Net income	**69**	**(6)**
Non-current assets	2 180	1 621
Current assets	185	154
Total assets	**2 365**	**1 775**
Non-current liabilities	1 602	1 326
Current liabilities	356	151
Total liabilities	**1 958**	**1 477**
Net assets	**407**	**298**

/ 22 / Trade and other receivables

NOK in millions	2011	2010
Trade receivables	9 541	9 683
Provision for bad debt	(977)	(1 093)
Total trade receivables	**8 563**	**8 591**
Other current receivables		
Interest-bearing receivables	329	321
Accrued revenues	2 994	2 888
Receivables on associated companies and joint ventures	426	570
Receivables on employees	13	16
Other non-interest-bearing receivables	1 420	1 312
Provision for bad debt	(7)	(4)
Total other current receivables	**5 175**	**5 103**
Prepaid expenses [1]		
Deferred costs related to connection revenues	321	394
Prepaid leases that are amortised [2]	178	236
Prepaid expenses [3]	3 317	2 126
Total prepaid expenses	**3 816**	**2 757**
Total trade and other receivables	**17 554**	**16 451**

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

[2] For prepaid leases that are amortised, see note 12.

[3] The increase in prepaid expenses from 2010 to 2011 is mainly related to prepaid capital expenditure in Grameenphone, concerning the first instalment to Bangladesh Telecommunication Regulatory Commission (BTRC) for renewal of the 2G license, see note 19 and 35.

Specification of provision for bad debt:

NOK in millions	2011	2010
Provision as of 1 January	**(1 097)**	**(1 146)**
Change during the year	61	(28)
Currency effects	42	20
Other changes [1]	9	57
Provision as of 31 December [2]	**(985)**	**(1 097)**
Realised losses for the year	(529)	(558)
Recovered amounts previously provided	106	87

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

[2] Provision of NOK 156 million as of 31 December 2011 (NOK 201 million as of 31 December 2010) relates to Telenor Hungary. Due to local Hungarian regulations, Telenor Hungary is not able to write off receivables without tax disadvantages unless certain conditions are not met.

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

			Past due on the reporting date 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 2011								
Trade receivables	9 541	6 100	1 516	323	176	356	364	705
Provision for bad debt	(977)	(33)	(10)	(19)	(38)	(115)	(194)	(568)
Total trade receivables	**8 563**	**6 068**	**1 505**	**304**	**137**	**241**	**170**	**138**
As of 31 December 2010								
Trade receivables	9 683	5 662	1 694	354	178	344	507	944
Provision for bad debt	(1 093)	(13)	(27)	(48)	(40)	(127)	(227)	(611)
Total trade receivables	**8 591**	**5 650**	**1 667**	**306**	**138**	**217**	**280**	**333**

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

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

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

/ 23 / Other non-current and financial current assets

NOK in millions	2011	2010
Financial non-current assets [1]		
Available-for-sale investments	87	191
Financial derivatives – non-interest-bearing (note 31)	1 149	883
Fair value hedge instruments – interest-bearing (note 31)	511	910
Other financial non-interest-bearing non-current assets [2] [3]	556	511
Other financial interest-bearing non-current assets [3]	116	149
Total financial non-current assets	**2 419**	**2 644**
Prepaid expenses	822	404
Total other non-current assets	**3 241**	**3 048**
Other financial current assets [1]		
Assets held for trading	64	71
Bonds and commercial papers > 3 months	2 292	659
Financial derivatives – non-interest-bearing (note 31)	282	216
Total other financial current assets	**2 638**	**946**

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

[2] Other financial non interest bearing assets include capital contribution to Telenor Pension Fund of NOK 298 million (unchanged since 2010).

[3] Negative value on the associated company RiksTV AS in 2011 of NOK 241 million has partly been recognised as a NOK 149 million reduction in receivables which relates to a loan considered as a part of the Group's investment in RiksTV AS, while the remaining NOK 92 million is recognised as a provision, see also note 21 and 26. For 2010 the corresponding numbers, also related to RiksTV AS, were NOK 247 million, NOK 143 million and NOK 104 million, respectively.

/ 24 / Additional cash flow information

Acquisitions and disposals of subsidiaries and associated companies

The table below shows the effects on the consolidated statement of financial position from acquisitions and disposals of subsidiaries and associated companies. Please refer to note 21 for information on associated companies.

NOK in millions	2011	2010
Acquisitions of subsidiaries and associated companies		
Associated companies	2 686	16 337
Other non-current assets	47	70
Current assets	2	33
Liabilities	(8)	(29)
Gain recognised in the income statement at the time of acquisition	-	(7)
Total consideration	**2 727**	**16 404**
Cash payments related to acquisitions	(393)	(1 421)
Cash in subsidiaries acquired	-	5
Purchases of subsidiaries and associated companies, net of cash acquired	**(393)**	**(1 416)**
Disposals of subsidiaries and associated companies		
Associated companies	75	7 544
Other non-current assets	87	5 158
Current assets	110	2 155
Liabilities	(115)	(5 658)
Non-controlling interests	-	(944)
Gains (losses) and translation adjustments on disposals	175	6 522
Sales price	**332**	**14 777**
Proceeds received as sale consideration	185	(76)
Cash in subsidiaries disposed of	(49)	(339)
Proceeds from disposal of subsidiaries and associated companies, net of cash disposed of	**136**	**(415)**

Acquisitions of associated companies in 2011 consist mainly of dilution of the Group's ownership interest in VimpelCom Ltd. from 39.58% to 31.67% following VimpelCom's acquisition of Wind Telecom on 15 April 2011. There were no cash proceeds related to this transaction. Acquisitions and disposals of subsidiaries and associated companies in 2010 consist mainly of the deemed disposal of EDB Business Partner ASA and the contribution of Kyivstar to VimpelCom Ltd., where there were no cash proceeds.

Restricted bank accounts as of 31 December

NOK in millions	2011	2010
Restricted bank accounts		
For employees' tax deduction	2	4
Uninor security deposits related to bank loans	112	127
Other restricted bank accounts	24	13
Total restricted bank accounts	**138**	**144**

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

Cash and cash equivalents as of 31 December

NOK in millions	2011	2010
Cash and cash equivalents in the Group's cash pool systems	3 140	4 315
Cash and cash equivalents outside the Group's cash pool systems	9 759	9 291
Total cash and cash equivalents	**12 899**	**13 606**

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

Subsidiaries in which Telenor owns less than 90% of the shares are normally not participants in the Group's cash pool systems, held by Telenor ASA. As of 31 December 2011 and 2010, the major part of the cash and cash equivalents outside the Group's cash pool systems relates to Uninor, DiGi, Grameenphone, DTAC and Telenor Serbia.

Interest proceeds and payments

NOK in millions	2011	2010
Proceeds from interest income	735	422
Payments of interest expenses	(2 119)	(1 657)

/ 25 / Changes in equity

Paid-in capital

NOK in millions, except number of shares	Number of shares	Share capital	Other paid in capital	Treasury shares	Total paid in capital
Equity as of 1 January 2010	**1 657 888 846**	**9 947**	**69**	**(11)**	**10 005**
Share buy back	-	-	-	(149)	(149)
Share options granted to employees	-	-	-	3	3
Equity as of 31 December 2010	**1 657 888 846**	**9 947**	**69**	**(157)**	**9 859**
Share buy back	-	-	-	(294)	(294)
Share options granted to employees	-	-	-	9	9
Cancellation of shares	(49 695 233)	(298)	-	298	-
Equity as of 31 December 2011	**1 608 193 613**	**9 649**	**69**	**(144)**	**9 574**

Nominal value per share is NOK 6.

Telenor ASA held 23,954,781 treasury shares as of 31 December 2011 (26,117,284 shares as of 31 December 2010). The shareholders in the Annual General Meeting on 19 May 2011 approved the proposed cancellation of 49,695,233 shares.

Telenor ASA has an agreement with the Kingdom of Norway through the Ministry of Trade and Industry to carry through share buy backs with the purpose to cancel the treasury shares through reduction of the share capital to maintain its ownership interest. The proposed cancellation is subject to approval by shareholders in the annual General Meeting on 16 May 2012 and if approved, the effect on equity is estimated to NOK 2.4 billion.

Other reserves

NOK in millions	Net unrealised gains/(losses) reserve	Employee equity benefits reserve	Transactions with non controlling interests	Equity adjustments in associated companies	Other equity transactions	Total other reserves
Equity as of 1 January 2010	**(462)**	**273**	**4 545**	**121**	**7 374**	**11 851**
Other comprehensive income (loss), net of taxes	475	-	-	(675)	-	(201)
Share-based payment	-	17	-	-	-	17
Share options granted	-	21	-	-	-	21
Transactions with non-controlling interests	-	-	(768)	-	-	(768)
Share buy back	-	-	-	-	(2 178)	(2 178)
Other changes in other reserves during 2010	-	-	-	29	-	29
Equity as of 31 December 2010	**13**	**311**	**3 777**	**(524)**	**5 196**	**8 771**
Other comprehensive income (loss), net of taxes	(47)	-	-	206	-	160
Share-based payment	-	15	-	-	-	15
Share options granted	-	37	-	-	-	37
Transactions with non-controlling interests	-	-	(98)	-	-	(98)
Share buy back	-	-	-	-	(4 240)	(4 240)
Other changes in other reserves during 2011	-	-	-	63	-	63
Equity as of 31 December 2011	**(34)**	**363**	**3 678**	**(255)**	**956**	**4 707**

Net unrealised gains/losses reserve

This reserve includes fair value changes on available-for-sale financial assets, amount reclassified from equity to profit on gain/(loss) related to disposal of shares available-for-sale and reclassification from equity to profit and loss on realisation of cash flow hedges.

NOK in millions	Changes in net unrealised gains/losses reserve
Change in fair value on shares available-for-sale	10
Amount reclassified from equity to profit and loss related to cash flow hedges	646
Income taxes	(181)
Total comprehensive income for the period 2010	**475**
Change in fair value on shares available-for-sale	9
Amount reclassified from equity to profit and loss related to shares available-for-sale	(56)
Total comprehensive income for the period 2011	**(47)**

Employee equity benefits reserve

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

Transactions with non-controlling interests

This reserve includes effects from transactions with non-controlling interests. In 2010, transaction with non-controlling interests was related to the capital increase in Uninor. The loss is recognised directly against equity. See note 4.

Equity adjustments in associated companies

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

NOK in millions	Equity adjustments in associated companies
Equity as of 1 January 2010	**121**
Other comprehensive income, excluding effects of disposal	(675)
Amount reclassified from equity to profit and loss	-
Other comprehensive income, net of taxes	(675)
Other changes in other reserves	29
Equity as of 31 December 2010	**(525)**
Other comprehensive income, excluding effects of disposal	(210)
Amount reclassified from equity to profit and loss on disposal	416
Other comprehensive income, net of taxes	206
Other changes in other reserves	63
Equity as of 31 December 2011	**(255)**

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

Cumulative translation differences

NOK in millions	Foreign currency translation of net investment	Net investment hedge	Taxes	Net Translation differences
Equity as of 1 January 2010	**(11 044)**	**1 076**	**(755)**	**(10 723)**
Changes during 2010, excluding effects of disposal	914	606	(100)	1 419
Amount reclassified from equity to profit and loss on disposal	3 528	(36)	10	3 502
Net changes during 2010	4 441	570	(90)	4 923
Equity as of 31 December 2010	**(6 602)**	**1 646**	**(845)**	**(5 800)**
Changes during 2011, excluding effects of disposal	(898)	3	(125)	(1 019)
Amount reclassified from equity to profit and loss on disposal	536	-	-	536
Net changes during 2011	(363)	3	(125)	(483)
Equity as of 31 December 2011	**(6 964)**	**1 650**	**(970)**	**(6 284)**

The amounts reclassified from equity to profit and loss in 2011 were mainly related to the deemed disposal of Vimpelcom. The amount reclassified from equity to profit and loss in 2010 was mainly related to the disposal of Kyivstar.

In 2011, the translation difference on net investment in foreign operation is mainly affected by appreciation of the Norwegian krone against the functional currencies of the Group's major investments. The depreciation of the Bangladeshi Taka by 12%, the Hungarian Forint by 12% and the Indian Rupee by 14% had the most significant impacts. The depreciation of Thai Bath and the Swedish Krone and the appreciation of US dollar also had significantly impact on the foreign currency translation on net investment even though the percentage change in the currencies was not significant.

In 2010, the translation differences on net investment in foreign operations were affected by the depreciation of the Norwegian Krone against the functional currencies of the Groups's major investments. The appreciation of the Swedish Krone by 8%, the Malaysian Ringgit and the Thai Bath by 13% and the Indian Rupee by 5% had the most significant impact. The depreciation of the Serbian Dinar by 14%, the Danish krone by 6% and the Hungarian forint by 8% had the opposite impact.

Dividends

Dividends	2011	2010
Dividend per share in NOK – paid	3.80	2.50
Dividend per share in NOK – proposed by the Board of Directors	5.00	3.80

Total dividends of NOK 6.2 billion were paid in 2011, while NOK 4.1 billion were paid in 2010.

In respect of 2011, the Board of Directors propose a dividend of NOK 5.00 per share is paid to shareholders. This dividend is subject to approval by shareholders in the Annual General Meeting on 16 May 2012 and has not been included as a liability in the financial statements of 2011. The proposed dividend, if approved, is payable to all shareholders on the Norwegian Central Securities Depository (VPS) on 31 May 2012. The total estimated dividend to be paid is NOK 7.9 billion.

Equity available for distribution as dividends from Telenor ASA was NOK 16.3 billion as of 31 December 2011. The proposed cancellation of shares will impact the equity available for distribution as dividend by NOK 2.2 billion.

Non-controlling interests

NOK in millions	Non controlling interests share of net income (loss) 2011	Non controlling interests share of net income (loss) 2010	Non controlling interests in the statement of financial position 31.12.11	Non controlling interests in the statement of financial position 31.12.10
DiGi	1 168	1 119	1 385	1 335
Grameenphone	710	413	1 261	1 762
DTAC	775	792	1 880	4 110
Unitech Wireless	(2 625)	(1 753)	(1 736)	905
EDB Business Partner ASA	-	(106)	-	-
Other	24	9	120	240
Total	**52**	**475**	**2 910**	**8 351**

Non-controlling interests are reduced by NOK 5 billion in 2011 due to accrued and paid dividend.

During the third quarter of 2010 the Group disposed of EDB Business Partner ASA. See note 15 for further information.

/ 26 / Provisions and obligations

Non-current

NOK in millions	2011	2010
Provisions for workforce reduction, onerous (loss) contracts and legal disputes	86	115
Asset retirement obligations	2 612	1 578
Provisions related to associated companies	92	104
Other provisions	122	82
Total non-current provisions and obligations	**2 911**	**1 879**

Current

NOK in millions	2011	2010
Provisions for workforce reduction, onerous (loss) contracts and legal disputes	427	339
Asset retirement obligations	9	16
Other provisions	549	597
Total current provisions and obligations	**986**	**953**

Development in 2011

NOK in millions	Workforce reduction	Onerous (loss) contracts	Legal disputes	ARO	Total
As of 1 January 2011	**197**	**110**	**148**	**1 594**	**2 049**
Obligations arising during the year and effects of changes in estimates [1]	450	90	37	988	1 565
Accretion expense	-	-	-	70	70
Amounts utilised	(289)	(110)	(54)	(6)	(460)
Other changes	(9)	(9)	(34)	(7)	(59)
Translation differences	-	-	(15)	(17)	(32)
As of 31 December 2011	**348**	**81**	**83**	**2 621**	**3 134**

[1] For asset retirement obligations, an increase of NOK 790 million is included due to decrease in long term interest rates.

Development in 2010

NOK in millions	Workforce reduction	Onerous (loss) contracts	Legal disputes	ARO	Total
As of 1 January 2010	**231**	**187**	**25**	**1 361**	**1804**
Obligations arising during the year and effects of changes in estimates [1]	295	143	60	160	658
Accretion expense	-	-	-	63	63
Amounts utilised	(310)	(154)	(18)	(2)	(484)
Other changes	(22)	(62)	84	-	-
Translation differences	3	(4)	(3)	12	8
As of 31 December 2010	**197**	**110**	**148**	**1 594**	**2 049**

[1] For asset retirement obligations, NOK 87 million relates to the decrease in long term interest rates.

Asset Retirement Obligations

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

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

Workforce reduction, onerous (loss) contracts and legal disputes

Provisions for workforce reductions included approximately 850 employees as of 31 December 2011 and approximately 1,100 employees as of 31 December 2010.

/ 27 / Pension obligations

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

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

Telenor Pension Fund in Norway, a defined benefit plan offered to all employees in Norway was closed for new members during 2006 and defined contribution plans with insurance companies were established as replacements.

3,661 of the Group's employees were members of the contribution plan in Norway as of 31 December 2011 (3,710 as of 31 December 2010). In 2011 3,454 of the Group's employees were covered through the defined benefit plans funded through Telenor Pension Fund (3,815 in 2010). In addition the Telenor Pension Fund paid out pensions to 1,559 persons in 2011 (1,471 in 2010). Telenor Sweden has a defined benefit plan with 748 active members in 2011 (853 in 2010). In other companies outside Norway, there are primarily contribution plans.

The Group offers an unfunded defined benefit plan to executive employees. As of 31 December 2011 the obligation recognised in the statement of financial position was NOK 347 million (NOK 289 million as of 31 December 2010) and the benefit obligation amounted to NOK 397 million (NOK 353 million as of 31 December 2010).

In Norway, the Group is a member of "agreement-based early retirement plans" (new AFP) which is considered a defined benefit multi-employer plan. The administrator is as of 31. December 2011 not able to calculate the Group's share of assets and liabilities, and these plans are consequently accounted for as defined contribution plans. The old AFP scheme was closed at 31 December 2010. To cover the deficit in the old plan, the members have to pay a monthly contribution per employee over a five year period and accordingly a one-time cost of NOK 46 million was been recognised in 2010. The company's obligation to pay a percentage of the benefits when an employee retires through old AFP is recognised at the time of withdrawal. In 2011, NOK 47 million was recognised in the income statement related to AFP schemes and NOK 50 million in 2010.

The defined benefit plan in Sweden has an obligation of NOK 333 million in 2011 and NOK 294 million in 2010. The pension expense was NOK 39 million in 2011 (NOK 35 million in 2010). The assumptions are set within the recommended levels according to Swedish actuaries. The discount rate used for the pension calculations as of 31 December 2011 was 3.5% compared to 3.8% in 2010. Expected salary increase was set to 3.0%, which is the same as in 2010.

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

The risk table, K2005, is used for death and expected lifetime for the Norwegian plans, 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	-	-	6.69	4.31	87.04	88.97

The plan assets were measured at 31 December 2011 and 2010. Calculation of the projected benefit obligations (PBO) as of 31 December 2011 was based on the member base at 9 December 2011 (as of 31 December 2010, 3 November 2010).

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

Employees that leave the Group before the age of retirement receive a paid-up policy. Telenor Pension Fund administers some of these policies. This is at the discretion of the Telenor Pension Fund and does not affect 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.

NOK in millions	2011	2010
Change in projected benefit obligation [1]		
Projected benefit obligation as of 1 January	6 039	5 783
Service cost	394	378
Interest cost	256	245
Actuarial (gains) and losses	675	347
Curtailments, settlements and past service cost	22	79
Acquisitions and sale	(9)	(617)
Benefits paid/paid-up policies	(187)	(197)
Translation difference	5	21
Benefit obligations as of 31 December	**7 195**	**6 039**
Change in plan assets		
Fair value of plan assets as of 1 January	3 983	4 173
Actual return on plan assets	(143)	171
Curtailments and settlements	-	(7)
Acquisitions and sale	(2)	(604)
Pension contribution	326	346
Benefits paid/paid-up policies	(80)	(96)
Translation difference	(1)	(1)
Fair value of plan assets as of 31 December	**4 083**	**3 983**
Funded status at the end of the year	**3 112**	**2 056**
Unrecognised net actuarial gains (losses) [1]	(1 179)	(138)
Total provision for pensions as of 31 December	**1 933**	**1 918**
Total provision for pensions as of 1 January	**1 918**	**2 089**
Acquisitions and sale	-	(221)
Net periodic benefit costs	453	468
Pension contribution	(326)	(346)
Benefits paid paid-up policies	(65)	(57)
Social security tax on pension contribution	(41)	(34)
Translation difference	(6)	20
Total provision for pensions as of 31 December	**1 933**	**1 918**

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

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

NOK in millions	2011	2010	2009	2008	2007
Benefit obligations as of 31 December	7 195	6 039	5 783	7 843	6 283
Fair value of plan assets as of 31 December	4 083	3 983	4 173	4 165	3 868
Funded status	3 112	2 056	1 610	3 677	2 415
Experience adjustments on benefit obligations in %	9.6	8.2	13.2	0.5	(1.3)
Difference between expected and actual return on plan asset in %	(9.0)	(2.1)	12.7	(15.6)	(2.9)

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

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

	2011	2010
Discount rate in %	3.0	4.2
Future salary increase in %	3.3	3.8
Future increase in the social security base amount in %	3.3	3.8
Future turnover in %	5.0	5.0
Expected average remaining service period in years	7.5	7.6
Future pension increases in %	2.8	3.3

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

	2011	2010
Discount rate in %	4.2	5.0
Expected return on plan assets in %	5.5	6.3
Future salary increase in %	3.8	4.5
Future increase in the social security base amount in %	3.8	4.5
Future turnover in %	5.0	8.0
Expected average remaining service period in years	7.6	8.2
Future pension increases in %	3.3	4.0

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 22 years, and the discount rate was projected to a 22-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 2011 was set to 3.0%, compared to 2.6% recommended by NRS. The difference of 0.4% is due to different methods, but the method used by Telenor is also described in the NRS guidelines. NRS uses the swap rates from the interbank 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 3.3%, the same level of salary increase (excluding career adjustment) as NRS guidelines. Future increase in the social security base amount is set at 3.3%, also at the same as the NRS guidelines. Future pension increases are set 0.5 percentage points below the social security base amount based on historical observations in the Group.

Components of net periodic benefit cost

NOK in millions	2011	2010
Service cost	(394)	(378)
Interest cost	(256)	(245)
Expected return on plan assets	226	227
Past service cost	(30)	(34)
Losses on curtailments and settlements	13	(45)
Amortisation of actuarial gains and losses	(12)	7
Net periodic benefit costs	**(453)**	**(468)**
Contribution plan costs	(411)	(413)
Total pension costs charged to the income statement for the year	**(865)**	**(880)**
Where of reported as other expense (note 10)	18	(46)
Where of reported as pension cost (note 8)	(883)	(834)

The table below shows an estimate of the potential effects of changes in the key assumptions for the defined benefit plans in Norway. The following estimates are based on facts and circumstances as of 31 December 2011. Actual results may deviate materially from these estimates.

NOK in millions	Discount rate		Future salary Increase		Social security base amount		Annual adjustments to pensions		Turnover	
Change in % is percentage points	1%	+1%	1%	+1%	1%	+1%	1%	+1%	4%	+4%
Benefit obligations	1 215	(949)	(586)	629	180	(227)	(617)	875	241	(198)
Expense due to amortisation of actuarial losses	158	(123)	(76)	82	23	(29)	(80)	114	31	(26)
Net periodic benefit cost including effect due to amortisation of actuarial losses (as shown above)	265	(206)	(134)	143	38	(50)	(127)	179	58	(47)

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

Asset categories	2011	2010
Bonds %	63	62
Equity securities %	27	27
Real-estates %	9	9
Other %	1	2
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. Approximately 40% of the buildings measured in market value are used by the Group through internal rental contracts.

The expected long-term return on plan assets as of 31 December 2011 was 4.4% (5.5% in 2010). 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.

The Group expects to contribute approximately NOK 330 million to the Telenor Pension Fund in 2012.

As of 31 December 2011, the estimated pension cost for 2012 for the defined benefit plans in Norway and Sweden was estimated to NOK 425 million and NOK 44 million, respectively. The other companies outside Norway have mainly contribution plans. The costs of the benefit plans outside Norway and Sweden are less than 15% of the total benefit costs and no estimates are made for these plans.

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

Non-current non-interest-bearing liabilities

NOK in millions	2011	2010
Financial derivatives (See note 31)	1 063	690
Other non-current non-interest-bearing liabilities	596	435
Total non-current non-interest-bearing liabilities	**1 659**	**1 125**

Trade and other payables

NOK in millions	2011	2010
Trade payables	6 494	6 039
Accrued expenses	12 273	12 395
Liabilities to associated companies	3	3
Total trade and other financial payables	**18 770**	**18 437**
Deferred connection revenues	671	746
Prepaid revenues	5 605	5 578
Government taxes, tax deductions etc.	3 275	3 087
Dividends payable	2 387	-
Total other payables	**11 938**	**9 411**
Total trade and other payables	**30 708**	**27 848**

Current non-interest bearing liabilities

NOK in millions	2011	2010
Financial derivatives (See note 31)	672	307
Other current non-interest-bearing liabilities	579	572
Total current non-interest-bearing liabilities	**1 251**	**879**

The dividends payable in 2011 were related to dividends to non-controlling interests, declared by DTAC in 2011 which are paid in 2012. For information about the fair value of the financial derivatives and the grouping of financial instruments into appropriate classes, see note 31.

/ 29 / Interest-bearing liabilities

NOK in millions	2011 Current interest bearing liabilities	2011 Non current interest bearing liabilities	2011 Total	2010 Current interest bearing liabilities	2010 Non current interest bearing liabilities	2010 Total
Interest-bearing liabilities measured at amortised cost						
Bank loans	8 731	1 187	9 918	5 367	1 288	6 655
Finance lease obligations	15	839	854	10	887	897
Bonds and Commercial Papers	1 556	13 273	14 829	3 006	14 023	17 029
Other liabilities	465	1 409	1 875	368	1 103	1 471
Interest-bearing liabilities in fair value hedge relationships	**-**	**6 449**	**6 449**	**-**	**8 400**	**8 400**
Total interest-bearing liabilities	**10 767**	**23 157**	**33 924**	**8 751**	**25 701**	**34 452**

Non-current interest-bearing liabilities

NOK in millions Company/segment	Debt instrument	Currency	Debt before the effect of currency swaps 31.12.11	Debt adjusted for the effect of currency swaps 31.12.11	Debt before the effect of currency swaps 31.12.10	Debt adjusted for the effect of currency swaps 31.12.10
Telenor ASA	EMTN program					
	Limit EUR 7 500	EUR	18 656	13 221	20 304	12 540
		NOK [1]	398	(6 506)	396	(4 231)
		SEK	91	6 059	91	4 405
		HUF	-	29	-	286
		USD	-	5 733	-	6 982
		MYR	-	609	-	809
Telenor ASA	Bonds	NOK	198	198	198	198
	Collateral	EUR	368	368	-	-
Telenor ASA	GSM Licenses [2]	NOK	59	59	68	68
Total Telenor ASA			**19 771**	**19 771**	**21 057**	**21 057**
DiGi	Borrowings from financial institutions	MYR	984	984	899	899
DiGi	Bonds	MYR	-	-	1 044	1 044
DiGi	Finance lease	MYR	108	108	102	102
Grameenphone	Finance lease	BDT	368	368	417	417
Denmark	Finance lease	DKK	137	137	142	142
Denmark	UMTS and LTE Licenses [2]	DKK	312	312	376	376
Sweden	Finance lease	SEK	221	221	226	226
Tameer Microfinance Bank Ltd	Borrowings from financial institutions	USD	-	-	5	-
Tameer Microfinance Bank Ltd	Borrowings from financial institutions	PKR	13	13	-	5
Telenor Pakistan	GSM Licenses [2]	USD	452	452	505	505
DTAC	Borrowings from financial institutions	USD	190	-	384	-
DTAC	Borrowings from financial institutions	THB	-	190	-	384
DTAC	Bonds	THB	378	378	391	391
	Other non-current interest-bearing liabilities		224	224	153	153
Total subsidiaries			**3 386**	**3 386**	**4 644**	**4 644**
Total non-current interest-bearing liabilities			**23 157**	**23 157**	**25 701**	**25 701**

[1] Telenor ASA's debt position in Norwegian Krone is a net asset position when including currency swaps.
[2] Net present value of future payments for mobile licenses is recognised as interest bearing liabilities.

Current interest-bearing liabilities

NOK in millions Company/segment	Debt instrument	Currency	Debt before the effect of currency swaps 31.12.11	Debt adjusted for the effect of currency swaps 31.12.11	Debt before the effect of currency swaps 31.12.10	Debt adjusted for the effect of currency swaps 31.12.10
Telenor ASA	EMTN program					
	Limit EUR 7 500	NOK	-	1 405	1 435	1 931
		JPY	-	-	504	-
		SEK	-	146	-	-
		USD	-	488	-	-
		EUR [1]	1 556	(483)	482	490
Telenor ASA	GSM Licenses [2]	NOK	13	13	13	13
Total Telenor ASA			**1 569**	**1 569**	**2 434**	**2 434**
DiGi	Borrowings from financial institutions	MYR	283	283	-	-
Denmark	UMTS and LTE licenses [2]	DKK	65	65	64	64
Telenor Pakistan Ltd	GSM License [2]	USD	89	89	88	88
Tameer Microfinance Bank Ltd	Borrowings from financial institutions	USD	6	-	-	-
Tameer Microfinance Bank Ltd	Borrowings from financial institutions	PKR	101	107	-	-
DTAC	Borrowings from financial institutions	USD	201	-	197	-
DTAC	Borrowings from financial institutions	THB	-	201	-	197
DTAC	Bonds	THB	-	-	586	586
Uninor	Borrowings from financial institutions	INR	8 140	8 140	5 169	5 169
	Other current interest-bearing liabilities		312	312	213	213
Total subsidiaries			**9 198**	**9 198**	**6 317**	**6 317**
Total current interest-bearing liabilities			**10 767**	**10 767**	**8 751**	**8 751**

[1] Telenor ASA's current debt position in EUR is a net asset position when including currency swaps.
[2] Net present value of future payments for mobile licenses is recognised as interest bearing liabilities.

Coupon payments on bonds issued under Telenor ASA's EMTN programme during the last 5 years range from 4.125% to 4.95%, but the majority of these bonds are swapped to floating rate. The latest issuance was in 2010 when a EUR 750 million bond was issued with a 4.125% coupon and maturity in 2020. The average interest rate for Uninor's loans in 2011 was 12.1%.

All outstanding debt issued by Telenor ASA is unsecured. The financing agreements except for the Commercial Papers, contain provisions restricting the pledge of assets to secure future borrowings without granting a similar secured status to the existing lenders (negative pledges) and also contain covenants limiting disposals of significant subsidiaries and assets.

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

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. As of 31 December 2011, Uninor had NOK 8.1 billion in current interest-bearing borrowings, all with financial guarantees from Telenor ASA.

/ 30 / Managing capital and financial risk management

Managing capital

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

The main priority of maintaining a strong financial position is targeted by keeping reported net debt/EBITDA below 2.0 in order to ensure access to funding through an investment grade rating. As of 31 December 2011, the reported net debt/EBITDA ratio was 0.6 (0.7 as of 31 December 2010) and Telenor ASA's long term credit rating was A3, stable outlook (Moody's) and A-, stable outlook (Standard & Poor's).

The Group's capital structure consist of debt that includes the borrowings disclosed in note 29, cash and cash equivalents and equity attributable to the shareholders of Telenor ASA as presented in the consolidated statement of changes in equity and in note 25, excluding components arising from cash flow hedges.

In order to adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, acquire or sell treasury shares or issue new shares. In 2011 Telenor returned NOK 10.7 billion kroner to shareholders, comprised of NOK 6.3 billion of ordinary dividends paid in June 2011 (NOK 3.80 per share) and NOK 4.4 billion of share buybacks carried out from July to November 2011 (3% of registered shares).

The Board of Telenor ASA has proposed to pay a dividend of NOK 5.00 per share for the fiscal year 2011, payable in 2012. The objective is to distribute 50-80% of normalised net income and aim for a nominal increase in the dividend per share.

Telenor ASA has an agreement with the Kingdom of Norway through the Ministry of Trade and Industry to carry through share buy backs with the purpose to cancel these shares through write-down of the share capital to maintain its ownership interest. See notes 25, 34 and 37 for further description.

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

The Group is pursuing disciplined and selective approach to M&A transactions.

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. See note 32 regarding Uninor.

The Group has limited activities related to interest rate and currency trading (other than hedging activities). As of 31 December 2011 and 2010, the Group did not have any outstanding open trading positions.

Liquidity risk

The Group emphasises financial flexibility. An important part of this emphasis is to minimise liquidity risk through ensuring access to a diversified set of funding sources. Telenor ASA issues debt in the domestic and international capital markets mainly in the form of Commercial Paper and bonds. The Group uses Euro Commercial Paper, U.S. Commercial Paper, Euro Medium Term Note (EMTN) and the Norwegian domestic capital market to secure satisfactory financial flexibility. Telenor ASA has established committed syndicated revolving credit facilities of EUR 1.0 billion with maturity in 2013 and EUR 2.0 billion with maturity in 2016. As of 31 December 2011, Uninor had current interest-bearing borrowings of INR 72.1 billion (NOK 8.1 billion), all with financial guarantees from Telenor ASA. Uninor's loan agreements contain typical bank loan provisions including material adverse affect clauses. Uninor has a poor liquidity situation and is dependent on additional funding until a decision is made regarding Telenor's operations in India. Additional funding will be disbursed in portions to meet minimum funding requirements only.

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

Telenor ASA and each Subsidiary shall have sufficient sources of liquidity to cover expected needs for liquidity during the next 12 months. Liquidity to fund significant acquisitions and investments are considered separately.

The debt portfolio of Telenor ASA and each subsidiary with external debt shall have a balanced maturity profile. The Group's debt maturities shall be spread relative evenly over a time horizon of approximately 10 years by issuing bonds and commercial papers in order to reduce the Group's liquidity risk. The debt maturity profile is presented below. For information about duration please refer to chapter "Interest rate risk".

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

NOK in millions	Total as of 31.12.11	<1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	10 years	>10 years	Not specified
Interest-bearing liabilities													
Bank loans	9 904	8 731	457	477	128	111	-	-	-	-	-	-	-
Bonds and Commercial Paper	20 083	1 556	703	3 877	378	-	7 754	-	-	5 816	-	-	-
Finance lease liabilities	854	15	13	32	30	32	36	47	128	46	45	431	-
Other interest-bearing liabilities	1 875	377	667	185	186	131	123	109	10	10	12	66	-
Sum of interest-bearing liabilities	**32 716**	**10 678**	**1 840**	**4 571**	**722**	**274**	**7 913**	**156**	**138**	**5 871**	**56**	**496**	**-**
Non-interest bearing liabilities													
Trade and other payables	30 708	30 708	-	-	-	-	-	-	-	-	-	-	-
Other current non-interest-bearing liabilities	2 237	2 237	-	-	-	-	-	-	-	-	-	-	-
Derivatives financial instruments non-current liabilities	1 063	-	736	185	25	-	118	-	-	-	-	-	-
Other non-current non-interest-bearing liabilities	2 529	-	-	-	-	-	-	-	-	-	-	-	2 529
Sum of non-interest-bearing liabilities	**36 537**	**32 945**	**736**	**185**	**25**	**-**	**118**	**-**	**-**	**-**	**-**	**-**	**2 529**
Total	**69 253**	**43 623**	**2 576**	**4 756**	**747**	**274**	**8 030**	**156**	**138**	**5 871**	**56**	**496**	**2 529**
Future interest payments	**5 174**	**1 784**	**762**	**657**	**509**	**537**	**442**	**227**	**143**	**114**	**-**	**-**	**-**
Total including future interest payments	**74 427**	**45 407**	**3 338**	**5 412**	**1 257**	**811**	**8 472**	**383**	**281**	**5 985**	**56**	**496**	**2 529**

NOK in millions	Total as of 31.12.10	<1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	10 years	>10 years	Not specified
Interest bearing liabilities													
Bank loans	6 655	5 367	487	404	373	24	-	-	-	-	-	-	-
Bonds and Commercial Paper	24 276	3 006	1 757	689	4 677	475	-	7 812	-	-	5 859	-	-
Finance lease liabilities	897	10	10	11	30	30	34	41	49	124	43	513	-
Other interest-bearing liabilities	1 472	368	216	180	176	175	120	112	99	4	4	19	-
Sum of interest-bearing liabilities	**33 299**	**8 751**	**2 470**	**1 284**	**5 255**	**703**	**154**	**7 966**	**148**	**128**	**5 907**	**532**	**-**
Non-interest bearing liabilities													
Trade and other payables	27 848	27 848	-	-	-	-	-	-	-	-	-	-	-
Other current non-interest-bearing liabilities	1 832	1 832	-	-	-	-	-	-	-	-	-	-	-
Derivatives financial instruments non-current liabilities	690	-	172	179	166	131	-	42	-	-	-	-	-
Other non-current non-interest-bearing liabilities	4 232	-	-	-	-	-	-	-	-	-	-	-	4 232
Sum of non-interest-bearing liabilities	**34 602**	**29 680**	**172**	**179**	**166**	**131**	**-**	**42**	**-**	**-**	**-**	**-**	**4 232**
Total	**67 900**	**38 431**	**2 643**	**1 463**	**5 422**	**834**	**154**	**8 008**	**148**	**128**	**5 907**	**532**	**4 232**
Future interest payments	**6 398**	**1 434**	**920**	**786**	**727**	**633**	**616**	**526**	**293**	**305**	**-**	**158**	**-**
Total including future interest payments	**74 298**	**39 865**	**3 563**	**2 250**	**6 149**	**1 467**	**770**	**8 534**	**441**	**433**	**5 907**	**691**	**4 232**

Interest rate risk

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

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 the Group is fixed rate debt (96% of outstanding debt before swap as of 31 December 2011 and 94% as of 31 December 2010). The Group applies interest rate derivatives to manage the interest rate risk of the debt portfolio. This typically involves interest rate swaps. Forward rate agreements and interest rate options are used to a lesser extent.

According to Group Policy Treasury, Telenor ASA's total external debt portfolio shall have a duration below 2.5 years, whereas subsidiaries shall have a duration below 1 year. As of 31 December 2011, the average duration of the Group's debt was 1.3 years (1.4 years as of 31 December 2010). Telenor ASA's duration was 1.6 years as of 31 December 2011 (1.5 years as of 31 December 2010).

Derivative instruments designated as cash flow hedging instruments

The Group's cash flow hedges were mainly related to foreign exchange and interest rate risk. The Group hedged forecasted capital expenditure outflows denominated in foreign currency by entering into currency forward contracts. Interest rate risk for certain bonds issued with floating rate have been hedged using interest rate swaps where the Group receives floating rate and pays fixed rate.

The table below shows the effective and the ineffective parts of the Group's cash flow hedges and the amount that has been recognised at other comprehensive income during the period. The ineffective part is recognised in the income statement as "net foreign currency gains (losses)". During 2011, the Group has not entered into new cash flow hedges.

Cash flow hedging relationships

NOK in millions	2010
Cash flow hedging equity reserve at beginning of year	**(731)**
Amount reclassified from equity to profit and loss	667
Other adjustments	64
Cash flow hedging equity reserve at the end of year	**-**

Derivative instruments designated as fair value hedging instruments

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

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

The table below shows the effective and the ineffective parts of the Group's fair value hedges. The ineffective part is recognised as "net change in fair value of financial instruments" under financial items in the income statement. The effective part will be offset by the change in fair value of the underlying hedged item. Effectiveness testing is performed on an accumulated basis. However, the hedging periods are long and the yearly effects may not be representative for the hedge effectiveness.

Fair value hedging relationships

NOK in millions	2011	2010
Net gain/(loss) recognised in the income statement on hedged items	(37)	97
Net gain/(loss) recognised in the income statement on hedging instruments	142	93
Amount of hedge ineffectiveness	**105**	**190**

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

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

NOK in millions	2011		2010	
Fair value as of 31 December	Assets	Liabilities	Assets	Liabilities
Fair value hedge instruments	511	-	910	-

Interest rate risk sensitivity analysis

Effects on changes in fair value

The Group calculates the sensitivity on the change in fair value of assets and liabilities of a defined parallel shift in the yield curve of the relevant currencies. For each simulation, the same shifts in interest rates are used for all currencies. The sensitivity analysis is run only for assets and liabilities that represent major interest-bearing positions.

Based on simulations performed, a 10 percent decrease of the yield curve as of 31 December 2011 would represent an increase in fair value of financial instruments of NOK 68 million (NOK 139 million as of 31 December 2010). Similarly, a 10 percent increase of the yield curve would result in a decrease in fair value of financial instruments of NOK 66 million (NOK 137 million as of 31 December 2010), respectively. These

simulations disregard the effects of hedging and the measurement of interest bearing debt at amortised cost.
The impact on profit and loss would be different due to both the amortized cost measurement of interest-bearing debt and the effects of hedge accounting. Based on the same simulations described above the profit and loss effect for 2011 would, by a 10 percent decrease in the yield curve, represent a decrease in fair value of NOK 150 million or an increase in fair value of NOK 155 million by a similar increase in the yield curve. For 2010 the profit and loss effects would have been a decrease in fair values of NOK 135 million and an increase in fair values of NOK 143 million, respectively.

Effects on interest expenses

Interest rate movements would also affect interest expense from floating rate borrowings. The sensitivity analysis is run for floating rate liabilities, and reflects a 10 percent change in the interest rate by year end. If all interest rates for all currencies had weakened/strengthened by 10 percent for Telenor ASA and all subsidiaries, with all other variables held constant, interest expenses for the Group would have been NOK 34 million higher/lower as of 31 December 2011 (NOK 22 million as of 31 December 2010).

Exchange rate risk

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

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

Exchange rate risk related to debt instruments in other currencies than the functional currencies of Telenor ASA or any of its subsidiaries is also a part of the financial risk exposure of the Group. Cross currency swaps are occasionally used to eliminate such exchange rate risk. Fair value hedge accounting is applied for these transactions when possible.

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

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

As of 31 December 2011 and 2010, material hedging positions are designated as net investment hedges. There are no ineffectivenesses in the years ending 31 December 2011 and 2010.

Net investment hedging relationships

NOK in millions	2011	2010
Effective part recognised directly to other comprehensive income	3	606

Hedging as described above is only carried out in currencies that have well-functioning capital markets. Interest-bearing debt is designated as hedging instruments.

Fair value of interest-bearing debt designated as hedging instruments in net investment hedges:

NOK in millions	2011	2010
Fair value as of 31 December	Liabilities	Liabilities
Net investment hedge instruments	(22 522)	(20 845)

Exchange rate risk sensitivity analysis

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

Effects on net currency gains (losses)

The Group is exposed to currency fluctuations on monetary items in the statement of financial position, denominated in other currencies than the functional currency. As of 31 December 2011, if the relevant functional currencies had weakened / strengthened by 10 % against the currencies in which these items are denominated, with all other variables held constant, net income for the Group for the year would have been NOK 1,193 million higher / lower (NOK 950 million for 2010). This is mainly a result of foreign exchange translation of EUR, SEK, DKK, SGD and USD denominated trade payables, receivables and debt in subsidiaries.

As of 31 December 2011, if the Norwegian Krone had weakened / strengthened by 10%, with all other variables held constant, the currency effects of translating the Group's foreign debt to the functional currency would be NOK 3,392 million lower / higher of which NOK 2,252 million would impact other comprehensive income as the debt is part of net investment hedges.

Effects due to foreign exchange translations on other comprehensive income

Translation of subsidiaries from their functional currencies into the presentation currency of the Group (NOK) will impact the Group's other comprehensive income and equity. If local currency had weakened/strengthened by 10% against the presentation currency of the Group (NOK), the increase/decrease in the carrying amount of equity as of 31 December 2011 would have been approximately NOK 6.4 billion (NOK 7.5 billion as of 31 December 2010).

Effects due to foreign exchange translations on net income

Translation of net income from subsidiaries with functional currency other than NOK, also represents a currency exposure for the Group. The sensitivity analysis is only carried out for the Group's major subsidiaries. If local currency had weakened / strengthened by 10% against all other currencies included in the analysis, net income for the Group would have been NOK 358 million lower / higher in 2011 (NOK 552 million in 2010).

Credit risk

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

Maximum credit exposure

NOK in millions	2011	2010
Cash and cash equivalents	12 899	13 606
Bonds and commercial papers > 3 months (note 23)	2 292	659
Financial derivatives (note 23)	1 942	2 009
Trade and other current financial receivables (note 22)	13 738	13 694

Concentrations of credit risk with respect to trade receivables are limited due to the Group's customer base containing a high number of customers that are also considered unrelated. Due to this, there is no further credit risk provision required in excess of the normal provision for bad and doubtful receivables. See note 22 for information on receivables in terms of age distribution and provision for bad debt.

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

Credit risk arising from financial transactions is managed through diversification, only accepting counterparties with high credit rating and defining aggregate credit exposure limits for each counterparty. Telenor ASA has legal netting agreements (ISDA Master Agreements) with 11 banks which allow gains to be offset against losses in the event of default or bankruptcy. As of 31 December 2011, Telenor ASA had collateral agreements with four banks. Both the ISDA Master 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.

Fair value of derivatives with positive replacement value for the Group was NOK 1.4 billion as of 31 December 2011, taking into account legal netting agreements (NOK 1.7 billion as of 31 December 2010). The Group's cash and cash equivalents do also represent a credit risk. The Group normally has deposits in countries with major operations. The credit risk on such deposits varies dependent on the credit worthiness of the individual banks and countries in which the banks are located. See note 24 for information regarding cash inside and outside the cash pool. Credit risk exposure for the Group is monitored on a daily basis.

Other market risk

Telenor has in 2011 entered into a cash-settled total return swap (TRS) in respect of 65,000,000 VimpelCom Ltd. ADRs (each representing one VimpelCom common share) with J.P. Morgan Securities Ltd. The agreement gives economic exposure to these shares. The share price 31 December 2011 was USD 9.47.

/ 31 / Fair values of financial instruments

Principles for estimating fair values

Based on the characteristics of the financial instruments that are recognised in the financial statements, the financial instruments are grouped into classes and categories as 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.

Fair value hierarchy

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

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

The table below includes analyses of financial instruments by their fair value hierarchy levels into which the fair value measurement is categorised.

Interest-bearing liabilities

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

Trade receivables and other current and non-current financial assets

For trade receivables and other current receivables, the nominal amount, adjusted for allowance for bad debt, is assessed to be a reasonable approximation of fair value. The effect of not discounting is considered to be immaterial for this class of financial instruments.

Trade payables and other non-interest-bearing financial liabilities

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

Equity securities

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

Cash and cash equivalents

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

Derivatives

Fair value of currency swaps, foreign currency forward contracts and interest rate swaps is estimated based on calculating the net present value of future cash flows, using swap curves and exchange rates as of 31 December 2011 and 2010, respectively. The fair value of options is estimated using appropriate option pricing models.

NOK in millions						Fair values of financial instruments 31 December 2011 per class							
Financial position item	Note	Fair value level	Category	Carrying amount	Fair value	Interest bearing liabilities	Trade receivables and other financial assets	Trade payables and other non interest bearing financial liabilities	Equity securities	Cash and cash equi valents	Currency swaps and forward contracts	Interest rate swaps and options	Equity, and other deriv atives
Other non-current assets	**23**			**3 241**	**3 241**								
		2	FVTPL	1 660	1 660	-	-	-	-	-	475	1 185	-
		3	AFS	385	385	-	-	-	385	-	-	-	-
			LAR	374	374	-	374	-	-	-	-	-	-
			NF [1]	822	822	-	-	-	-	-	-	-	-
Trade and other receivables	**22**			**17 554**	**17 554**								
			LAR	13 738	13 738	-	13 738	-	-	-	-	-	-
			NF [1]	3 816	3 816	-	-	-	-	-	-	-	-
Other financial current assets	**23**			**2 638**	**2 638**								
		2	FVTPL	346	346	-	-	-	64	-	282	-	-
			LAR	2 292	2 292	-	2 292	-	-	-	-	-	-
Cash and cash equivalents	**24**			**12 899**	**12 899**								
			LAR	12 899	12 899	-	-	-	-	12 899	-	-	-
Total – Fair value through profit and loss (FVTPL)				**2 006**	**2 006**								
Total – Available for sale (AFS)				**385**	**385**								
Total – Loans and receivables (LAR)				**29 303**	**29 303**								
Non-current interest-bearing financial liabilities	**29**			**(23 157)**	**(22 263)**								
			FLAC	(23 157)	(22 263)	(22 263)	-	-	-	-	-	-	-
Non-current non-interest-bearing financial liabilities	**28**			**(1 659)**	**(1 659)**								
		2	FVTPL	(1 063)	(1 063)	-	-	-	-	-	(479)	(54)	(530)
			FLAC	(596)	(596)	-	-	(596)	-	-	-	-	-
Current interest-bearing financial liabilities	**29**			**(10 767)**	**(10 733)**								
			FLAC	(10 767)	(10 733)	(10 733)	-	-	-	-	-	-	-
Trade and other payables	**28**			**(30 708)**	**(30 708)**								
			FLAC	(21 157)	(21 157)	-	-	(21 157)	-	-	-	-	-
			NF [1]	(9 551)	(9 551)	-	-	-	-	-	-	-	-
Current non-interest-bearing liabilities	**28**			**(1 251)**	**(1 251)**								
		2	FVTPL	(672)	(672)	-	-	-	-	-	(672)	-	-
			FLAC	(579)	(579)	-	-	(579)	-	-	-	-	-
						(32 996)	**16 404**	**(22 332)**	**449**	**12 899**	**(393)**	**1 131**	**(530)**
Total – Fair value through profit and loss (FVTPL)				**(1 736)**	**(1 736)**								
Total – Financial liabilities at amortised cost (FLAC)				**(56 255)**	**(55 327)**								

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

NOK in millions Financial position item	Note	Fair value level	Category	Carrying amount	Fair value	Interest bearing liabilities	Trade receivables and other 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 December 2010 per class							
Other non-current assets	**23**			**3 048**	**3 048**								
		2	FVTPL	1 793	1 793	-	-	-	-	-	1 644	149	-
		3	AFS	489	489	-	-	-	489	-	-	-	-
			LAR	362	362	-	362	-	-	-	-	-	-
			NF[2]	404	404	-	-	-	-	-	-	-	-
Trade and other receivables	**22**			**16 451**	**16 451**								
			LAR	13 694	13 694	-	13 694	-	-	-	-	-	-
			NF[2]	2 757	2 757	-	-	-	-	-	-	-	-
Other financial current assets	**23**			**946**	**945**								
		2	FVTPL	286	286	-	-	-	71	-	209	3	3
			LAR	660	660	-	660	-	-	-	-	-	-
Cash and cash equivalents	**24**			**13 606**	**13 606**								
			LAR	13 606	13 606	-	-	-	-	13 606	-	-	-
Total – Fair value through profit and loss (FVTPL)				**2 079**	**2 079**								
Total – Available for sale (AFS)				**489**	**489**								
Total – Loans and receivables (LAR)				**28 322**	**28 322**								
Non-current interest-bearing financial liabilities	**29**			**(25 701)**	**(24 857)**								
			FLAC	(25 701)	(24 857)	(24 857)	-	-	-	-	-	-	-
Non-current non-interest-bearing financial liabilities	**28**			**(1 125)**	**(1 125)**								
		2	FVTPL	(690)	(690)	-	-	-	-	-	(688)	(2)	-
			FLAC	(435)	(435)	-	-	(435)	-	-	-	-	-
Current interest-bearing financial liabilities	**29**			**(8 751)**	**(8 718)**								
			FLAC	(8 751)	(8 718)	(8 718)	-	-	-	-	-	-	-
Trade and other payables	**28**			**(27 848)**	**(27 848)**								
			FLAC	(18 437)	(18 437)	-	-	(18 437)	-	-	-	-	-
			NF[2]	(9 411)	(9 411)	-	-	-	-	-	-	-	-
Current non-interest-bearing liabilities	**28**			**(879)**	**(879)**								
		2	FVTPL	(307)	(307)	-	-	-	-	-	(263)	(44)	-
			FLAC	(572)	(572)	-	-	(572)	-	-	-	-	-
						(33 575)	**14 716**	**(19 444)**	**560**	**13 606**	**902**	**106**	**3**
Total – Fair value through profit and loss (FVTPL)				**(997)**	**(997)**								
Total – Financial liabilities at amortised cost (FLAC)				**(53 896)**	**(53 019)**								

[1] Telenor ASA has provided a guarantee in relation to equity derivatives. The guarantee amounts to NOK 197 million as of 31 December 2010.

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

/ 32 / Pledges and guarantees

NOK in millions	2011	2010
Interest-bearing liabilities secured by assets pledged	-	1
Finance lease liabilities secured by assets pledged	854	897
Total liabilities secured by assets pledged	**854**	**898**
Carrying amount of assets pledged as security for liabilities	2	2
Carrying amount of assets pledged as security for finance lease liabilities	856	950
Total assets pledged as security for liabilities	**858**	**952**

There has been no major change in liabilities secured by assets pledged as of 31 December 2011 compared to 31 December 2010.

The Group's finance lease liabilities secured by assets pledged and carrying amount of assets pledged as security for finance lease liabilities as of 31 December 2011 were mainly related to Telenor Sweden, Telenor Denmark, DiGi and Grameenphone. See notes 20 and 29.

NOK in millions	2011	2010
Guarantee obligations	9 964	6 618

Purchased bank guarantees are not shown in the table.

In 2011, guarantee obligations include guarantees amounting to NOK 1.1 billion (NOK 1.3 billion in 2010) that are secured by pledged assets with a carrying amount of NOK 6.1 billion (NOK 10.3 billion in 2010).

As of 31 December 2011, Uninor had NOK 8.1 billion (NOK 5.2 billion in 2010 with guarantees of NOK 4.5 billion) in current interest-bearing borrowings, all with financial guarantees from Telenor ASA. These obligations are included in the table above. On 2 February 2012, the Indian Supreme Court ruled that Uninor's licences will be cancelled on 2 June 2012. All of Uninor's loan agreements contain material adverse effect clauses. At the time of issuing this annual report, none of the lending banks have required repayment of the loans. The level of interest-bearing liabilities in Uninor is expected to increase while the Group seeks a potential solution for continued operations in India after 2 June 2012. The Board of Telenor ASA has approved an increase in guarantees of up to NOK 1.5 billion and additional funding will be disbursed in portions to meet minimum funding requirements only. See note 29.

As of 31 December 2011, Uninor had NOK 1.1 billion in purchased bank guarantees with counterguarantee from Telenor ASA.

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

/ 33 / Contractual obligations

The Group has entered into agreements with fixed payments in respect of the following as of 31 December 2011 and as of 31 December 2010:

2011:

NOK in millions	2012	2013	2014	2015	2016	After 2016
Minimum lease payments under non-cancellable operating leases (the Group as a lessee)						
Lease of premises	2 078	1 756	1 553	952	729	1 807
Lease of cars, office equipment, etc	50	32	17	7	-	-
Lease of satellite- and net-capacity	393	301	234	79	40	26
Contractual purchase obligations						
Purchase of satellite- and net-capacity	22	23	11	8	8	4
IT-related agreements	1 548	397	69	23	23	23
Other contractual obligations	2 009	359	73	21	21	67
Committed investments						
Property plant, and equipment and intangible asset	2 941	700	65	-	-	-
Total contractual obligations	**9 040**	**3 569**	**2 021**	**1 090**	**822**	**1 928**

2010:

NOK in millions	2011	2012	2013	2014	2015	After 2015
Minimum lease payments under non-cancellable operating leases (the Group as a lessee)						
Lease of premises	2 215	1 992	1 832	1 605	884	2 469
Lease of cars, office equipment, etc	68	28	13	2	–	–
Lease of satellite- and net-capacity	249	167	110	102	95	12
Contractual purchase obligations						
Purchase of satellite- and net-capacity	389	–	–	–	–	–
IT-related agreements	748	229	54	30	1	–
Other contractual obligations	2 078	1 135	269	47	21	84
Committed investments						
Property, plant and equipment and intangible asset	707	–	–	–	–	–
Total contractual obligations	**6 454**	**3 551**	**2 277**	**1 787**	**1 001**	**2 565**

The tables above do not include agreements under which the Group has no committed minimum purchase obligations. Obligations related to future investments as a consequence of 2G license renewal in Grameenphone are included in "Committed investments in Property, plant and equipment and intangible asset" with NOK 1.2 billion for the period of 2012-2013.

Tower leasing obligations in Uninor is included in "Minimum lease payments under non-cancellable operating leases" as of 31 December 2011 with NOK 4.7 billion for the period of 2012–2016 and NOK 1.2 billion after 2016.

DTAC's concession right

DTAC is obliged to pay an annual fee to CAT Telecom Public Company Limited (CAT) in accordance with the concession agreement. The annual fee is based on the greater of a minimum annual payment and a percentage of revenues from services. The minimum annual payments are not included above. The yearly minimum payments for the period 2012–2018 fluctuate in a range from NOK 142 million to NOK 227 million (converted from THB to NOK based on the exchange rate as of 31 December 2011). For further information regarding DTAC's concession right, see note 19.

/ 34 / Related parties

As of 21 March 2012, Telenor ASA was 53.97% (including treasury shares) owned by the Kingdom of Norway, represented through the Ministry of Trade and Industry.

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

The Norwegian telecommunications market is governed by the Electronic Communications Act of 4 July 2003 and other regulations issued pursuant to this Act. Until it expired 1 September 2004, the Group had to provide and maintain Universal Service Obligations (USO) according to the concession on fixed network. Thereafter it was carried on through an agreement between the Group and the Norwegian Ministry of Transport and Communications. The USO obligation entails among other things the provision of Public voice telephony and access to Internet to all households and companies, public pay phones, services for the disabled and for controlling end users expenses. The Group receives no compensation for providing USO services.

In addition, the Group was in 2011 and 2010 subject to Special Service Obligations (SSO) – security and preparedness (the defence of Norway) – following an agreement with the Norwegian Post and Telecommunications Authority ("NPT"), coastal radio after an agreement with the Norwegian Ministry of Justice and Preparedness, services concerning Svalbard, wire services for ships, providing emergency lines for the police, fire department and ambulances. The Group receives compensation for providing SSO. In 2011 and 2010, the Group received NOK 90 million and NOK 90 million, respectively, under this agreement.

In 2010, the Group received technology neutral licenses in the 900 MHz band.

The Group pays an annual fee to NPT and the Norwegian Ministry of Transport and Communications for delivering electronic communication services, including payments for frequencies and numbers. The fee was NOK 98 million and NOK 99 million in 2011 and 2010, respectively.

The Group provides mobile and fixed telephony services, leased lines, customer equipment, Internet connections, TV distributions and other services to the state and companies controlled by the state in the normal course of business and at arms-length prices. The Group also purchases services, such as postal services, in the normal course of business and at arms-length prices. Details of such transactions are not included in this note.

The Group sold transmission capacity and related services in the digital and analog terrestrial transmission network to Norsk Rikskringkasting AS of NOK 205 million in 2011 and NOK 204 million in 2010.

Transactions with associated companies

	2011		2010	
NOK in millions	Sales to	Purchases from	Sales to	Purchases from
	1 261	2 552	631	1 796

In 2011 and 2010, sales to associated companies include network access charges to Norges Televisjon AS of NOK 356 million and NOK 348 million, respectively. Sales in 2011 and 2010 include sub-leasing of sports rights to C More Group AB for NOK 144 million and NOK 139 million, respectively. In addition, sales in 2011 and 2010 include delivery of Nordic Connect and Managed Services to EDB ErgoGroup ASA of NOK 199 million and NOK 61 million, respectively.

Purchases from associated companies in 2011 and 2010 include distribution rights from TV2 AS, TV2 Zebra AS and C More Group AB of NOK 1,126 million and NOK 1,081 million, respectively. Purchases in 2011 and 2010 also include purchases of IT services from EDB ErgoGroup ASA of NOK 446 million and NOK 170 million, respectively. A substantial part of the purchases in 2011 and 2010 concerns sales and marketing support for distributors of the Group's products and services in Norway.

Interconnect services with related parties in Pakistan and Bangladesh occured in 2011 due to the combination of VimpelCom and Orascom. Sales to associated companies amounts to NOK 372 million and purchases amounts to NOK 328 million.

The Group's shares in the associated company RiksTV AS are pledged as collateral for debt in the company. Furthermore, the Group has provided fulfilment guarantees of NOK 75 million in favour of the associated company Norges Television AS.

For information of receivables on associated companies, see note 22 and 23. The Group had no significant payables or debt to associated companies as of 31 December 2011 and 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.

/ 35 / Commitments and contingencies

The Group is involved in a number of legal proceedings in various forums. While acknowledging the uncertainties of litigation, the Group is of the opinion that based on the information currently available, these matters, except as discussed below, will be resolved without any material adverse effect individually or in the aggregate on the Group's financial position. No provisions have been made for the legal disputes discussed in this note. For legal disputes, in which the Group assess it to be probable (more likely than not) that an economic outflow will be required to settle the obligation, provisions have been made based on management's best estimate. See note 14 for tax disputes.

Grameenphone

1) BTRC – Audit claim

In April 2011, Bangladesh Telecommunication Regulatory Commission (BTRC) announced its intention to conduct an audit of the existing mobile operators in Bangladesh. As part of this initiative, BTRC appointed a Chartered Accountant firm for conducting the audit of Grameenphone. On 3 October 2011 Grameenphone received a claim amounting to approximately NOK 2.2 billion from BTRC referring to findings of the audit that the regulator carried out over a few months from April 2011 related to circumstances from the establishment of Grameenphone until today. Grameenphone has contended and clarified to BTRC and the audit firm that the acceptable audit norms and practices have not been followed during and after the audit and the claims made remain unfounded, unsubstantiated and without merit.

As a consequence of this, Grameenphone filed a title suit in the Civil Court of first instance on 17 October 2011 against BTRC seeking an injunction restraining BTRC from claiming the said demand and filed an Appeal in the High Court Division (HCD) of the Supreme Court of Bangladesh seeking an order of injunction against the claim made by BTRC. On 20 October 2011 HCD directed the parties to maintain 'as is situation' (status quo) in respect of the claim made by BTRC for a period of six months from 20 December 2011. In this period BTRC may present arguments to the court why the claim shall remain valid. The Management is of the opinion that it is more likely than not that the courts will rule in favor of Grameenphone, however, it should be noted that BTRC has not renewed Grameenphone's license to run its mobile operation, see below.

2) BTRC – Claim in relation to license renewal
Grameenphone received a notification from BTRC on 17 October 2011 for 'Notification of Award of License Renewal' which included a claim for payment of additional spectrum fee of up to approx. NOK 280 million for 7.4 MHz spectrum granted in 2008, based on retrospective application of Market Competition Factor (MCF) as introduced in the new License Renewal Guidelines of 2011. The same notification also demanded that all payments shall be made 'without any deductions', contrary to rule of National Board of Revenue (NBR) that the applicable VAT must be deducted at source by Grameenphone and submitted to NBR. Grameenphone won the first set of legal proceedings in High Court, but BTRC appealed to the Supreme Court which sent the case back to the High Court for further proceedings. On 13 February 2012, the High Court rejected the claim from BTRC.

BTRC has however not yet renewed Grameenphone's license to run its mobile operation. The license expired in November 2011.

DTAC

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

On 17 November 2006, DTAC issued a written notification informing Telephone Organization of Thailand (TOT) and the licensor 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 agreement in accordance with the Notification.

On 16 June 2011, DTAC received a notice from the Central Administrative Court stating that TOT has filed a plaint requiring the court to order DTAC and CAT to jointly pay Access Charge to TOT, together with the default interests, in the amount of approximately NOK 21 billion. The Company submitted a defense to the court on 26 January 2012. Presently, this case is under consideration of the Central Administrative Court. The management believes based on advice from legal counsel that the outcome of the dispute would not have a material adverse effect on the financial position of DTAC. The net effect (before income taxes) in ceasing to recognise the access charge under the Access Charge Agreement from 18 November 2006 to 31 December 2011 amounts to NOK 8.2 billion in reduced expenses.

DTAC is also in dispute with TOT in a matter related to the negotiation and entering into an interconnection agreement between TOT and DTAC's respective networks. DTAC requested on 2 October 2006 a negotiation of such agreement between the parties, pursuant to the Notification. The matter has been through various administrative and court proceedings, which has concluded that TOT is obligated to commence negotiations with DTAC. TOT still rejects the entering into an interconnection agreement and has appealed the matter to Supreme Administrative Court. The matter is now under consideration of the Court. The management believes based on advice from legal counsel that the outcome of the dispute would not have a material adverse effect on the financial position of DTAC.

2) Disputes between DTAC and CAT regarding revenue sharing payment under concessionary agreement
On 11 January 2008, CAT submitted a claim to the Arbitration Institute requesting DTAC to make concession revenue sharing payments for the 12th – 16th concession years amounting to NOK 4.2 billion including penalties. The basis for the claim is the fact that revenue share paid by DTAC to CAT is made after deduction of excise tax. DTAC's opinion is that it was entitled to do so by virtue of the resolutions made by the Thai Council of Ministers in February 2003 and a letter issued by CAT allowing such deduction.

Furthermore, on 20 October 2008, CAT filed a petition for amending the dispute requesting for additional value added tax (VAT) at the rate of 7%. As such, the total claim amounts to NOK 4.4 billion. Currently, the dispute is still in the arbitration process, as DTAC in August 2008 did not accept CAT's proposal for the chairman of the tribunal. The process of resolving these matters could take several years. The management believes, based on advice from legal counsel, that the arbitral award would not have a material adverse effect on the financial position of DTAC.

On 31 August 2011, CAT filed a lawsuit with the Arbitration Institute requesting DTAC to pay additional revenue sharing on interconnection charge for the concession year 16th (16 September 2006–15 September 2007) in the amount of NOK 761 million, with penalty at the rate of 15% p.a. from 16 December 2007 based on the ground that DTAC has no right to deduct any interconnect expenses from its revenue and has no right to exclude interconnect revenue into its revenue to be calculated for the revenue sharing (payment of concession fee) to CAT under the Concession Agreement. The management believes based on advice from legal counsel that the outcome of the dispute would not have a material adverse effect on the financial position of DTAC.

3) Foreign ownership issue
One of DTACs competitors, True Move made a number of complaints to the Thai Police and the Thai Ministry of Commerce early in 2011 that DTAC is in breach of the Foreign Business Act (FBA) limiting foreign ownership to 49% of the company without special permission. In addition,

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

Vimpelcom ltd.

Arbitration in London to protect Telenor's pre-emptive rights in the context of VimpelCom's proposed acquisition of Wind Telecom S.p.A.
On 28 January 2011, Telenor commenced an arbitration proceeding in London against Altimo Holdings & Investments Ltd., Altimo Cooperatief U.A. (collectively, "Altimo") and VimpelCom Ltd. in which Telenor claimed that it is entitled to exercise its pre-emptive rights in the context of VimpelCom's proposed acquisition of Wind Telecom S.p.A.

On 15 February 2012, Telenor purchased 234,000,000 VimpelCom preferred shares from Weather Investments II S.a.r.l. ("Weather"), for NOK 2.2 billion, thereby increasing Telenor's voting share in VimpelCom Ltd. to 36.36%. At the same time, Telenor and Weather entered into an option agreement, granting Weather a put-option on Telenor for the remaining 71,000,000 preference shares in VimpelCom at the same price per share as in the first transaction. Telenor has in addition certain situational call-options, amongst other related to the remaining preference shares.

In connection with the transaction, Telenor has withdrawn all its claims against Altimo Holdings & Investments Ltd., Altimo Cooperatief U.A. and VimpelCom Ltd. in the arbitration proceeding mentioned above. Telenor's withdrawal of its claims will result in the termination of the VimpelCom shareholders agreement.

Uninor

1) In India, Unitech Wireless (Uninor) and many other telecom operators as well as the federal government through the Department of Telecommunications and the Telecom Regulatory Authority of India ("TRAI"), were named as respondents in public interest petitions filed before the Supreme Court by the Centre for Public Interest Litigation (CPIL), a non-governmental organisation and Dr. Subramanian Swamy. These petitions sought the cancellation of the licenses granted by the government in January 2008 to such operators, an imposition or punitive damages on grounds of alleged irregularities in granting the licenses, failure to meet eligibility requirements and delays in meeting roll out obligations.

On 2 February 2012 the Indian Supreme Court delivered its judgment on the public interest petition, in which it quashed all 122 licenses, including those granted to Uninor. The quashing is effective from 2 June 2012. Meanwhile, the TRAI shall make fresh recommendations for grant of licenses and allocation of spectrum in 2G band by auction, as was done for allocation of spectrum in 3G band. As a consequence of this an impairment loss of NOK 4.1 billion was recognised, see note 18. Telenor Asia Pte Ltd. issued a notice on 15 February 2012 to its Indian strategic partner Unitech Limited, that it will seek indemnity and compensation following the quashing of Uninor's 22 licenses by the Supreme Court of India. As a further consequence of the Indian Supreme Court judgment, Telenor Asia Pte Ltd rescinded the shareholders agreement between Unitech and Telenor with effect from 21 February 2012. The Group also makes an indemnity claim against Unitech Ltd. for the failure to obtain spectrum in the strategically critical Delhi circle. Uninor has at 2 March 2012 filed a petition seeking review of the judgment and order passed by the Supreme Court of India. Uninor has prayed to the Supreme Court for relief against the Court's previous order of cancellation of its licenses.

2) The former Indian telecom minister A Raja is, among others, accused of conspiring with several applicant companies in exchange for bribes in relation to the alleged 2 G scam case. Uninor and Sanjay Chandra are both accused in the same case and are currently facing trial. On 2 April 2011, the Indian Central Bureau of Investigation presented its first charge sheet, naming the managing director of Unitech Ltd., Mr. Sanjay Chandra, and also naming Uninor for actions when it was fully owned by Unitech Ltd., prior to Telenor Group entering India. On 22 October 2011, the criminal court formally charged all persons mentioned in the charge sheets. The trial started 11 November 2011 and is now pending with the court.

3) The board of directors of Uninor has approved rising of funds through a rights offering of up to NOK 9.5 billion, but Unitech Ltd. has initiated arbitration proceedings in Singapore on this matter. Further, and related to the same matter, Unitech Ltd. filed petitions on 11 October 2011 against Uninor, the Telenor-appointed directors on the Uninor board, Telenor Asia Pte Ltd. and Telenor ASA before a special judicial body Company Law Board (CLB) in India. In its petition to CLB, Unitech Ltd. alleges that the respondents have oppressed the minority shareholders and mismanaged the business of Uninor. Telenor's opinion is that there is no legal or factual basis to support the claims and allegations made by Unitech Ltd. in the arbitration and CLB proceedings. In light of the Indian Supreme Court judgment of 2 February 2012 quashing the Uninor licenses, both the proceedings before the CLB and the arbitration proceedings in Singapore stand currently adjourned, until 22 March 2012 and 7 July 2012 respectively.

/ 36 / Remuneration to management etc.

Board of Directors

Remuneration to the Board of Directors (the Board) consists of a Board fee which is fixed for the year depending on role in the Board as well as compensation for other Board elected committees. The Board's fees are set by the Corporate Assembly.

The aggregate remuneration for the Board and the Corporate Assembly recognised in 2011 was NOK 3.0 million and NOK 0.6 million, respectively. In 2010 this was NOK 2.8 million and NOK 0.6 million, respectively. In addition, remuneration for the Audit Committee, Governance and Remuneration Committee, The Ethics and Sustainability Committee and Nomination Committees was in total NOK 0.5 million (NOK 0.5 million in 2010). The members of the Board are entitled to a fixed compensation per meeting they attend and have no agreement which entitles them to extraordinary remuneration in the event of termination or change of office or agreement concerning bonus, profit sharing, options or similar. The number of shares owned by the members of the Board of Directors, Deputy Board Members and the Corporate Assembly as of 31 December 2011 and 2010 is shown below. Shares owned by the Board of Directors and Deputy Board Members include related parties. None of these members have any share options.

NOK in thousands, except number of shares Board	Number of shares as of 31 December 2011 [1]	Board Fee 2011	Fee for Board elected committee's 2011	Number of shares as of 31 December 2010	Board Fee 2010	Fee for Board elected committee's 2010
Harald Norvik	16 520	483	28	16 520	451	31
John Giverholt (until 18.05.2011)	3 000	125	44	3 000	292	62
Kjersti Kleven (until 23.11.2011)	-	220	11	-	225	21
Sanjiv Ahuja (until 18.05.2011)	-	98	-	-	225	-
Liselott Kilaas	-	271	28	-	225	20
Olav Volldal (until 18.05.2011)	-	98	11	-	225	21
Barbara Milian Thoralfsson	4900	241	67	10 000	225	62
Burckhard Bergmann	-	241	17	-	225	26
Hallvard Bakke (from 18.05.2011)	-	153	11	-	-	-
Dag J. Opedal (from 18.05.2011)	-	153	23	-	-	-
Frank Dangeard (from 18.05.2011)	-	153	11	-	-	-
Harald Stavn	4970	241	55	4 970	225	62
Bjørn Andre Anderssen	1 982	241	28	1 501	225	31
Brit Østby Fredriksen (from 20.01.2010)	2 656	241	22	2 140	225	16
Per Gunnar Salomonsen (deputy board member)	700	-	-	2 700	8	-
Wenche Aanestad (deputy board member)	4 267	-	-	4 102	8	-

[1] Shareholdings not included for representatives not member or deputy member as of 31 December 2011.

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

Deputy Board Members	Number of shares per 31 December 2011 [1]	Number of shares per 31 December 2010
Wenche Aanestad	4 267	4 102
Per Gunnar Salomonsen	700	2 700
Irene Vold	3 713	2 816
Frøydis Orderud (deputy board member from 04.09.2009 until 20.01.2010)	-	1 621
Kaare-Ingar Sletta	627	627
Helge Enger (until 20.01.2010)	-	6 388

[1] Shareholdings not included for representatives not deputy member as of 31 December 2011.

Corporate Assembly	Number of shares per 31 December 2011 [1]	Number of shares per 31 Desember 2010
Roger Rønning	1 429	977
Stein Erik Olsen	1 308	751
Magnhild Øvsthus Hanssen	2 008	1 442
Anne Kristin Endrerud (observer)	275	275
Mai Britt Thune (deputy member until 07.12.2011) (observer from 07.12.2011)	-	2 221
Morten Fallstein (deputy member)	682	680
Sigurd Hansen (deputy member)	-	1 610
Claes Lyth Waisø (deputy member until 07.12.2011)	-	213
Borgar Granbom (deputy member until 07.12.2011)	-	203
Jan Otto Eriksen (deputy member from 07.12.2011)	2 152	-
Espen Egeberg Christiansen (deputy member)	359	180
Ellen Erland (deputy member from 07.12.2011)	2 140	-
Steffan Philip Thorvaldsen (deputy member from 07.12.2011)	288	-
Håkon Berdal (deputy member from 07.12.2011)	2 034	-

[1] Shareholdings not included for representatives not member or deputy member as of 31 December 2011.

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) and the accounting act (regnskapsloven), the Government's policy on the remuneration of leading personnel issued by the Norwegian Ministry of Trade and Industry with effect from 1 April 2011, as well as The Norwegian Code of Practice for Corporate Governance.

1. Remuneration Policy

The Group's remuneration policy is to reward desired performance and to influence and reinforce Telenor's culture throughout the Group. The Group 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 shall normally attend the Committee meetings. Other representatives of the Management will attend upon notice. The Committee may dismiss their attendance when appropriate, and likewise call for attendance from other relevant sources. The secretary of the Board of Directors acts as secretary of the Committee unless otherwise agreed from time to time.

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

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

3. Main Remuneration Principles coming Fiscal Year

The overall remuneration for 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 the business environment the company operates within. The total remuneration package should support both long and short term business focus and behaviours, 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 (LTI), Employee Share Programme, Pension- and Insurance arrangements, Severance Pay and other general Benefits.

The Base Salary is mainly determined on the basis of the role, relevant market and performance. Performance relates to sustainable performance, i.e. delivery according to our business ambitions, demonstrated leadership and "The Telenor Way" (the Group's values, ethics, codes of conduct and governance principles) of doing business, as well as building and developing organisational capabilities. The Base Salary is reviewed annually.

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

The LTI programme is a fixed monetary compensation of 30% and 25% of the annual Base Salary for the Group CEO and Executive Management, respectively. If the executives are on an international assignment, the LTI award is based on the net salary and the compensation is reduced to 12.5%. The participant is required to invest the net after tax amount into Telenor shares, bought in the market and with obligation to hold for a lock-in period of four years. If the participant leaves Telenor during the lock-in period, the participant has to repay to Telenor an amount equal to the quoted market value of shares held. If the participant leaves Telenor during the lock-in period due to circumstances within Telenor, the participant is not obliged to repay the value of the shares held.

The participant in the LTI programme is entitled to an LTI bonus after the first two years of the Programme period. This opportunity applies at the end of 2013, given that the gross return on the Telenor share has developed better relative to the STOXX® Europe 600 Telecommunications index (SXKGR) over the two year period 2012–2013, i.e. the average daily closing price of the share for December 2011 compared to the corresponding period in 2013. The LTI bonus implies that:

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

If the executives are on an international assignment, any LTI Bonus is net and hence, following the same methodology as the initial LTI award, reduced to half of the current value.

The total variable pay is capped at 50% of the fixed compensation, in line with the Government's policy on the remuneration of leading personnel. The participant is obliged to invest the whole net LTI bonus, if any, in Telenor shares with further obligation to hold during the defined lock-in period of the Programme. If the participant leaves Telenor during the lock-in period, the participant has to repay to Telenor an amount equal the quoted market value of shares held. If the participant leaves Telenor during the lock-in period due to circumstances within Telenor, the participant is not obliged to repay the value of the shares held.

The Group operates a general Employee Share Programme for employees, which is also applicable for executives, offering employees the opportunity to purchase Telenor-shares for 1, 2, 3, or 4 percent of the annual gross Base Salary with a discount of maximum NOK 1,500. If the Telenor ASA share performs better than the STOXX® Europe 600 Telecommunications index (SXKGR) over a 2 year period, the employees will be granted a share programme bonus equal to the conditions as for the LTI bonus, except for the lock-in condition, given that the individual is still employed in the Telenor Group.

The Group applies a defined contribution pension arrangement for individuals hired externally as of 2006. According to this arrangement, the retirement age for Group Executive Management members is 65. The pension is based on the balance of accrued company contribution plus annual return on the accrual. The annual accrual is 4% of the annual Base Salary up to 6 G (G = base amount of Norwegian Social Security), 8% from 6 – 12 G and 30% of Base Salary above 12 G. Three members of the Group Executive Management are currently covered by this arrangement. In addition, these three are entitled to an annual accrual of 10% of Base Salary for service in the Group Executive Management. This accrual is limited to ten years of service and is meant to ensure the pension entitlements up to the general retirement age of 67.

There were some changes in the composition of the Group Executive Management in Telenor Group during 2011. New Group Executive Management members are Oddvar Hesjedal, Hilde Tonne, Berit Svendsen and Bjørn Magnus Kopperud (constituted). All members of the current Group Executive Management in Telenor Group have agreed pension terms and conditions prior to the Government's remuneration guidelines of 2011.

The Group CEO and members of the Group Executive Management, except three executives, are covered by the previously applied defined benefit arrangement. The Group CEO is entitled to retire at age 60 and the other Executives retire at age 62 or 65, based on individual agreements. The pension entitlement is 60% of the annual Base Salary the first ten years after the retirement and thereafter 58%. The Group CEO has a defined pension-qualifying income equal to NOK 4.9 million as of 1 January 2012. The pension-qualifying income is adjusted for CPI-ATE annually. The Group CEO is entitled to a defined contribution of 30% of salary above the cap in the defined benefit scheme.

The current defined contribution plan for salaries above 12 G is an unfunded plan which has been viewed as the most practical, common and efficient way of organising a pension scheme. However, a new pension scheme for salaries above 12 G in Telenor's Norwegian operations is being evaluated during 2012 and is planned implemented during 2012/2013 to apply for new hires. The aim with a future pension scheme is to have an effective and lasting pension scheme that continues to offer competitive total remuneration to key personnel and top Executives within the remuneration guidelines from the Government. Furthermore, any new terms and conditions should allow for necessary rotation and mobility to/from the Group Executive Management, also assessing the need for an early retirement plan.

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. The notice period is 6 months. The current terms and conditions for Severance Pay are in accordance with the remuneration guidelines from the Government.

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 Fiscal year
The remuneration principles applied in 2011 for the Group CEO and Executive Management was basically the same as explained above for 2012.

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

Actual remuneration to the Group CEO and Executive Management

During 2011 the Group Executive Management has consisted of Jon Fredrik Baksaas (CEO), Richard O. Aa, Jan Edvard Thygesen (until 13 November 2011), Bjørn Magnus Kopperud (from 14 November 2011), Morten Karlsen Sørby, Sigve Brekke, Kristin Skogen Lund, Ingvald Fergestad (until 7 April 2011), Oddvar Hesjedal (from 8 April 2011), Berit Svendsen (from 14 September 2011) and Hilde Tonne (from 14 September 2011). Aggregate remuneration including pension cost for the Group Executive Management was NOK 52 million in 2011 and NOK 46 million in 2010. The pension costs included in these figures were NOK 11.1 million in 2011 and NOK 9.3 million in 2010. The remuneration includes the Long Term Incentive granted in 2011 and 2010. See description in the Statement above. For details see tables below.

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

Remuneration to Group Executive Management 2011

NOK in thousands Group Executive Management 2011	Base Salary	Long term incentive	Annual bonus paid 2011	Other benefits [1]	Total salary and other taxable income [5]	Pension benefit earned [2]	Total
Jon Fredrik Baksaas	5 000	1 432	1 995	864	9 291	3 078	12 369
Richard O. Aa	2 750	647	891	230	4 518	912	5 430
Sigve Brekke [3a]	2 900	643	1 423	2 680	7 646	1 656	9 302
Morten Karlsen Sørby	3 070	734	1 156	844	5 804	1 583	7 387
Jan Edvard Thygesen (until 13 November 2011) [4] [5b]	2 500	709	1 224	652	5 085	1 029	6 114
Kristin S. Lund	2 650	622	619	231	4 122	879	5 001
Bjørn Magnus Kopperud (from 14 November 2011) [4]	375	-	-	34	409	205	614
Berit Svendsen (from 14 September 2011) [4]	705	-	-	56	761	236	997
Ingvald Fergestad (until 7 April 2011) [4]	438	378	-	52	868	287	1 155
Oddvar Hesjedal (from 8 April 2011) [4]	1 677	-	-	116	1 793	1 063	2 856
Hilde M. Tonne (from 14 September 2011) [3b] [4]	667	-	-	99	766	208	974

The executive pension arrangements were reviewed in 2010.

The defined benefit plan was adjusted to take away any unintended differences between participating Group Executive Management members and to align with market conditions. The review resulted in two changes. Firstly, the pension entitlement was reduced from 66% to 60% for the first ten years after retirement and 58% thereafter. Secondly, the individually defined cap on pensionable income was removed, now calculating pensionable income of the full annual base salary, except for the Group CEO who has an individual cap.

As a result of review in 2010, a new pension agreement was signed with Sigve Brekke in 2011 and gave rise to a one-time expense of NOK 13,345,000 in 2011.

Jan Edvard Thygesen's withdrawal from Telenor's share based incentive programs, annual bonus and vacation pay earned in 2011 and LTI bonus from the LTI programme 2010, normally granted as restricted shares, is settled with a one-time cash element of NOK 2.6 million. Restricted LTI shares acquired in the LTI programmes from 2009 to 2011 are released. The amount is not included in the table above.

Remuneration to Group Executive Management 2010

NOK in thousands Group Executive Management 2010	Base Salary	Long term incentive	Annual bonus paid 2010	Other benefits [1]	Total salary and other taxable income [5]	Pension benefit earned [2]	Total
Jon Fredrik Baksaas [5a]	4 800	1 434	1 531	496	8 261	2 930	11 191
Richard O. Aa (from 1 March 2010)	2 167	647	-	154	2 968	496	3 464
Sigve Brekke [3a]	2 485	644	1 031	2 952	7 112	1 010	8 122
Morten Karlsen Sørby	2 950	734	702	544	4 930	1 559	6 489
Jan Edvard Thygesen [5b]	2 850	709	1 021	420	5 000	1 225	6 225
Kristin S. Lund (from 1 March 2010)	2 083	622	-	163	2 868	476	3 344
Ingvald Fergestad (from 27 August 2010)	507	303	-	84	894	365	1 259
Ragnar H. Korsæth (until 1 March 2010) [5c] [4]	333	-	472	50	855	68	923
Bjørn Magnus Kopperud (until 27 August 2010) [4]	1 433	-	480	218	2 131	783	2 914
Hilde M. Tonne (until 1 August 2010) [4]	1 108	-	380	186	1 674	349	2 023

All figures are exclusive social security tax.

[1] Include items such as vacation allowance beyond ordinary monthly pay, insurance, company car or car allowance, taxable bonus shares related to Employee Share Programme and other benefits. For Sigve Brekke and Hilde Tonne expatriate allowances are included.
[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 27.
[3] Entitlement to guaranteed net annual salary as part of his international assignment. The bonus and the LTI are based on the guaranteed net amount.
[a] Sigve Brekke was entitled to a guaranteed net annual salary of NOK 2,900,000 in 2011 and NOK 2,700,000 in 2010.
[b] Hilde Tonne was entitled to a guaranteed net annual salary of NOK 667 000 in 2011.
[4] The compensation is based on their respective period in the Group Executive Management.
[5] For number of options granted and outstanding as well as their terms, see below.
[a] Jon Fredrik Baksaas exercised share options in 2010 that was reported as additional taxable income of NOK 10,112,000.
[b] Jan Edvard Thygesen exercised share options in 2011 that was reported as additional taxable income of NOK 170,000 (in 2010, NOK 2,528,000 was reported as additional taxable income as a consequence of exercised share options)
[c] Ragnar Korsæth exercised share options in 2010 that was reported as additional taxable income of NOK 987,266.

Changed pension agreements gave rise to a one-time expense in 2010 related to Jon Fredrik Baksaas of NOK 12,769,000, Morten Karlsen Sørby of NOK 4,911,000, Jan Edvard Thygesen of NOK 8,649,000, Ingvald Fergestad of NOK 69,000 and Bjørn Magnus Kopperud of NOK 2,677,000.

Individual terms

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	60% Defined Benefit of a defined pension-qualifying income of NOK 4,833,600 (per 01.01.2011) until the age of 70, thereafter 58%, and 30% Defined Contribution above the defined pension-qualifying income. The pension-qualifying income are adjusted with CPI-ATE (consumer price index adjusted for changes in indirect taxes and excluding energy products) January 1 every year. Retirement age 60.
Richard Olav Aa	6 months	6 months	Defined Contribution, 4% of 1–6 G, 8% of 6–12 G and 30% of Base Salary above 12 G. In addition, annual contribution of 10% of Base Salary for early retirement scheme. Retirement age 65.
Kristin Skogen Lund	6 months	6 months	Defined Contribution, 4% of 1–6 G, 8% of 6–12 G and 30% of Base Salary above 12 G. In addition, annual contribution of 10% of Base Salary for early retirement scheme. Retirement age 65.
Sigve Brekke	6 months	6 months	60% Defined Benefit of Base Salary until the age of 75, thereafter 58%. Retirement age 65.
Bjørn Magnus Kopperud	6 months	6 months	60% Defined Benefit of Base Salary until the age of 72, thereafter 58%. Retirement age 62.
Morten Karlsen Sørby	6 months	6 months	60% Defined Benefit of Base Salary until the age of 72, thereafter 58%. Retirement age 62.
Hilde Tonne	6 months	6 months	Defined Contribution, 4% of 1–6 G, 8% of 6–12 G and 30% of Base Salary above 12 G. In addition, annual contribution of 10% of Base Salary for early retirement scheme. Retirement age 65.
Oddvar Hesjedal	6 months	6 months	60% Defined Benefit of Base Salary until the age of 72, thereafter 58%. Retirement age 62.
Berit Svendsen	6 months	6 months	60% Defined Benefit of Base Salary until the age of 72, thereafter 58%. Retirement age 62.

Options and shares 2011

	Options held as of 1 January 2011	Exercised options	Average exercise price on exercised options	Options held as of 31 December 2011	Average exercise price outstanding options	Average remaining lifetime	Restricted shares from the LTI programme held as of 31 December 2011	Available shares (incl. restricted) held as of 31 December 2011
Jon Fredrik Baksaas	100 000	-	-	100 000	74.90	1.52	26 252	162 600
Richard Olav Aa	-	-	-	-	-	-	7 157	8 296
Kristin Skogen Lund	-	-	-	-	-	-	7 015	8 110
Sigve Brekke	40 000	-	-	40 000	74.90	1.52	17 999	62 824
Jan Edvard Thygesen	55 000	10 000	74.90	-	-	-	-	-
Morten Karlsen Sørby	55 000	-	-	55 000	74.90	1.52	14 866	47 786
Bjørn Magnus Kopperud	40 000	-	-	40 000	74.90	1.52	10 063	38 746
Oddvar Hesjedal	-	-	-	-	-	-	12 183	18 972
Berit Svendsen	20 000	-	-	20 000	74.90	1.52	-	12 295
Hilde Tonne	-	-	-	-	-	-	8 340	21 211

Options and shares 2010

	Options held as of 1 January 2010	Exercised options	Average exercise price on exercised options	Options held as of 31 December 2010	Average exercise price outstanding options	Average remaining lifetime	Restricted shares from the LTI programme held as of 31 December 2010	Available shares (incl. restricted) held as of 31 December 2010
Jon Fredrik Baksaas	300 000	200 000	26.44	100 000	74.90	2.52	26 539	148 772
Richard Olav Aa	-	-	-	-	-	-	3 468	3 468
Kristin Skogen Lund	-	-	-	-	-	-	3 468	3 468
Sigve Brekke	40 000	-	-	40 000	74.90	2.52	20 809	46 461
Jan Edvard Thygesen	105 000	50 000	26.44	55 000	74.90	2.52	14 131	102 766
Morten Karlsen Sørby	55 000	-	-	55 000	74.90	2.52	15 698	39 834
Ingvald Fergestad	-	-	-	-	-	-	6 330	7 618

Loans to employees

Total loans to employees were NOK 15 million as of 31 December 2011 and NOK 4 million as of 31 December 2010. The increase in 2011 was mainly related to loans to employees in DTAC due to the floods in Thailand.

Fees to the auditors

The table below summarises audit fees for 2011 and 2010 and fees for audit related services, tax services and other services incurred by the Group during 2011 and 2010. Fees include both Norwegian and foreign subsidiaries.

	Audit fees		Fees for further assurance services		Fees for tax services		Other fees	
NOK in millions, excluding VAT	2011	2010	2011	2010	2011	2010	2011	2010
Telenor ASA	4.9	4.9	0.2	0.3	2.7	1.1	4.2	0.1
Other Group companies	25.3	27.4	2.6	3.8	1.5	4.6	3.8	2.3
Total Group auditor	**30.3**	32.3	**2.8**	4.1	**4.2**	5.7	**8.0**	2.4
Other auditors in subsidiaries	0.3	0.3	0.1	0.1	-	-	-	-
Total	**30.6**	32.6	**2.9**	4.2	**4.2**	5.7	**8.0**	2.4

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

/ 37 / Number of shares, ownership etc.

As of 31 December 2011, Telenor ASA had a share capital of NOK 9,649,161,678 divided into 1,608,193,613 ordinary shares with a nominal value of NOK 6 each. The share capital was decreased by NOK 298,171,398 and the number of registered shares was decreased by 49,695,233 during the year. All ordinary shares have equal voting rights and the right to receive dividends. As of 31 December 2011, the company owned 23,954,781 treasury shares, compared to 26,117,284 treasury shares as of 31 December 2010.

The Annual General Meeting (AGM) in May 2010 authorised the Board of Directors to acquire up to 83,000,000 own shares, corresponding to approximately 5% of the share capital, to optimise the company's capital structure or as means of payment in connection with acquisitions. Within this authorisation, which was valid until AGM in May 2011, Telenor repurchased 22,877,098 own shares. In April 2010 Telenor entered into an agreement with its largest shareholder, the Kingdom of Norway, represented through the Ministry of Trade and Industry. The agreement implied that the Kingdom of Norway was committed, through the Ministry of Trade and Industry's participation and voting in Telenor's general meeting, to contribute to the cancellation of a proportionate number of its shares so that the Kingdom of Norway's ownership interest in Telenor would remain unaffected if Telenor repurchased shares for the purpose of cancellation. The agreement was valid until the AGM in 2011. Following AGM approval in May 2011, Telenor's share capital was reduced by NOK 298,171,398 by cancellation of the 22,877,098 shares repurchased under the authorisation from AGM in May 2010 and redemption of 26,818,135 shares owned by the Kingdom of Norway against payment of an amount of approximately NOK 2.5 billion to the Kingdom of Norway.

In addition, at the AGM in May 2010 authority was given to acquire up to 3,000,000 own shares, corresponding to 0.18% of the company's share capital for use in connection with fulfilment of Telenor's option programmes for 2006, the LTI programme for senior management and the general share programme for employees. As of 31 December 2010 1,899,963 shares were acquired under this authorisation, which was valid until AGM in May 2011.

At the AGM in May 2011, authority was given to the Board of Directors to acquire up to 83,000,000 own shares, corresponding to approximately 5% of the share capital for the purpose of cancellation. The authorisation is valid until the AGM in May 2012. In connection with this authorisation Telenor entered into a new agreement with the Kingdom of Norway regarding redemption of shares, similar to the agreement entered into in 2010. From the AGM in May 2011 up to year-end 2011 Telenor purchased 22,209,858 shares for the purpose of cancellation. The shares, corresponding to approximately 1.4% of the company's share capital, were acquired in the open market at average price NOK 90.98 or approximately NOK 2.0 billion in total. Based on the number of treasury shares held for cancellation at year-end 2011, 26,035,949 of the Ministry of Trade and Industry's Telenor shares will be redeemed through a share capital reduction, corresponding to approximately 1.6% of the company's share capital, for a total consideration of approximately NOK 2.4 billion plus interest.

Further, at the AGM in May 2011, authority was also given to the Board of Directors to acquire up to 1,000,000 own shares, corresponding to 0.06% of the company's share capital for the purpose of fulfilment of option programmes for 2006, the LTI programme for senior management and the general share programme for employees. As of 31 December 2011 no shares had been purchased under this authorisation, which is valid until the AGM in May 2012.

As of 31 December 2011, Telenor ASA had 45,800 registered shareholders, compared with 49,750 as of 31 December 2010.

Changes in treasury shares

	2011	2010
Balance 1 January	**26 117 284**	**1 859 890**
Purchase of treasury shares	49 027 993	22 877 098
Treasury shares used in option and LTI programmes	(1 495 263)	1 380 296
Cancellation of treasury shares	(49 695 233)	-
Balance 31 December	**23 954 781**	**26 117 284**

The 20 largest shareholders as 31 December 2011 from the shareholder register [1)]

	Name of shareholders	Number of shares	%
1	Ministry of Trade and Industry, Kingdom of Norway	867 865 005	53.97
2	Folketrygdfondet	77 089 737	4.79
3	State Street Bank and Trust Co (nominee)	36 092 587	2.24
4	Clearstream Banking SA (nominee)	26 622 757	1.66
5	Bank of New York Mellon (nominee)	25 695 629	1.60
6	State Street Bank & Trust Co (nominee)	24 883 007	1.55
7	Telenor Treasury shares	23 954 781	1.49
8	JPMorgan Chase Bank (nominee)	21 747 554	1.35
9	State Street Bank and Trust Co (nominee)	19 273 255	1.20
10	Euroclear Bank SA/NV (nominee)	17 731 649	1.10
11	JPMorgan Chase Bank (nominee)	13 598 000	0.85
12	JPMorgan Chase Bank (nominee)	13 362 620	0.83
13	JPMorgan Chase Bank (nominee)	10 915 236	0.68
14	State Street Bank and Trust Co (nominee)	10 489 591	0.65
15	The Northern Trust Co (nominee)	10 134 464	0.63
16	RBC Dexia Investor Services Trust (nominee)	9 702 792	0.60
17	Bank of New York Mellon (nominee)	9 202 526	0.57
18	State Street Bank & Trust Co (nominee)	8 241 497	0.51
19	UBS (nominee)	7 950 420	0.49
20	Skandinaviska Enskilda Banken (nominee)	6 509 048	0.40
	Total held by 20 largest shareholders	**1 241 062 155**	**77.17**
	Total all Telenor shares	**1 608 193 613**	**100.00**

The 20 largest shareholders as 31 December 2011, beneficial ownership [2)]

	Name of shareholders	Number of shares	%
1	Ministry of Trade and Industry, Kingdom of Norway	867 865 005	53.97
2	Folketrygdfondet	77 089 737	4.79
3	Franklin Resources	63 034 763	3.92
4	Fidelity	37 615 603	2.34
5	UBS	28 611 020	1.78
6	Telenor Treasury Shares	23 954 781	1.49
7	BlackRock	21 162 124	1.32
8	DNB	19 485 901	1.21
9	State Street Corporation	19 225 002	1.20
10	SAFE Investment Company	18 911 592	1.18
11	Wellington Management Company	17 367 807	1.08
12	Manning & Napier	15 039 510	0.94
13	Legal & General Investment Management	11 890 647	0.74
14	Storebrand Kapitalforvaltning	11 425 060	0.71
15	KLP	9 702 845	0.60
16	Nordea	8 652 553	0.54
17	Schroders	8 005 930	0.50
18	APG Asset Management	7 786 265	0.48
19	Bank Delen – Custodian	7 379 497	0.46
20	Standard Life Investments	7 211 569	0.45
	Total held by 20 largest shareholders	**1 281 417 211**	**79.68**
	Total all Telenor shares	**1 608 193 613**	**100.00**

[1)] Source: VPS share register.

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

/ 38 / Events after the reporting period

A-pressen

A-pressen, an associated company of Telenor, sold its 50% share of TV2 for NOK 2.1 billion in February 2012. Telenor owns 48.2% of A-Pressen.

Uninor (see also note 3, 18 and 35)

On 2 February 2012, the Indian Supreme Court delivered its judgment on a public interest petition seeking cancellation of 122 cellular phone licenses granted by the Government of India in 2008, including 22 licenses to Unitech Wireless (Uninor). The cancellation is effective 4 months from 2 February 2012. Meanwhile, the TRAI (Telecom Regulatory Authority of India) shall make fresh recommendations for grant of license and allocation of spectrum in 2G band by auction, as was done for allocation of spectrum in 3G band.

As a consequence of this an impairment loss of NOK 4.1 billion was recognised in the fourth quarter of 2011, see note 18.

On 15 February 2012, the Group issued a notice to its Indian strategic partner Unitech Ltd, that it will seek indemnity and compensation following the cancellation of Uninor's 22 licenses by the Supreme Court of India. The Group holds Unitech Ltd. liable for the breach of warranties related to the cancellation of the licenses – seeking compensation for all investment and damages caused by the Supreme Court Order. The Group also makes an indemnity claim against Unitech Ltd. for the failure to obtain spectrum in the strategically critical Delhi circle.

Uninor has at 2 March 2012 filed a petition seeking review of the judgment and order passed by the Supreme Court of India. Uninor has prayed to the Supreme Court for relief against the Court's previous order of cancellation of its licenses.

The Group will consider every option available on how to utilise mobile assets in India. It is the group's position that the strategic partnership with Unitech Ltd does not have a future, and it therefore have started the process of looking for a new Indian partner.

VimpelCom Ltd (see also note 21 and 35)

The Group, on 15 February 2012, purchased 234,000,000 VimpelCom preferred shares from Weather Investments II S.a.r.l. ("Weather"), for NOK 2.2 billion thereby increasing the Group's voting share in VimpelCom Ltd. to 36.36%. At the same time, Telenor and Weather entered into an option agreement, granting Weather a put-option on Telenor for the remaining 71,000,000 preference shares in VimpelCom at the same price per share as in the first transaction. Telenor has in addition certain situational call-options, amongst other related to the remaining preference shares.

In connection with the transaction, the Group has withdrawn all its claims against Altimo Holdings & Investments Ltd., Altimo Cooperatief U.A. and VimpelCom Ltd. in the pending arbitration proceeding. The Group's withdrawal of its claims will result in the termination of the VimpelCom shareholders agreement.

Income Statement

Telenor ASA 1 January–31 December

NOK in millions	Note	2011	2010
Revenues	1	**508**	593
Operating expenses			
Salaries and personnel costs	2, 3	**(746)**	(757)
Other operating expenses	4	**(912)**	(916)
Depreciation, amortisation and impairment losses	8, 9	**(112)**	(93)
Total operating expenses		**(1 770)**	(1 766)
Operating profit (loss)		**(1 262)**	(1 173)
Financial income and expenses			
Financial income	6	**16 210**	8 150
Financial expenses	6	**(8 796)**	(1 949)
Net currency gains (losses)	6	**804**	1 129
Net gains (losses and impairment) of financial assets	6	**(397)**	55
Net financial income (expenses)	6	**7 821**	7 385
Profit before taxes		**6 559**	6 212
Income taxes	7	**(391)**	(2 539)
Net income		**6 168**	3 673

Statement of Comprehensive Income

Telenor ASA 1 January–31 December

NOK in millions	**2011**	2010
Net income	**6 168**	3 673
Other comprehensive income (loss)		
Net gain on cash flow hedges	(36)	(20)
Income taxes	10	6
Amount reclassified from equity to profit and loss	-	599
Income taxes	-	(168)
Other comprehensive income (loss), net after taxes	**(26)**	417
Total comprehensive income	**6 142**	4 090

Statement of Financial Position

Telenor ASA as of 31 December

NOK in millions	Note	2011	2010
ASSETS			
Non-current assets			
Deferred tax assets	7	3 225	2 132
Goodwill	8	20	20
Intangible assets	8	339	424
Property, plant and equipment	9	16	14
Shares in subsidiaries	16	40 269	40 632
Non-current interest-bearing receivables Group companies	12	91 036	95 717
Other non-current financial assets	10, 12	1 324	1 319
Total non-current assets		**136 229**	**140 258**
Current assets			
Trade receivables Group companies		380	181
Trade receivables external		3	6
Other current financial assets	10, 12	4 089	1 846
Liquid assets and short-term placements	12	2 885	4 031
Total current assets		**7 357**	**6 064**
Total assets		**143 586**	**146 322**
EQUITY AND LIABILITIES			
Equity	11	**29 666**	**34 218**
Non-current interest-bearing external liabilities	12	19 771	21 057
Non-current non-interest-bearing liabilities within the Group	12	186	236
Non-current non-interest-bearing external liabilities	12	481	562
Pension obligations	3	341	335
Other provisions		23	13
Total non-current liabilities		**20 802**	**22 203**
Current interest-bearing liabilities within the Group	12	76 271	78 444
Current interest-bearing external liabilities	12	1 569	2 434
Drawings on Group's cash pool	12	6 115	5 403
Current non-interest-bearing liabilities within the Group	12, 13	186	142
Current non-interest-bearing external liabilities	12, 13	2 905	3 478
Provisions for guarantees	14	6 072	-
Total current liabilities		**93 118**	**89 901**
Total equity and liabilities		**143 586**	**146 322**

Fornebu, 21 March 2012

Harald Norvik
Chairman

Liselott Kilaas
Deputy Chairman

Sally Davis
Board member

Dag J. Opedal
Board member

Hallvard Bakke
Board member

Frank Dangeard
Board member

Dr. Burckhard Bergmann
Board member

Barbara Milian Thoralfsson
Board member

Harald Stavn
Board member

Brit Østby Fredriksen
Board member

Bjørn André Anderssen
Board member

Jon Fredrik Baksaas
President & CEO

Statement of Cash Flows

Telenor ASA 1 January–31 December

NOK in millions	Note	2011	2010
Profit before taxes		6 559	6 212
Income taxes paid		(2 345)	(2 493)
Net (gains) losses, impairment and change in fair value of financial assets and liabilities		(117)	258
Depreciation, amortisation and impairment losses		112	93
Net currency (gains) losses not relating to operating activities		(826)	(1 121)
Net changes in interest accruals against Group companies		(2 236)	(2 603)
Provisions for guarantees		6 072	-
Net changes in other accruals		295	649
Net cash flow from operating activities		**7 514**	995
Proceeds from sale of property, plant and equipment and intangible assets		19	-
Purchases of property, plant and equipment and intangible assets		(17)	(101)
Proceeds from sale of other investments		3	32
Purchases of other investments		(1 691)	(5)
Net cash flow from investing activities		**(1 686)**	(74)
Proceeds from borrowings		368	10 254
Repayments of borrowings		(2 464)	(13 042)
Net change in Group's cash pool		5 165	5 894
Purchase of treasury shares		(4 535)	(2 156)
Dividends paid to equity holders of Telenor ASA		(6 206)	(4 141)
Net cash flow from financing activities		**(7 672)**	(3 191)
Effect on cash and cash equivalents of changes in foreign exchange rates		(14)	(130)
Net change in cash and cash equivalents		**(1 858)**	(2 400)
Cash and cash equivalents as of 1 January	12	(1 372)	1 028
Cash and cash equivalents as of 31 December	12	**(3 230)**	(1 372)

Statement of Changes in Shareholders' Equity

Telenor ASA – for the years ended 31 December 2010 and 2011

NOK in millions (except for number of shares)	Number of shares	Share capital	Treasury shares	Other paid in capital	Other reserves	Retained earnings	Total equity
Equity as of 1 January 2010	**1 657 888 846**	**9 947**	**(11)**	**69**	**11 793**	**14 757**	**36 555**
Net income for the period	–	–	–	–	–	3 673	3 673
Other comprehensive income for the period	–	–	–	–	417	–	417
Total comprehensive income	**–**	**–**	**–**	**–**	**417**	**3 673**	**4 090**
Dividend	–	–	–	–	–	(4 141)	(4 141)
Share based payment	–	–	–	–	21	–	21
Share buy back	–	–	(149)	–	(2 178)	–	(2 327)
Sale of shares, share issue and exercise of share options	–	–	3	–	17	–	20
Equity as of 31 December 2010	**1 657 888 846**	**9 947**	**(157)**	**69**	**10 070**	**14 289**	**34 218**
Net income for the period	–	–	–	–	–	6 168	6 168
Other comprehensive income for the period	–	–	–	–	(26)	–	(26)
Total comprehensive income	**–**	**–**	**–**	**–**	**(26)**	**6 168**	**6 142**
Dividend	–	–	–	–	–	(6 206)	(6 206)
Share based payment	–	–	–	–	15	–	15
Share buy back	–	–	(294)	–	(4 241)	–	(4 535)
Cancellation of shares	(49 695 233)	(298)	298	–	–	–	–
Sale of shares, share issue and exercise of share options	–	–	9	–	23	–	32
Equity as of 31 December 2011	**1 608 193 613**	**9 649**	**(144)**	**69**	**5 841**	**14 251**	**29 666**

Other comprehensive income in other reserves, see note 11.

Notes to the Financial Statements

Telenor ASA

/00/ Contents notes

/01/ General information and summary of significant accounting principles

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

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

Telenor ASA's accounting principles are consistent to the accounting principles for the Group, as described in note 2 of the consolidated financial statements. Where the notes for the parent company are substantially different from the notes for the Group, these are shown below. Otherwise, refer to the notes to the consolidated financial statements.

Telenor ASA uses the indirect method for the statement of cash flows. Net change in Group internal drawing rights are loans to, and placements from Group companies. These loans and placements have high turnover and are presented net. The repurchase of shares bought for the purpose of distributing them to the employees as bonus shares etc. is classified under operating activities.

Revenues are mainly sale of Group services to other Group companies, sale of research and development services and sale of other consultancy services. Purchases from other Group companies consist mainly of consultancy fees in strategic Group projects, property lease, IT-operations and maintenance.

Telenor ASA conducts the main part of the external debt financing in the Group, and provides loan and guarantees to, and receives deposits from Group companies. See note 29 to the consolidated financial statements.

Shares in subsidiaries and receivables from and loans provided to subsidiaries are evaluated at the lower of cost or fair value. Any adjustments in values are classified as financial income and expenses in the income statement. Derivative financial instruments held with subsidiaries are carried at fair value.

/02/ Salaries and personnel costs

The Group's Chief Executive Officer and the Board of Directors have the same positions in Telenor ASA. See note 36 of the consolidated financial statements for further information about compensation to the Board of Directors, management and auditor.

NOK in millions	2011	2010
Salaries and holiday pay	(518)	(512)
Social security tax [1]	(82)	(75)
Pension cost including social security tax (Note 3)	(85)	(113)
Share-based payments	(29)	(19)
Other personnel costs	(32)	(38)
Total salaries and personnel costs	**(746)**	**(757)**
Number of employees, average	532	534

[1] Includes accrued social security taxes on outstanding options to management and social security taxes of benefit taxation for exercised stock options.

/ 03 / Pension obligations

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

NOK in millions	2011	2010
Change in projected benefit obligation		
Projected benefit obligation as of 1 January	983	848
Service cost	53	55
Interest cost	40	41
Past service cost	1	33
Actuarial (gains) and losses	99	51
Acquisition/sale/transfer of business	2	(6)
Benefits paid/paid-up policies	(40)	(39)
Benefit obligations as of 31 December	**1 138**	**983**
Change in plan assets		
Fair value of plan assets as of 1 January	582	552
Actual return on plan assets	(19)	7
Acquisition/sale/transfer of business	-	(3)
Pension contribution [1]	43	41
Benefits paid/paid-up policies	(18)	(15)
Fair value of plan assets as of 31 December	**588**	**582**
Funded status as of 31 December	**550**	**401**
Unrecognised net actuarial gains (losses) [2]	(209)	(66)
Total provision for pensions as of 31 December	**341**	**335**
Total provision for pensions as of 1 January	**335**	**305**
Transfer of business	2	(3)
Net periodic benefit costs	70	98
Pension contribution [1]	(43)	(41)
Benefits paid/paid-up policies	(18)	(18)
Social security tax on pension contribution and benefits paid	(5)	(6)
Total provision for pensions as of 31 December	**341**	**335**

[1] Telenor ASA expects to contribute approximately NOK 42 million to the Telenor Pension Fund in 2012.

[2] Benefit obligation and unrecognised net actuarial gains (losses) includes social security tax

286 employees were covered by the defined benefit plan of the Telenor Pension Fund, which paid out pensions to 386 persons.

For information of assumptions used and description of pension plans, please see note 27 to the consolidated financial statements.

NOK in millions	2011	2010
Components of net periodic benefit cost		
Service cost	(53)	(55)
Interest cost	(40)	(41)
Expected return on plan assets	33	35
Amortisation of actuarial gains and losses	(9)	(4)
Past service cost	(1)	(33)
Net periodic benefit costs	**(70)**	**(98)**
Contribution plan costs	(15)	(15)
Total pension costs recognised in the income statement	**(85)**	**(113)**

Past service cost relates to changed pension agreements for some executive employees in 2010, see note 36 in the consolidated financial statements for further information.

/ 04 / Other operating expenses

NOK in millions	2011	2010
Cost of premises, vehicles, office equipment etc.	(108)	(110)
Operation and maintenance	(34)	(46)
Travel and travel allowances	(74)	(60)
Postage, freight, distribution and telecommunications	(21)	(25)
Marketing, representation and sales commission	(60)	(96)
Consultancy fees and costs for external personnel	(522)	(466)
Workforce reductions	(15)	(44)
Bad debt	-	1
Other operating expenses	(78)	(70)
Total other operating expenses	**(912)**	**(916)**

Consultancy fees are primarily related to the hiring of temporary personnel, the safeguarding of interests and to the assessment of new market opportunities. In addition, audit fees and other fees to the auditor are included, see note 36 to the consolidated financial statements.

In 2011 Telenor ASA received a claim for Value Added Taxes (VAT) recalculation related to consultants fee for a total of NOK 58 million. The VAT is expensed in the profit and loss. Telenor ASA has filed a complaint on the decision.

/ 05 / Research and development costs

Research and development expenses in Telenor ASA were NOK 195 million in 2011 and NOK 189 million in 2010. Research and development activities relate to new technologies and new usages of the existing network.

/ 06 / Financial income and expenses

NOK in millions	2011	2010
Interest income	8	11
Interest income from Group companies	3 822	3 324
Increase in fair value of financial instruments held for trading	830	190
Group contribution from subsidiaries	11 200	4 620
Other financial income	3	5
Other financial income from Group companies	347	-
Total financial income	**16 210**	**8 150**
Interest expenses Group companies	(1 588)	(705)
Interest expenses (external) on financial liabilities measured at amortised cost	(750)	(702)
Gains on guarantees for subsidiaries	-	40
Provisions for loss on guarantees for subsidiaries	(6 072)	-
Decrease in fair value of financial instruments held for trading	(351)	(528)
Decrease in fair value of financial instruments – against Group companies	(2)	-
Other financial expenses	(33)	(54)
Total financial expenses	**(8 796)**	**(1 949)**
Net foreign currency gains (losses)	**804**	**1 129**
Gains (losses) on loans to Group companies	(19)	55
Impairment losses on loans to Group companies and associated companies	(15)	-
Impairment losses in shares in subsidiaries	(363)	-
Net gains (losses and impairment) on financial assets	**(397)**	**55**
Net financial income (expenses)	**7 821**	**7 385**

Group contribution received from Group companies during the relevant years is recognised as financial income in the year it is approved by the General Meeting in the relevant company and Telenor ASA obtains the right to the Group contribution. In 2011 NOK 5.4 billion in taxable Group contribution and NOK 5.8 billion in tax-free Group contribution for the 2010 financial statement were received and recognised. Group contribution to be received and recognised as financial income in 2012 based on the Group companies' 2011 financial statements is estimated to be approximately NOK 3.9 billion.

Change in value of financial instruments held for trading is related to derivatives used as hedges for interest-bearing liabilities that do not meet the requirements for hedge accounting.

Other financial income from Group Companies is mainly commissions for guarantees given, see note 14. Telenor ASA has guaranteed on behalf of the debt in its subsidiary Uninor. In relation to this Telenor ASA has recognised an income of NOK 344 million related to the guarantee provision in 2011.

Telenor ASA recognised losses on guarantees made on behalf of Cinclus Technology AS with a total of NOK 325 million in 2009. In 2010 Telenor ASA made a net payment of NOK 287 million. The amount NOK 38 million were reversed. Losses on loans of NOK 420 million were accrued in 2009, of which the amount of NOK 55 million was reversed in 2010 as a result of cash and cash equivalents received in the subsidiary. During 2011, additional losses of NOK 19 million were recognised. The activities in Cinclus Technology AS were not continued in 2011. Thus, the losses related to guarantees and loans are realised.

A provision for loss on guarantees in Telenor ASA on behalf of Uninor was recognised in 2011 with NOK 6,072 million, see note 14.

In 2011 a provision of NOK 15 million for losses on loans to Aeromobile Holding AS was recognised. The total provision for losses on loans to Aeromobile Holding AS is NOK 267 million.

For impairment of shares see note 16.

/ 07 / Income taxes

NOK in millions	2011	2010
Profit before taxes	**6 559**	**6 212**
Current taxes	(1 466)	(2 346)
Current withholding tax	(9)	(10)
Current withholding tax applied to income deduction	(1)	-
Adjustment in previous years' current income tax	2	(790)
Change in deferred taxes	1 083	607
Total income tax expense	**(391)**	**(2 539)**
Tax basis:		
Profit before taxes	6 559	6 212
Non-taxable income	(1)	(18)
Non-deductible expenses	636	55
Group contribution previous year	(5 400)	(4 620)
Group contribution previous year – tax-free	(5 800)	-
Changes in temporary differences	5 363	1 358
Changes in temporary differences derivates calculated as tax expense	(33)	-
Basis for withholding tax, including temporary differences	39	29
Utilisation of Norwegian tax credits	(29)	(38)
Group contribution current year	3 900	5 400
Tax basis of the year	**5 234**	**8 378**
Current taxes according to statutory tax rate (28%)	**1 466**	**2 346**
Effective tax rate		
Expected income taxes according to statutory tax rate (28%)	(1 837)	(1 739)
Other non-taxable income	-	5
Non-deductible expenses	(179)	(15)
Received Group contribution, tax-free	1 624	-
Withholding tax paid during the year used for income deduction	(1)	-
Adjustment in previous years' current income tax	2	(790)
Income tax expense	**(391)**	**(2 539)**
Effective tax rate in %	**5.95%**	**40.88%**

NOK in millions	2011	2010	Changes
Temporary differences as of 31 December			
Non-current assets	75	80	(5)
Interest element in connection with fair value hedges of liabilities	(1 313)	(1 276)	(37)
Other non-current receivables	(40)	(957)	917
Other derivatives [1]	(104)	172	(276)
Provisions for loss on guarantees	(6 072)	-	(6 072)
Currency revaluation reserves	369	279	90
Other accruals for liabilities	(83)	(80)	(3)
Pension liabilities	(341)	(335)	(6)
Group contribution	(3 900)	(5 400)	1 500
Unutilised tax credits carried forward	(39)	(29)	(10)
Total before cash flow hedge	**(11 448)**	**(7 546)**	**(3 902)**
Cash flow hedge	(72)	(69)	(3)
Total	**(11 520)**	**(7 615)**	**(3 905)**
Net deferred tax assets (28%)	**3 225**	**2 132**	**1 093**
Recorded to other comprehensive income [2]			(10)
Change in deferred taxes			**1 083**

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

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

In 2011, Telenor ASA will claim a tax deduction of realised losses on loans and guarantees related to Cinclus Technology AS for a total amount of NOK 683 million, see note 6 where the losses are discussed in more details. In the calculation of this year's taxable income appears NOK 664 million as change in temporary differences, and the rest, NOK 19 million is recognised in the net profit.

As a result of change in tax rules related to deduction of loss on loan to subsidiaries, with effect from 6 October 2011, a temporary difference related to the provision on such loans was reversed in 2011 with a total of NOK 252 million. The amount was reversed as non-deductible tax expense.

In 2010, the Norwegian tax authorities reassessed taxable income in Telenor ASA for the fiscal years 2006 and 2007, regarding the gain on a Total Return Swap Agreement with OJSC VimpelCom shares as the underlying object. The reassessment increased the tax expense and payable tax by NOK 815 million. Telenor ASA has made payments according to the reassessment, but has appealed.

/ 08 / Goodwill and intangible assets

2011

NOK in millions	Accumulated cost 01.01.11	Additions	Amorti sations and impairment losses	Accumulated amorti sations and impairment losses	Carrying amount 31.12.11
Goodwill	20	-	-	-	20
Licenses and legal rights (12–15 years)	538	-	(39)	(295)	243
Software purchased (5 years)	382	37	(68)	(331)	88
Work in progress	24	(16)	-	-	8
Total goodwill and intangible assets	**964**	**21**	**(107)**	**(626)**	**359**

2010

NOK in millions	Accumulated cost 01.01.10	Additions	Amorti sations and impairment losses	Accumulated amorti sations and impairment losses	Carrying amount 31.12.10
Goodwill	20	-	-	-	20
Licenses and legal rights (12–15 years)	535	3	(37)	(256)	282
Software purchased (5 years)	359	23	(50)	(263)	118
Work in progress	9	15	-	-	24
Total goodwill and intangible assets	**923**	**41**	**(87)**	**(519)**	**444**

/ 09 / Property, plant and equipment

2011

NOK in millions	Accumulated cost 01.01.11	Additions	Disposals	Depreciation and impairment losses	Accumulated depreciation and impairment losses	Carrying amount 31.12.11
IT-equipment (3–5 years)	40	1	–	(3)	(37)	4
Other equipment (0–5 years)	26	7	(3)	(2)	(18)	12
Total	**66**	**8**	**(3)**	**(5)**	**(55)**	**16**

2010

NOK in millions	Accumulated cost 01.01.10	Additions	Disposals	Depreciation and impairment losses	Accumulated depreciation and impairment losses	Carrying amount 31.12.10
IT-equipment (3–5 years)	42	–	(2)	(4)	(34)	7
Other equipment (0–5 years)	24	2	–	(2)	(19)	7
Total	**66**	**2**	**(2)**	**(6)**	**(53)**	**14**

/ 10 / Other financial assets

NOK in millions	2011	2010
Capital contribution in Telenor Pension Fund [1]	120	120
Other financial assets external	1 204	1 199
Total other non-current financial assets	**1 324**	**1 319**
Short-term interest-bearing receivables external	2	5
Short-term interest-bearing receivables Group companies	1 333	991
Receivables Group companies	634	428
Short term placement > 3 months	1 691	-
Other current financial assets external	423	394
Other current financial assets Group companies	6	28
Total other current financial assets	**4 089**	**1 846**

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

/ 11 / Equity and dividends

Allocation of equity and dispositions over the last 2 years is shown in a separate table, see statement of changes in shareholders equity. Nominal value per share is NOK 6. As of 31 December 2011, Telenor ASA had 23 954 781 treasury shares. The fund for unrealised profit is NOK 441 million of other equity as of 31 December 2011.

Dividends	2011	2010
Dividends per share in NOK – paid	3.80	2.50
Dividends per share in NOK – proposed by the Board of Directors	5.00	3.80

Total dividends for 2010 of NOK 6,206 million were paid in May 2011. The Board of Directors proposes payment of dividends of NOK 7,921 million to shareholders for 2011. Equity available for distribution as dividends from Telenor ASA was NOK 16,262 million as of 31 December 2011.

Telenor ASA has an agreement with the Kingdom of Norway through the Ministry of Trade and Industry to carry through share buy backs with the purpose to cancel these shares through reduction of the share capital to maintain its ownership interest. The proposed cancellation is subject to approval by shareholder in the annual General Meeting on 16 May 2012 and if approved, the estimated effect on equity available for distribution is NOK 2.2 billion.

Other comprehensive income in other reserves

This reserve includes change in fair value on cash flow hedges and amount reclassified from equity to profit and loss related to realisation of cash flow hedges.

NOK in millions	Changes in Other reserves/Other comprehensive income
Change in fair value cash flow hedges	(20)
Income taxes	6
Amount reclassified from equity to profit and loss related to cash flow hedges	599
Income taxes	(168)
Total other comprehensive income for the period 2010	**417**
Change in fair value cash flow hedges	(36)
Income taxes	10
Total other comprehensive income for the period 2011	**(26)**

/ 12 / Financial instruments and risk management

Risk management

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

Short-term and long-term financial flexibility is in focus, and Telenor ASA issues debts in Norwegian and foreign capital market mainly through certificates and bonds. In addition, Telenor ASA has established committed syndicated revolving credit facilities of EUR 1.0 billion with maturity in 2013 and of EUR 2.0 billion with maturity in 2016.

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

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

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

Telenor ASA uses derivatives as forward currency contracts, future interest rate swaps and to some extent interest rate options to manage the risk exposure related to changes in currency and interest rates. All derivative contracts are measured at fair value with changes through profit and loss. This also applies to derivative contracts for Group companies. If hedge accounting is applicable, the changes in fair value of derivatives are recognised as other comprehensive income.

See also note 2 'Summary of significant accounting policies' and note 30 Managing capital and financial risk management' in the consolidated financial statements where financial risks and accounting for financial instruments are explained in detail.

Fair value of financial instruments

Principles for estimating fair values

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

Fair value hierarchy

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

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

The table below includes analyses of financial instruments by their fair value hierarchy levels into which the fair value measurement is categorised.

Interest-bearing liabilities

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

Trade receivables and other current and non-current financial assets

For trade receivables and other current receivables, the nominal amount is assessed to be a reasonable approximation of fair value. The effect of not discounting is considered to be immaterial for this class of financial instruments.

Trade payables and other non-interest bearing financial liabilities

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

Equity securities

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

Cash and cash equivalents

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

Derivatives

Fair values of currency swaps, foreign currency forward contracts and interest rate swaps are estimated based on calculating the net present value of future cash flows, using swap curves and exchange rates as of 31 December 2011 and 2010, respectively. The fair values of options are estimated using appropriate option pricing models.

NOK in millions Financial position item	Note	Fair value level	Category	Carrying amount	Fair value	Fair values of financial instruments 31 December 2011 per class Interest bearing liabilities	Trade receivables and other financial assets	Trade payables and other non interest bearing financial liabilities	Equity securities	Cash and cash equi valents	Currency swaps and forward contracts	Interest rate swaps and options
Non-current interest-bearing receivables on group companies [1]				**91 036**	**91 036**							
			LAR	91 036	91 036	-	91 036	-	-	-	-	-
Other non-current financial assets	**10**			**1 324**	**1 324**							
External counterparties		2	FVTPL	1 182	1 182	-	-	-	-	-	5	1 177
Telenor Group counterparties		3	AFS	120	120	-	-	-	120	-	-	-
External counterparties			LAR	22	22	-	22	-	-	-	-	-
Trade receivables on group companies				**380**	**380**							
			LAR	380	380	-	380	-	-	-	-	-
Trade receivables external				**3**	**3**							
			LAR	3	3	-	3	-	-	-	-	-
Other current financial assets	**10**			**4 089**	**4 089**							
External counterparties		2	FVTPL	216	216	-	-	-	-	-	216	-
Telenor Group counterparties		2	FVTPL	6	6	-	-	-	-	-	6	-
External counterparties			LAR	1 898	1 898	-	1 898	-	-	-	-	-
Telenor Group counterparties			LAR	1 967	1 967	-	1 967	-	-	-	-	-
External counterparties			NF [4]	3	3	-	-	-	-	-	-	-
Liquid assets and short-term placements [2]				**2 885**	**2 885**							
			LAR	2 885	2 885	-	-	-	-	2 885	-	-
Total – Fair value through profit and loss (FVTPL)				**1 403**	**1 403**							
Total – Available for sale (AFS)				**120**	**120**							
Total – Loans and receivables (LAR)				**98 190**	**98 190**							
Non-current interest-bearing external liabilities [3]				**(19 771)**	**(18 912)**							
			FLAC	(19 771)	(18 912)	(18 912)	-	-	-	-	-	-
Non-current non-interest-bearing liabilities within the Group				**(186)**	**(186)**							
			FVTPL	(152)	(152)	-	-	-	-	-	(152)	-
			FLAC	(34)	(34)	(34)	-	-	-	-	-	-
Non-current non-interest-bearing external liabilities				**(481)**	**(481)**							
		2	FVTPL	(481)	(481)	-	-	-	-	-	(427)	(54)
Current interest-bearing liabilities within the Group [1]				**(76 271)**	**(76 271)**							
			FLAC	(76 271)	(76 271)	(76 271)	-	-	-	-	-	-
Current interest-bearing external liabilities [3]				**(1 569)**	**(1 569)**							
			FLAC	(1 569)	(1 569)	(1 569)	-	-	-	-	-	-
Drawings from cash pool [2]				**(6 115)**	**(6 115)**							
			FLAC	(6 115)	(6 115)	(6 115)	-	-	-	-	-	-
Current non-interest-bearing liabilities within the Group	**13**			**(186)**	**(186)**							
		2	FVTPL	(73)	(73)	-	-	-	-	-	(73)	-
			FLAC	(113)	(113)	-	-	(113)	-	-	-	-
Current non-interest-bearing external liabilities	**13**			**(2 905)**	**(2 905)**							
			FVTPL	(605)	(605)	-	-	-	-	-	(605)	-
		2	FLAC	(723)	(723)	-	-	(723)	-	-	-	-
			NF [4]	(1 577)	(1 577)	-	-	-	-	-	-	-
						(102 900)	**95 305**	**(836)**	**120**	**2 885**	**(1 031)**	**1 123**
Total – Fair value through profit and loss (FVTPL)				**(1 311)**	**(1 311)**							
Total – Financial liabilities at amortised cost (FLAC)				**(104 596)**	**(103 736)**							

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

[2] The Group has established cash pool systems with three 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. Liquid assets and short term placements consist of cash outside the cash pool and short term placements in the money market with less than 3 months to maturity.

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

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

NOK in millions Financial position item	Note	Fair value level	Category	Carrying amount	Fair value	Interest bearing liabilities	Trade receivables and other financial assets	Trade payables and other non interest bearing financial liabilities	Equity securities	Cash and cash equi valents	Currency swaps and forward contracts	Interest rate swaps and options
						Fair values of financial instruments 31 December 2010 per class						
Non-current interest-bearing receivables on group companies [1]				**95 717**	**95 717**							
			LAR	95 717	95 717	-	95 717	-	-	-	-	-
Other non-current financial assets	10			**1 319**	**1 319**							
External counterparties		2	FVTPL	268	268	-	-	-	-	-	119	149
Telenor Group counterparties		3	AFS	120	120	-	-	-	120	-	-	-
External counterparties			LAR	931	931	-	931	-	-	-	-	-
Trade receivables on group companies				**181**	**181**							
			LAR	181	181	-	181	-	-	-	-	-
Trade receivables external				**6**	**6**							
			LAR	6	6	-	6	-	-	-	-	-
Other current financial assets	10			**1 846**	**1 846**							
External counterparties		2	FVTPL	213	213	-	-	-	-	-	210	3
Telenor Group counterparties		2	FVTPL	28	28	-	-	-	-	-	28	-
External counterparties			LAR	183	183	-	183	-	-	-	-	-
Telenor Group counterparties			LAR	1 419	1 419	-	1 419	-	-	-	-	-
External counterparties			NF [4]	3	3	-	-	-	-	-	-	-
Liquid assets and short-term placements [2]				**4 031**	**4 031**							
			LAR	4 031	4 031	-	-	-	-	4 031	-	-
Total – Fair value through profit and loss (FVTPL)				**509**	**509**							
Total – Available for sale (AFS)				**120**	**120**							
Total – Loans and receivables (LAR)				**102 468**	**102 468**							
Non-current interest-bearing external liabilities [3]				**(21 057)**	**(20 246)**							
			FLAC	(21 057)	(20 246)	(20 246)	-	-	-	-	-	-
Non-current non-interest-bearing liabilities within the Group				**(236)**	**(236)**							
		2	FVTPL	(184)	(184)	-	-	-	-	-	(184)	-
			FLAC	(52)	(52)	-	-	(52)	-	-	-	-
Non-current non-interest-bearing external liabilities				**(562)**	**(562)**							
		2	FVTPL	(559)	(559)	-	-	-	-	-	(557)	(2)
			FLAC	(3)	(3)	-	-	(3)	-	-	-	-
Current interest-bearing liabilities within the Group [1]				**(78 444)**	**(78 444)**							
			FLAC	(78 444)	(78 444)	(78 444)	-	-	-	-	-	-
Current interest-bearing external liabilities [3]				**(2 434)**	**(2 433)**							
			FLAC	(2 434)	(2 433)	(2 433)	-	-	-	-	-	-
Drawings from cash pool [2]				**(5 403)**	**(5 403)**							
			FLAC	(5 403)	(5 403)	(5 403)	-	-	-	-	-	-
Current non-interest-bearing liabilities within the Group	13			**(142)**	**(142)**							
		2	FVTPL	(37)	(37)	-	-	-	-	-	(37)	-
			FLAC	(105)	(105)	-	-	(105)	-	-	-	-
Current non-interest-bearing external liabilities	13			**(3 478)**	**(3 478)**							
		2	FVTPL	(235)	(235)	-	-	-	-	-	(191)	(44)
			FLAC	(787)	(787)	-	-	(787)	-	-	-	-
			NF [4]	(2 456)	(2 456)	-	-	-	-	-	-	-
						(106 526)	**98 437**	**(947)**	**120**	**4 031**	**(612)**	**106**
Total – Fair value through profit and loss (FVTPL)				**(1 015)**	**(1 015)**							
Total – Financial liabilities at amortised cost (FLAC)				**(108 285)**	**(107 473)**							

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

[2] The Group has established cash pool systems with three 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. Liquid assets and short term placements consist of cash outside the cash pool and short term placements in the money market with less than 3 months to maturity.

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

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

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

2011

NOK in millions	Total as of 31.12.11	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Not specified
Interest-bearing liabilities												
Bonds and Commercial Paper	19 692	1 556	689	3 877	-	-	7 754	-	-	5 816	-	-
Other interest-bearing liabilities	72	13	11	12	12	13	11	-	-	-	-	-
Sum of interest-bearing liabilities external	**19 764**	**1 569**	**700**	**3 889**	**12**	**13**	**7 765**	**-**	**-**	**5 816**	**-**	**-**
Other Interest-bearing liabilities within the Group	76 271	76 271	-	-	-	-	-	-	-	-	-	-
Drawing on Group cash pools	6 115	-	-	-	-	-	-	-	-	-	-	6 115
Sum of interest-bearing liabilities Telenor Group	**82 386**	**76 271**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**6 115**
Non-interest bearing liabilities												
Trade and other payables external	12	12	-	-	-	-	-	-	-	-	-	-
Trade and other payables within the Group	54	54	-	-	-	-	-	-	-	-	-	-
Other current non-interest-bearing liabilities	3 025	3 025	-	-	-	-	-	-	-	-	-	-
Derivatives financial instruments non-current liabilities	481	-	178	185	-	-	118	-	-	-	-	-
Other non-current non-interest-bearing liabilities	-	-	-	-	-	-	-	-	-	-	-	186
Sum of non-interest-bearing liabilities	**3 572**	**3 091**	**178**	**185**	**-**	**-**	**118**	**-**	**-**	**-**	**-**	**186**
Total	**105 722**	**80 931**	**878**	**4 073**	**12**	**13**	**7 883**	**-**	**-**	**5 816**	**-**	**6 301**
Future interest payments	4 972	896	806	770	600	600	600	233	233	233	-	-
Total including future interest payments	**110 694**	**81 827**	**1 684**	**4 843**	**613**	**614**	**8 483**	**233**	**233**	**6 049**	**-**	**6 301**

2010

NOK in millions	Total as of 31.12.10	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Not specified
Interest-bearing liabilities												
Bonds and Commercial Paper	22 256	2 421	1 567	689	3 906	-	-	7 812	-	-	5 859	-
Other interest-bearing liabilities	81	13	10	10	12	12	13	11	-	-	-	-
Sum of interest-bearing liabilities external	**22 337**	**2 434**	**1 577**	**700**	**3 918**	**12**	**13**	**7 823**	**-**	**-**	**5 859**	**-**
Other Interest-bearing liabilities within the Group	78 444	78 444	-	-	-	-	-	-	-	-	-	-
Drawing on Group cash pools	5 403	-	-	-	-	-	-	-	-	-	-	5 403
Sum of interest-bearing liabilities within the Group	**83 847**	**78 444**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5 403**
Non-interest bearing liabilities												
Trade and other payables external	10	10	-	-	-	-	-	-	-	-	-	-
Trade and other payables within the Group	67	67	-	-	-	-	-	-	-	-	-	-
Other current non-interest-bearing liabilities	3 543	3 543	-	-	-	-	-	-	-	-	-	-
Derivatives financial instruments non-current liabilities	559	-	172	179	166	-	-	42	-	-	-	-
Other non-current non-interest-bearing liabilities	239	-	-	-	-	-	-	-	-	-	-	239
Sum of non-interest-bearing liabilities	**4 418**	**3 620**	**172**	**179**	**166**	**-**	**-**	**42**	**-**	**-**	**-**	**239**
Total	**110 602**	**84 498**	**1 750**	**879**	**4 084**	**12**	**13**	**7 865**	**-**	**-**	**5 858**	**5 642**
Future interest payments	5 284	734	688	679	663	622	616	526	293	305	158	-
Total including future interest payments	**115 886**	**85 232**	**2 438**	**1 558**	**4 747**	**634**	**629**	**8 391**	**293**	**305**	**6 017**	**5 642**

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

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

NOK in millions	2011	2010
Liquid assets and short-term placements as of 31 December	2 885	4 031
Drawings from group accounts as of 31 December	(6 115)	(5 403)
Cash and cash equivalents as of 31 December	**(3 230)**	**(1 372)**

/ 13 / Current non-interest-bearing liabilities

NOK in millions	2011	2010
Trade payables to Group companies	54	67
Financial derivatives	73	37
Other current liabilities Group companies	59	38
Current non-interest-bearing liabilities within the Group	**186**	**142**
Trade payables external	12	10
Government taxes, tax deductions, holiday pay etc.	111	109
Taxes payable	1 466	2 346
Accrued expenses	649	712
Accruals for workforce reductions and allowance for losses on contracts	8	12
Prepaid revenues	3	1
Financial derivatives	605	235
Other current liabilities	51	53
Current non-interest-bearing external liabilities	**2 905**	**3 478**

/ 14 / Guarantees

NOK in millions	2011	2010
Guarantee liabilities	11 286	7 898

The table above does not include purchased bank guarantees where the corresponding liabilities are recognised in the company's statement of financial position. The guarantee liabilities mainly consist of guarantees issued by the parent company Telenor ASA on behalf of subsidiaries, with NOK 11.3 billion as of 31 December 2011 (NOK 7.9 billion as of 31 December 2010).

As of 31 December 2011, Uninor had current interest-bearing debt of NOK 8.1 billion (NOK 5.2 million as of 31 December 2010) with financial guarantees from Telenor ASA. These guarantees are included in the table above. As of 31 December 2011 Telenor ASA has recognised a provision for loss on these guarantees with NOK 6.1 billion. The lending banks have not presented any claims to Telenor ASA regarding these guarantees. If the lending banks were to call on the guarantees, the maximum exposure for Telenor ASA is limited to NOK 6.1 billion as of 21 March 2012. For more information regarding the situation in India please see note 35 and 38 in the consolidated financial statements.

/ 15 / Contractual obligations

As of 31 December 2011, Telenor ASA had committed purchase obligations. These obligations were primarily agreements that Telenor ASA had entered into on behalf of other Group companies.

The table below only includes purchase agreements where Telenor ASA has a minimum purchase obligation.

2011

NOK in millions	2012	2013	2014	2015	2016	After 2016
Committed purchase obligations	17	7	2	1	-	-

2010

NOK in millions	2011	2012	2013	2014	2015	After 2015
Committed purchase obligations	150	17	2	1	-	-

/ 16 / Shares in subsidiaries

The table below sets forth Telenor ASA's ownership interest in its subsidiaries. These subsidiaries will mainly be holding companies and their directly owned subsidiaries. Several of the subsidiaries named in the second part own shares in other subsidiaries as described in their respective annual reports.

Ownership interests correspond to voting interest if not otherwise stated.

Shares in subsidiaries

	Office	Share owned in % 2011	Share owned in % 2010	Carrying amount as of 31.12.11 (NOK in millions)	Carrying amount as of 31.12.10 (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 Shared Services AS	Norway	100.0	100.0	49	49
Telenor Communication II AS	Norway	100.0	100.0	670	670
Telenor Mobile Holding AS	Norway	100.0	100.0	13 698	13 698
Telenor Business Partner Invest AS [1]	Norway	100.0	100.0	788	1 150
Telenor Broadcast Holding AS	Norway	100.0	100.0	4 429	4 429
Telenor Eiendom Holding AS	Norway	100.0	100.0	4 159	4 159
Telenor KB AS	Norway	100.0	100.0	-	-
Telenor Forsikring AS	Norway	100.0	100.0	300	300
Maritime Communications Partner AS [2]	Norway	98.9	98.9	172	172
Telenor Services 1 AS	Norway	100.0	100.0	1	2
Telenor GTI AS	Norway	100.0	100.0	1 600	1 600
Total				**40 269**	**40 632**

[1] As a consequence of write down of quoted market value for EDB ErgoGroup ASA, a write down of NOK 362 million was recognised in 2011 related to Telenor Business Partner Invest AS.
[2] The remaining 1.1% of the shares are owned by Telenor Communication II AS.

Shares in subsidiaries owned through subsidiaries

	Office	Share owned in % 2011	Share owned in % 2010
Telenor Networks Holding AS			
Telefonselskapet AS	Norway	100.0	100.0
Telenor Global Services AS	Norway	100.0	100.0
Telenor Svalbard AS	Norway	100.0	100.0
Telenor Norge AS	Norway	44.5	44.5
TBS Infrastructure AB	Sweden	100.0	100.0
Datametrix AS	Norway	100.0	100.0
Telenor International Centre AS			
Telenor Russia AS	Norway	100.0	100.0
TLNR Hungary Holding LLC [1]	Hungary	-	99.3
Telenor Intercom Holding AS			
Nye Telenor Mobile Communications 1 AS	Norway	100.0	100.0
Telenor Shared Services AS			
Telenor Shared Services AS Danmark A/S	Denmark	100.0	100.0
Telenor Communication II AS			
Telenor Venture VI AS	Norway	51.0	51.0
Telenor Venture VII AS	Norway	100.0	100.0
Telenor Kapitalforvaltning AS	Norway	100.0	100.0
Cinclus Technology AS	Norway	100.0	100.0
Smartcash AS	Norway	100.0	100.0
Aeromobile Holding AS	Norway	100.0	100.0
Telenor Media & Content Services AS	Norway	100.0	100.0
TMMH AS	Norway	100.0	100.0
Telenor Polska sp.z.o.o [1]	Poland	-	100.0
TelCage AS	Norway	82.0	82.0
Telenor Traxion AS	Norway	100.0	100.0

Shares in subsidiaries owned through subsidiaries cont.

	Office	Share owned in % 2011	Share owned in % 2010
Telenor Objects AS	Norway	100.0	100.0
Simlink AS [2]	Norway	–	100.0
Valuecodes AS	Norway	51.0	51.0
Comoyo AS [3]	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
Nye Telenor Mobile Communications II AS	Norway	100.0	100.0
Telenor Norge AS	Norway	55.5	55.5
Wireless Mobile International AS	Norway	100.0	100.0
Telenor Telehuset AS	Norway	100.0	100.0
Telenor Danmark Holding AS	Denmark	100.0	100.0
Telenor Montenegro MNR	Montenegro	100.0	100.0
Telenor Sverige Holding AB	Sweden	100.0	100.0
Telenor East Holding AS	Norway	100.0	100.0
Telenor East Holding II AS	Norway	100.0	100.0
Telenor Connexion Holding AB	Sweden	100.0	100.0
Telenor Broadcast Holding AS			
Telenor Satellite Broadcasting AS	Norway	100.0	100.0
Telenor UK Ltd.	Great Britain	100.0	100.0
Telenor Bulgaria o.o.d [4]	Bulgaria	–	100.0
Telenor Plus AB [4]	Sweden	–	100.0
Canal Digital AS	Norway	100.0	100.0
Canal Digital Kabel TV AS	Norway	100.0	100.0
Norkring AS	Norway	100.0	100.0
Telenor Vision International AB	Sweden	100.0	100.0
Telenor Satellite Broadcasting CEE Region s.r.o.	Czech Republic	90.0	90.0
Conax AS	Norway	100.0	100.0
Premium Sports AS	Norway	100.0	100.0
Telenor Eiendom Holding AS			
Telenor Eiendom Fornebu Kvartal 1 AS	Norway	100.0	100.0
Telenor Eiendom Fornebu Kvartal 2 AS	Norway	100.0	100.0
Telenor Eiendom Fornebu Kvartal 3 AS	Norway	100.0	100.0
Telenor Eiendom Fornebu Kvartal 4 AS	Norway	100.0	100.0
Telenor Eiendom Hareløkken AS	Norway	100.0	100.0
Ègetvølgy Zrt	Hungary	100.0	100.0

[1] The company was liquidated in 2011
[2] 50% of the shares sold to external company in December 2011
[3] Established in 2011
[4] Sold in 2011

Other significant subsidiaries (owned through holding companies)

	Office
Telenor Sverige AB	Sweden
Sonofon AS	Denmark
DiGi.Com Bhd	Malaysia
Telenor Magyarország Zrt	Hungary
Telenor d.o.o.	Serbia
Telenor Pakistan (Private) Ltd.	Pakistan
Total Access Communications Plc. (DTAC)	Thailand
Grameenphone Ltd.	Bangladesh
Unitech Wireless Private Limited	India

Responsibility Statement

"We confirm that, to the best of our knowledge, the consolidated financial statements for the year ended 31 December 2011 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 2011 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, 21 March 2012

Harald Norvik
Chairman

Liselott Kilaas
Deputy Chairman

Sally Davis
Board member

Dag J. Opedal
Board member

Hallvard Bakke
Board member

Frank Dangeard
Board member

Dr. Burckhard Bergmann
Board member

Barbara Milian Thoralfsson
Board member

Harald Stavn
Board member

Brit Østby Fredriksen
Board member

Bjørn André Anderssen
Board member

Jon Fredrik Baksaas
President & CEO

Auditor's report for 2011

ERNST & YOUNG

State Authorised Public Accountants
Ernst & Young AS

Dronning Eufemias gate 6, NO-0191 Oslo
Oslo Atrium, P.O.Box 20, NO-0051 Oslo

Business Register: NO 976 389 387 MVA
Tel.: +47 24 00 24 00
Fax: +47 24 00 24 01
www.ey.no

Member of the Norwegian Institute of Public Accountants

To the Annual Shareholders' Meeting of Telenor ASA

AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements of Telenor ASA, comprising the financial statements for the Parent Company and the Group. The financial statements of the Parent Company and the Group comprise the statement of financial position as at 31 December 2011, the statements of income, comprehensive income, cash flows and changes in equity for the year then ended as well as a summary of significant accounting policies and other explanatory information.

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

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

Auditor's responsibility

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

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

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

ERNST & YOUNG

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Opinion on the financial statements of the Parent Company

In our opinion, the financial statements of Telenor ASA have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as of 31 December 2011 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Opinion on the financial statements of the Group

In our opinion, the financial statements of the Group have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Group as of 31 December 2011 and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the EU.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report and the statement on corporate governance

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Directors' report and the statement on corporate governance concerning the financial statements, the going concern assumption and the proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the Board of Directors and Chief Executive Officer have fulfilled their duty to ensure that the Company's accounting information is properly recorded and documented as required by law and generally accepted bookkeeping practice in Norway.

Oslo, 23 March 2012
ERNST & YOUNG AS

Anders Gøbel
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been made for information purposes only.)

Statement from the Corporate Assembly of Telenor ASA

On 28 March 2012, the Corporate Assembly of Telenor ASA passed the following resolution.

The Corporate Assembly recommended that the Annual General Meeting approves the Board's proposal for Financial Statement for Telenor Group and Telenor ASA for 2011 and recommends a dividend payment of NOK 5.0 per share totalling NOK 7.9 billion, to be paid in 2012, and a transfer of NOK 6,168 million to retained earnings.

Financial Calendar 2012

08 May 2012	Telenor's results for the 1st quarter 2012
16 May 2012	Annual General Meeting
24 July 2012	Telenor's results for the 2nd quarter 2012
24 October 2012	Telenor's results for the 3rd quarter 2012

Key figures

	2007 [1]	2008 [1]	2009 [1]	2010 [1]	2011 [ ]
Organic revenue growth [2]	12%	4%	0%	6%	**7%**
EBITDA margin [3]	31.3%	31.2%	32.5%	30.8%	**31.0%**
EBIT margin	16.2%	15.6%	13.6%	13.2%	**10.5%**
Capex/Sales	20.6%	21.3%	16.5%	12.2%	**11.6%**
Operating cash flow margin [4]	10.8%	9.9%	16.0%	18.6%	**19.4%**
Net debt (NOK million)	39 881	45 547	26 332	19 276	**18 222**
Net debt/EBITDA	1.36	1.55	0.85	0.67	**0.61**
Earnings per share (NOK)	10.72	7.83	5.22	8.69	**4.45**
ROCE [5]	16.6%	14.2%	10.9%	9.9%	**7.4%**
Total shareholder return [6]	13.1%	-63.2%	75.1%	20.6%	**7.8%**

[1] Figures as reported in each year.

[2] Organic revenue is defined as revenue adjusted for the effects of acquisition and disposal of operations and currency effects.

[3] EBITDA margin before other income and expenses.

[4] Operating cash flow is defined as EBITDA before other income and expenses   Capex, excluding licences and spectrum.

[5] Return on capital employed (ROCE) after tax and including associated companies.

[6] Dividends are reinvested on ex dates.

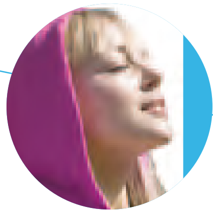
Telenor Group's mobile operations

Telenor – Norway

Telenor's Norwegian mobile operation is the country's leading telecommunications operator.

Telenor – Sweden

Telenor is the third largest mobile operator in Sweden.



Telenor – Denmark

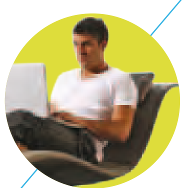
Telenor is the second largest mobile operator in Denmark.

Telenor – Hungary

Telenor is the second largest mobile operator in Hungary.

Telenor – Serbia

Telenor is the second largest mobile operator in Serbia.



Telenor – Montenegro

Telenor is the largest mobile operator in Montenegro.

Telenor – Pakistan

Telenor is the second largest mobile operator in Pakistan.

Uninor – India

The indian greenfield mobile operator Uninor launched its services in December 2009.

Grameenphone – Bangladesh

Grameenphone is the largest mobile operator in Bangladesh. Grameenphone is listed on the Dhaka Stock Exchange (DSE) Ltd. and the Chittagong Stock Exchange (CSE) Ltd.

DTAC – Thailand

DTAC is the second largest mobile operator in Thailand and is listed on the Stock Exchange of Thailand and the Singapore Exchange.

DiGi – Malaysia

DiGi is the third largest mobile operator in Malaysia. DiGi is listed on Bursa Malaysia.

VimpelCom Ltd.

Telenor Group holds an economic stake of 31.7 percent in VimpelCom Ltd., operating in 19 markets: Russia, Ukraine, Kazakhstan, Georgia, Uzbekistan, Tajikistan, Armenia, Kyrgyzstan, Cambodia, Vietnam, Laos, Algeria, Bangladesh, Pakistan, Burundi, Zimbabwe, Central African Republic, Italy and Canada. VimpelCom Ltd. has more than 200 million subscribers, and is listed on New York Stock Exchange.

telenor group

built around people

Growth comes from truly understanding the needs of people, to drive relevant change

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