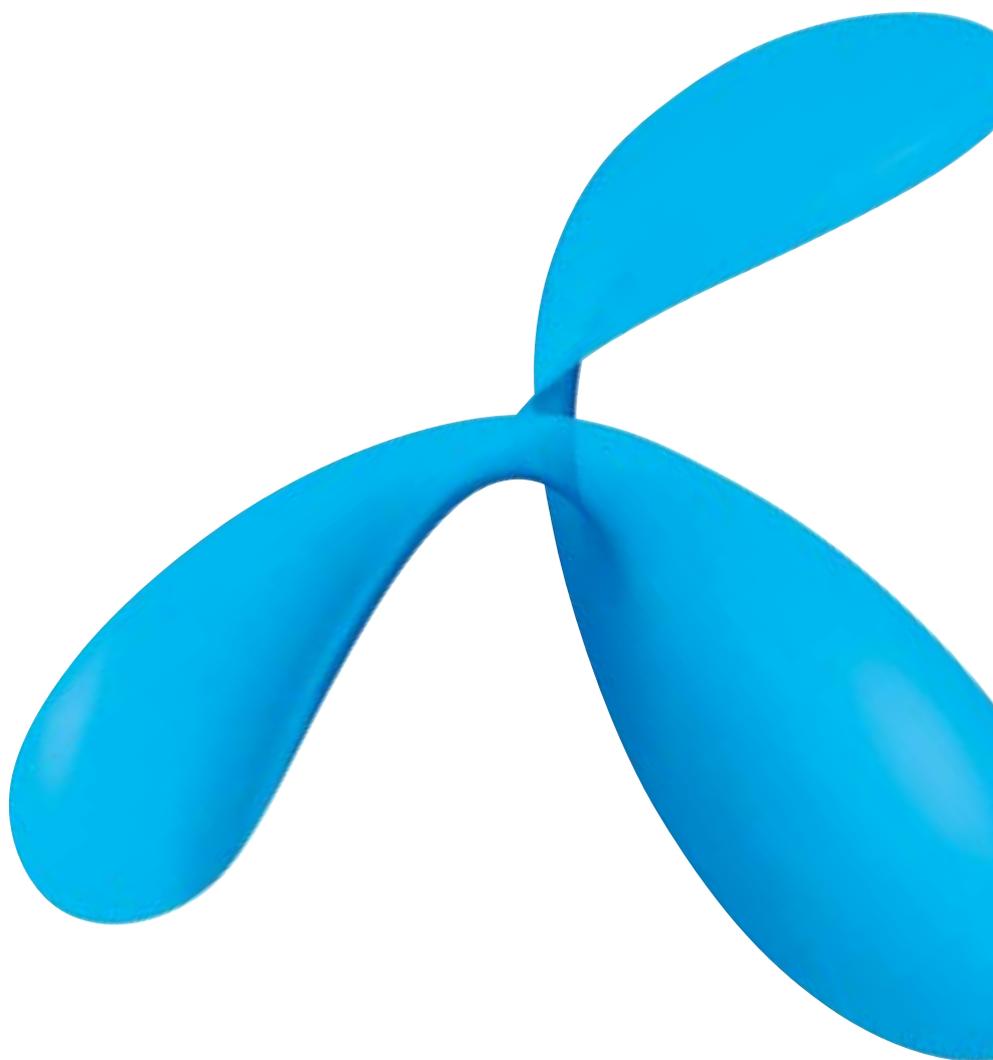
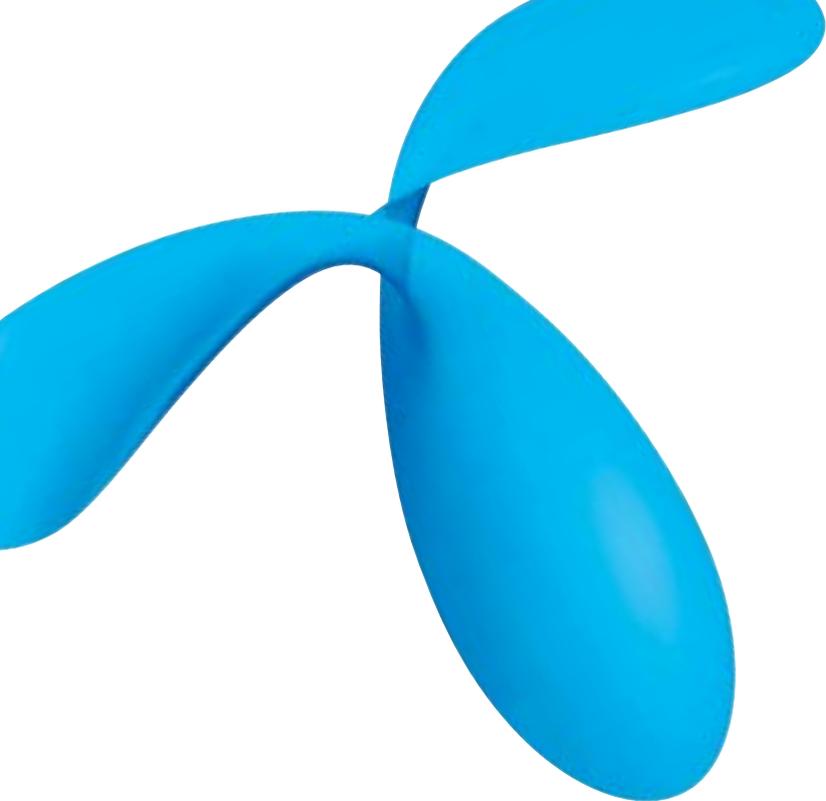


# Q4 2008

Interim report January–December 2008





# Contents

<b>Highlights</b>	<b>1</b>
<b>Management interim report</b>	<b>2</b>
Telenor's Operations	2
Group overview	8
Outlook for 2009	9
<b>Condensed interim financial information</b>	<b>10</b>
Notes to the consolidated interim financial statements	14
<b>Definitions</b>	<b>16</b>

# Delivering a solid quarter

## Highlights (including Kyivstar)

### Fourth quarter 2008

- Organic revenue growth of 4%
- EBITDA margin of 33%
- Earnings per share of NOK 1.33

### FULL YEAR 2008

- Organic revenue growth of 6%
- EBITDA margin of 35%
- Earnings per share of NOK 7.97

*Jon Fredrik Baksaas*  
Jon Fredrik Baksaas  
President & CEO



"For the full year 2008, the Telenor Group delivered good organic revenue growth and upheld the market positions, in spite of challenging macro economic conditions.

The overall trends seen in the third quarter continued into the fourth quarter with stable organic revenue growth combined with strong margins in several operations, particularly in Serbia and Bangladesh as well as a rebound in Pakistan. During the quarter, our operations added 5.5 million mobile subscriptions, reaching a total of 164 million.

The capex level in the quarter was high, mainly due to completion of major projects and network roll-out in Asia, as well as investments in the Nordic region related to successful market uptake of mobile broadband. The telecom sector has so far been less affected by the global economic slowdown than other industries, however we expect a more challenging

business environment going forward. As a result, the focus in 2009 will be on cost efficiency and capex control.

I am pleased to see that the recent ruling in a federal court in New York has brought us several steps closer to obtaining predictable and healthy corporate governance on a permanent basis in Kyivstar. We have received dividend payments for 2004 and 2005 and we are working towards further dividend payments for the following years.

We have decided that the investment in Unitech Wireless in India will be financed through a combination of cash generated from operations and additional debt. Telenor has decided to propose no payment of dividend to shareholders for 2008. It is further the intention of the Board that no dividend will be proposed for 2009. This underlines the need for strong focus on cash flow in operations."

## KEY FIGURES<sup>1)</sup>

	4th quarter		Year	
	2008 Proforma Group	2007 Proforma Group	2008 Proforma Group	2007 Proforma Group
<i>(NOK in millions except earnings per share)</i>				
Revenues	29 925	26 914	111 015	105 021
EBITDA before other income and expenses	9 925	8 831	38 505	36 358
EBITDA before other income and expenses/Revenues (%)	33.2	32.8	34.7	34.6
Adjusted operating profit	5 429	4 768	22 638	20 642
Adjusted operating profit/Revenues (%)	18.1	17.7	20.4	19.7
Profit after taxes and non-controlling interests	2 205	5 869	13 307	18 016
Earnings per share from total operations, basic, in NOK	1.33	3.49	7.97	10.72
Capex	7 223	7 084	22 699	22 079
Capex excl. new licences and spectrum	6 738	6 672	20 664	21 635
Investments in businesses	169	447	1 866	6 041
Net interest-bearing liabilities			39 289	36 464

## EXTRACT FROM OUTLOOK FOR 2009

Based on the proforma group structure including Kyivstar and currency rates as of 31 December 2008, Telenor expects organic revenues<sup>2)</sup> in line with 2008, with an EBITDA margin before other income and expenses around 34%. Capital expenditure as a proportion of revenues, excluding licences and spectrum, is expected to be in the range of 15–17%.

Telenor expects that the investment in India will contribute with marginal increase in organic revenues, an EBITDA loss in the range of NOK 2–2.5 billion and capex in the range of NOK 5.5–6.5 billion for 2009.

Please refer to page 9 for the full outlook for 2009, and page 16 for definitions.

<sup>1)</sup> Kyivstar was deconsolidated and accounted for as an associated company from 29 December 2006. From the fourth quarter of 2007 Kyivstar resumed its financial reporting to Telenor. In the fourth quarter of 2007, the full year effect of Kyivstar's figures is reflected in the line "Net result from associated companies". Proforma figures for 2007 and 2008, assuming Kyivstar was still consolidated, are included in the table.

<sup>2)</sup> Organic revenue is defined as revenue adjusted for the effects of acquisitions and disposal of operations and currency effects.



# Management interim report

## Telenor's operations

Unless otherwise stated, the statements below are related to Telenor's development in the fourth quarter of 2008 compared to the fourth quarter of 2007. All comments on EBITDA are made on development in EBITDA before other income and expenses. Please refer to page 8 for comments on other income and expenses. Additional information is available at:

[www.telenor.com/ir](http://www.telenor.com/ir)

As a consequence of Alfa Group's previous collusive litigation in Ukraine and boycott of Kyivstar's board and shareholder meetings in defiance of an international arbitration award and two court orders, Telenor has been unable to consolidate Kyivstar's financial results since 29 December 2006.

Kyivstar was deconsolidated, due to injunctions in Ukraine prohibiting Kyivstar's management from providing financial information to Kyivstar's external auditors and its shareholders, including Telenor. In response to the termination of the last of the three injunctions by a Ukrainian court on 23 November 2007 Kyivstar was no longer presented on a separate line, but included in the line associated companies. After the termination of the injunctions, Kyivstar has provided Telenor with unaudited financial information.

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

On 16 December 2008 the shareholders met at two Extraordinary General Meetings of Shareholders to bring the charter in compliance with Ukrainian law. Furthermore the EGMs elected a new company Board, appointed the Auditing Commission and declared dividends for the years 2004 and 2005. The company board met and elected Ernst & Young as the company's external auditor. There is a possibility that when external auditors have completed the audit of Kyivstar's financial statements, discrepancies may emerge between the unaudited financial information for 2006, 2007 and 2008 that has been provided by Kyivstar and the final audited financial statements.

### NORDIC

#### Mobile – Norway

(NOK in millions)	4th quarter		Year	
	2008	2007	2008	2007
<b>Revenues</b>				
Subscription and traffic	2 340	2 239	9 307	8 721
Interconnect revenues	458	454	1 841	1 838
Other mobile revenues	358	371	1 237	2 029
Non-mobile revenues	144	153	492	554
<b>Total revenues</b>	<b>3 300</b>	<b>3 217</b>	<b>12 877</b>	<b>13 142</b>
<b>EBITDA before other items</b>	<b>1 135</b>	<b>1 009</b>	<b>4 610</b>	<b>4 716</b>
<b>Operating profit</b>	<b>914</b>	<b>807</b>	<b>3 774</b>	<b>3 977</b>
<b>EBITDA before other items/Total revenues (%)</b>	<b>34.4</b>	<b>31.4</b>	<b>35.8</b>	<b>35.9</b>
Capex	345	402	994	1 102
Investments in businesses	29	181	29	181

#### No. of subscriptions (in thousands):

– Change in quarter/Total	40	48	3 020	2 856
ARPU – monthly (NOK)	311	316	317	317

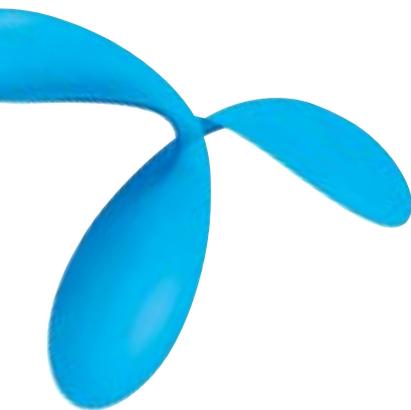
- The number of subscriptions increased by 40,000 during the quarter, of which 25,000 were mobile broadband subscriptions. The estimated subscription market share remained stable at 54%.
- ARPU decreased by 2% driven by lower average prices not fully compensated for by increased average usage (AMPU).
- Total revenues increased by 3%, mainly due to an increase in the number of subscriptions. During the fourth quarter decrease in wholesale revenues from migration of Tele2 customers was partly offset by revenues from Network Norway.
- Network Norway entered into a national roaming agreement with Telenor during the first quarter of 2008. Customers have been transferred to Telenor's network during the third quarter, with full effect from the fourth quarter. The migration of Tele2 was completed by the first quarter of 2008.
- The EBITDA margin increased by 3 percentage points due to increased revenues and reduced operating expenses primarily related to personnel, sales and marketing.

#### Fixed – Norway

(NOK in millions)	4th quarter		Year	
	2008	2007	2008	2007
<b>Revenues</b>				
Telephony	1 132	1 274	4 678	5 344
xDSL/Internet	673	659	2 674	2 566
Data services	175	198	712	802
Other	463	334	1 379	1 248
Total retail	2 443	2 465	9 443	9 960
Wholesale	1 357	1 326	5 264	5 228
<b>Total revenues</b>	<b>3 800</b>	<b>3 791</b>	<b>14 707</b>	<b>15 188</b>
<b>EBITDA before other items</b>	<b>1 301</b>	<b>1 317</b>	<b>5 279</b>	<b>5 550</b>
<b>Operating profit</b>	<b>752</b>	<b>780</b>	<b>3 009</b>	<b>3 459</b>
<b>EBITDA before other items/Total revenues (%)</b>	<b>34.2</b>	<b>34.7</b>	<b>35.9</b>	<b>36.5</b>
Capex	538	548	2 071	1 906
Investments in businesses	-	-	212	-

#### No. of subscriptions – Change in quarter/Total (in thousands):

Telephony	(22)	(24)	1 301	1 385
– of which PSTN	(14)	(15)	841	894
– of which ISDN	(11)	(14)	317	360
– of which VoIP	3	5	143	131
xDSL	(3)	14	647	633



- Telenor's estimated market share for telephony, measured in traffic minutes, was maintained at 61% and the estimated market share for xDSL in the retail market was in line with third quarter at 58%.
- Datamatrix was consolidated from 2 September 2008, and contributed with NOK 130 million in revenues and NOK 5 million in EBITDA in the fourth quarter of 2008.
- Adjusted for the effects from consolidating Datamatrix, total revenues decreased by 3% due to volume reductions.
- Revenues from telephony decreased due to continued reduction in the number of subscriptions and lower traffic volumes per subscription. The declining trend in the number of PSTN/ISDN subscriptions has been stable over the last three quarters.
- Revenues from xDSL/Internet increased due to growth in the number of xDSL subscriptions.
- Wholesale revenues from international interconnect and transit traffic increased, but was partly offset by declining revenues from telephony and xDSL.
- Organic EBITDA decreased in the fourth quarter due to a larger proportion of revenues consisting of lower margin products. Reduced gross margin was partially offset by decreased operating expenses.
- Capital expenditure decreased due to lower investments in IS/IT systems.

## Sweden

(NOK in millions)	4th quarter		Year	
	2008	2007	2008	2007
<b>Revenues mobile operation</b>				
Subscription and traffic	1 120	1 099	4 452	4 433
Interconnect revenues	211	239	863	914
Other mobile revenues	81	97	398	461
Non-mobile revenues	214	177	647	656
<b>Total revenues mobile operation</b>	<b>1 626</b>	<b>1 612</b>	<b>6 360</b>	<b>6 464</b>
<b>Revenues fixed operation</b>	<b>818</b>	<b>869</b>	<b>3 258</b>	<b>3 575</b>
Eliminations	(34)	(7)	(86)	(49)
<b>Total revenues</b>	<b>2 410</b>	<b>2 474</b>	<b>9 532</b>	<b>9 990</b>
EBITDA before other items	511	498	2 040	1 973
<b>Operating profit (loss)</b>	<b>(35)</b>	<b>(291)</b>	<b>(149)</b>	<b>(496)</b>

EBITDA before other items/Total revenues (%)	21.2	20.1	21.4	19.7
Capex	356	329	1 528	1 191
Investments in businesses	-	(1)	12	149

Mobile ARPU – monthly (NOK)	237	239	238	248
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### No. of subscriptions – Change in quarter/Total (in thousands):

Mobile	63	2	1 900	1 855
Telephony	(6)	-	438	451
– of which PSTN	(11)	(12)	214	249
– of which VoIP	5	12	224	202
xDSL	(8)	-	438	475
LAN	-	2	182	183

Exchange rate		0.8548	0.8682	
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- The number of mobile subscriptions increased by 63,000 during the quarter, driven by growth in contract subscriptions and mobile broadband. The estimated subscription market share increased slightly to 18%.
- Fixed broadband subscriptions decreased by 8,000 mainly due to lower focus on broadband services based on third party wholesale xDSL. The estimated market share for fixed broadband in the consumer market remained stable at 23%.
- Mobile revenues in local currency decreased by 1% mainly due to reduced interconnect charges from 1 July 2008 and lower roaming charges from 1 September 2008.
- Fixed revenues in local currency decreased by 8% primarily driven by the decreased number of telephony and broadband subscriptions in addition to lower ARPU on telephony and broadband.
- EBITDA margin after adjusting for positive one-time effects during the

quarter decreased by 1 percentage point, mainly due to increased sales and marketing expenses.

- Capital expenditure increased due to capacity investments related to mobile broadband.
- The network and service business in Finland, Telenor OY, was sold on 7 November 2008.

## Denmark

(NOK in millions)	4th quarter		Year	
	2008	2007	2008	2007
<b>Revenues mobile operation</b>				
Subscription and traffic	963	796	3 449	3 041
Interconnect revenues	392	357	1 420	1 393
Other mobile revenues	118	72	431	477
Non-mobile revenues	215	241	851	939
<b>Total revenues mobile operation</b>	<b>1 688</b>	<b>1 466</b>	<b>6 151</b>	<b>5 850</b>
<b>Revenues fixed operation</b>	<b>400</b>	<b>423</b>	<b>1 567</b>	<b>1 278</b>
Eliminations	(13)	(25)	(91)	(61)
<b>Total revenues</b>	<b>2 075</b>	<b>1 864</b>	<b>7 627</b>	<b>7 067</b>
EBITDA before other items	516	397	1 793	1 786
<b>Operating profit</b>	<b>102</b>	<b>75</b>	<b>441</b>	<b>568</b>

EBITDA before other items/Total revenues (%)	24.9	21.3	23.5	25.3
Capex	429	489	1 290	1 191
Investments in businesses	-	6	-	602

Mobile ARPU – monthly (NOK)	251	228	234	239
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### No. of subscriptions – Change in quarter/Total (in thousands):

Mobile	30	13	1 813	1 680
Telephony	(2)	(4)	253	266
– of which PSTN	(11)	(12)	119	167
– of which VoIP	9	8	134	99
xDSL	(10)	6	272	272

Exchange rate		1.1024	1.0770	
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Tele2 Denmark is consolidated with effect from 13 July 2007.

- The number of mobile subscriptions increased by 30,000 during the fourth quarter. The estimated subscription market share remained stable at 27%.
- The decline in xDSL subscriptions during the fourth quarter was primarily due to churn related to the migration of Tele2 subscriptions to Cybercity. The migration of Tele2 xDSL subscriptions was finalised during the fourth quarter of 2008.
- Mobile ARPU in local currency decreased by 2%, mainly due to a higher share of prepaid subscriptions.
- Total revenues in local currency decreased by 1%. Mobile revenues increased by 3% primarily due to higher number of subscriptions, while fixed revenues decreased by 16% due to declining number of PSTN subscriptions and lower ARPU on xDSL.
- The EBITDA margin increased by 4 percentage points mainly due to synergies from merging the fixed and mobile divisions into one organisation.
- Capital expenditure increased compared to the previous quarter mainly due to increased investments related to mobile broadband and 2G roll-out.



## CENTRAL EASTERN EUROPE

### Kyivstar – Ukraine

(NOK in millions)	4th quarter		Year	
	2008	2007	2008	2007
<b>Revenues</b>				
Subscription and traffic	2 760	2 503	10 619	9 778
Interconnect revenues	738	668	2 910	2 566
Other mobile revenues	19	(11)	178	142
Non-mobile revenues	54	23	145	96
<b>Total revenues</b>	<b>3 571</b>	<b>3 183</b>	<b>13 852</b>	<b>12 582</b>

EBITDA before other items	1 951	1 769	8 201	7 374
<b>Operating profit</b>	<b>1 560</b>	<b>1 365</b>	<b>6 468</b>	<b>5 564</b>

EBITDA before other items/Total revenues (%)	54.6	55.6	59.2	58.6
Capex	850	1 070	2 080	2 602

#### No. of subscriptions (in thousands):

– Change in quarter/Total	75	545	23 531	23 604
ARPU – monthly (NOK)	50	45	48	46
Exchange rate			1.0794	1.1616

The figures for Kyivstar are included under associated companies. For further information, please see page 2 and page 8. At the end of the fourth quarter of 2008 Telenor's ownership interest in Kyivstar was 56.5%.

- Kyivstar maintained its position as the market leader in Ukraine, with an estimated subscription market share of 42%. The company's estimated revenue market share was around 51% at the end of the fourth quarter.
- The number of subscriptions increased by 75,000 during the quarter. The lower uptake in subscriptions compared to last year was mainly a result of increased competition.
- The fourth quarter figures are affected by a number of one-time corrections mainly related to the reversal of previously deferred revenues.
- ARPU in local currency increased by 12% due to increased average usage, while average prices declined marginally. Without the one-time corrections ARPU increased by 8%.
- Total revenues in local currency increased by 15% primary as a result of increased ARPU. Without the one-time effects the increase in revenues was 9%.
- In local currency, EBITDA increased by 13% mainly driven by revenue growth. Without the one-time corrections, EBITDA increased by 8%.
- Capital expenditure decreased compared to fourth quarter last year mainly due to lower coverage and capacity investments.

### Pannon – Hungary

(NOK in millions)	4th quarter		Year	
	2008	2007	2008	2007
<b>Revenues</b>				
Subscription and traffic	1 161	1 026	4 404	4 106
Interconnect revenues	389	398	1 421	1 571
Other mobile revenues	4	22	84	119
Non-mobile revenues	87	117	250	346
<b>Total revenues</b>	<b>1 641</b>	<b>1 563</b>	<b>6 159</b>	<b>6 142</b>

EBITDA before other items	601	587	2 516	2 456
<b>Operating profit</b>	<b>408</b>	<b>424</b>	<b>1 800</b>	<b>1 727</b>

EBITDA before other items/Total revenues (%)	36.6	37.6	40.9	40.0
Capex	203	597	600	865

#### No. of subscriptions (in thousands):

– Change in quarter/Total	256	157	3 731	3 377
ARPU – monthly (NOK)	143	145	140	148
Exchange rate			0.0327	0.0319

- The number of subscriptions increased by 256,000 during the quarter, mainly driven by seasonal campaigns in the consumer segment, increasing the subscription market share to 34%.
- ARPU measured in local currency decreased by 9% primarily due to lower interconnect charges from 1 January 2008 and reduced roaming charges from 30 August 2008.
- Total revenues in local currency decreased by 3% due to the reduction in

ARPU and lower handset sales, partially offset by the higher subscription base and increased revenues from mobile broadband.

- The EBITDA margin decreased by 1 percentage point due to lower revenues and positive one-time effects in the fourth quarter last year. This was partly offset by lower handset costs and reduced interconnect charges.
- When excluding the GSM licence extension paid during the fourth quarter 2007, capital expenditure remained stable. Capital expenditure during the quarter was mainly driven by investments in mobile broadband.

### Telenor – Serbia

(NOK in millions)	4th quarter		Year	
	2008	2007	2008	2007
<b>Revenues</b>				
Subscription and traffic	585	500	2 277	1 998
Interconnect revenues	178	160	663	615
Other mobile revenues	43	45	145	185
Non-mobile revenues	28	34	81	137
<b>Total revenues</b>	<b>834</b>	<b>739</b>	<b>3 166</b>	<b>2 935</b>

EBITDA before other items	411	251	1 433	1 064
<b>Operating profit</b>	<b>218</b>	<b>75</b>	<b>737</b>	<b>431</b>

EBITDA before other items/Total revenues (%)	49.3	34.0	45.3	36.3
Capex	211	144	517	686

#### No. of subscriptions (in thousands):

– Change in quarter/Total	67	(77)	2 844	2 748
ARPU – monthly (NOK)	91	78	89	80
Exchange rate			0.1010	0.1005

Telenor Serbia is part of 'Other mobile operations' in Note 5.

- The number of subscriptions in the last six quarters has been restated due to an adjustment of 336,000 inactive prepaid subscriptions. ARPU and AMPU have been restated accordingly. The increase in number of subscriptions was 67,000 during the quarter. The estimated subscription market share declined to 35%.
- Total revenues in local currency increased by 8% mainly driven by increased retail and outbound roaming revenues, partly offset by lower inbound roaming and handset revenues.
- EBITDA in local currency increased by 56% due to lower handset subsidies as well as reduced sales and marketing expenses. The EBITDA during the second half of 2007 was affected by the entrance of a third operator.
- Capital expenditure increased mainly as a result of higher 2G and 3G network roll-out.

### Promonte – Montenegro

(NOK in millions)	4th quarter		Year	
	2008	2007	2008	2007
<b>Revenues</b>	<b>188</b>	<b>165</b>	<b>775</b>	<b>763</b>
EBITDA before other items	72	51	326	340
<b>Operating profit</b>	<b>43</b>	<b>8</b>	<b>157</b>	<b>184</b>

EBITDA before other items/Total revenues (%)	38.3	30.9	42.1	44.6
Capex	13	29	67	122

#### No. of subscriptions (in thousands):

– Change in quarter/Total	(102)	(59)	431	422
Exchange rate			8.2194	8.0255

Promonte is part of 'Other mobile operations' in Note 5.

- The number of subscriptions decreased by 102,000 during the quarter mainly due to the end of the tourist season, while the subscription market share at the end of the fourth quarter was 38%.
- Revenues in local currency remained stable as increased interconnect revenues compensated for lower handset sales and inbound roaming revenues.
- The EBITDA margin increased mainly due to reduced sales and handset related costs more than offsetting the increased interconnect costs. EBITDA in local currency increased by 20%.

## ASIA

### DTAC – Thailand

(NOK in millions)	4th quarter		Year	
	2008	2007	2008	2007
<b>Revenues</b>				
Subscription and traffic	2 338	2 152	8 331	8 616
Interconnect revenues	727	694	2 738	2 770
Other mobile revenues	150	118	849	450
Non-mobile revenues	26	21	82	89
<b>Total revenues</b>	<b>3 241</b>	<b>2 985</b>	<b>12 000</b>	<b>11 925</b>
<b>EBITDA before other items</b>	<b>913</b>	<b>849</b>	<b>3 980</b>	<b>3 464</b>
<b>Operating profit</b>	<b>505</b>	<b>326</b>	<b>2 635</b>	<b>1 347</b>
<b>EBITDA before other items/Total revenues (%)</b>	<b>28.2</b>	<b>28.4</b>	<b>33.2</b>	<b>29.0</b>
Capex	512	717	1 921	2 111
Investments in businesses	1	7	26	7
<b>No. of subscriptions (in thousands):</b>				
– Change in quarter/Total	469	894	18 682	15 772
ARPU – monthly (NOK)	55	61	53	68
Exchange rate			0.1703	0.1810

At the end of the fourth quarter of 2008, Telenor's economic stake in DTAC was 65.5%.

- The number of subscriptions increased by 469,000 during the quarter and the estimated subscription market share remained stable around 30%.
- ARPU measured in local currency decreased by 19% primarily due to lower average usage and a slight reduction in average prices.
- Total revenues in local currency decreased by 2% mainly as a result of lower voice and interconnect revenues due to the general economic slowdown in Thailand.
- EBITDA in local currency decreased by 7% mainly due to lower revenues, higher revenue share to CAT Telecom Public Company Limited (CAT), as well as increased operation and maintenance expenses.
- In November 2007 TOT Public Company Limited (TOT) filed a civil lawsuit against CAT and DTAC to claim unpaid access charges. The Administrative Court ruled during the fourth quarter that it had jurisdiction over this case. If TOT still wants to pursue this case, it will need to file a new claim with the Administrative Court.
- The National Telecommunications Commission (NTC) has ordered TOT to enter into an interconnect agreement with DTAC.
- The NTC has stated that they expect to issue 3G licences by the third quarter of 2009.

### DiGi – Malaysia

(NOK in millions)	4th quarter		Year	
	2008	2007	2008	2007
<b>Revenues</b>				
Subscription and traffic	2 041	1 719	7 109	6 554
Interconnect revenues	239	174	804	679
Other mobile revenues	30	23	103	85
Non-mobile revenues	29	18	96	112
<b>Total revenues</b>	<b>2 339</b>	<b>1 934</b>	<b>8 112</b>	<b>7 430</b>
<b>EBITDA before other items</b>	<b>1 023</b>	<b>969</b>	<b>3 666</b>	<b>3 594</b>
<b>Operating profit</b>	<b>721</b>	<b>667</b>	<b>2 575</b>	<b>2 453</b>
<b>EBITDA before other items/Total revenues (%)</b>	<b>43.7</b>	<b>50.1</b>	<b>45.2</b>	<b>48.4</b>
Capex	762	545	2 675	1 163
<b>No. of subscriptions (in thousands):</b>				
– Change in quarter/Total	259	292	7 062	6 409
ARPU – monthly (NOK)	110	99	99	101
Exchange rate			1.6850	1.7030

At the end of the fourth quarter of 2008 Telenor's ownership interest in DiGi was 49.0%.

- The number of subscriptions increased by 259,000 during the quarter.
- ARPU measured in local currency decreased by 5% primarily due to lower average prices driven by high competition and lower subscription fees from new price plans.
- Total revenues in local currency increased by 5% due to a higher subscription base.
- Measured in local currency, EBITDA decreased by 9% mainly due to price reductions, increased traffic cost as well as higher sales and marketing expenses related to the introduction of mobile number portability on 15 October 2008.
- Capital expenditure in local currency increased by 24% mainly caused by higher site roll-out to improve network quality and coverage, and completion of several major projects.



## Grameenphone – Bangladesh

(NOK in millions)	4th quarter		Year	
	2008	2007	2008	2007
<b>Revenues</b>				
Subscription and traffic	1 374	1 058	4 486	4 203
Interconnect revenues	247	79	536	391
Other mobile revenues	4	3	14	13
Non-mobile revenues	2	5	13	15
<b>Total revenues</b>	<b>1 627</b>	<b>1 145</b>	<b>5 049</b>	<b>4 622</b>
<b>EBITDA before other items</b>				
	924	550	2 342	2 122
<b>Operating profit</b>	<b>525</b>	<b>292</b>	<b>1 111</b>	<b>1 239</b>
<b>EBITDA before other items/Total revenues (%)</b>				
	56.8	48.0	46.4	45.9
<b>Capex</b>	<b>1 144</b>	<b>296</b>	<b>2 258</b>	<b>3 038</b>
<b>No. of subscriptions (in thousands):</b>				
– Change in quarter/Total	164	1 338	20 993	16 483
ARPU – monthly (NOK)	26	24	22	28
Exchange rate			0.0822	0.0849

At the end of the fourth quarter of 2008, Telenor's ownership interest in Grameenphone was 62.0%.

- The number of subscriptions increased by 164,000 during the quarter, increasing the subscription market share to 47%. Net additions were lower compared to last year mainly as a result of higher prices for start-up packages introduced at the end of the third quarter of 2008 and registration of new subscriptions in compliance with Bangladesh Telecommunication Regulatory Commission's registration directive.
- ARPU in local currency decreased by 11% primarily due to decreased average prices and promotions related to low on-net tariffs and "friends and family" offers.
- Measured in local currency, total revenues increased by 17% mainly due to subscription growth, revenue from newly established International Gateway (IGW) and booking of accumulated interconnect revenues from Bangladesh Telecommunications Company Limited (BTCL) since the fourth quarter of 2007. The underlying revenue growth was 13%.
- The EBITDA margin improved compared to last year and the previous quarter. Adjusted for one-time effects in the fourth quarter, the EBITDA margin increased mainly due to lower acquisition costs as a result of lower subscription growth, partly offset by increased network maintenance expenses.
- Higher capital expenditure during the quarter was mainly due to higher roll-out related to new infrastructure vendor and NOK 485 million for additional 2G frequencies.
- On the 11 December 2008 Grameenphone filed its application for an initial public offering of USD 65 million with the Securities and Exchange Commission (SEC) in Bangladesh.

## Telenor – Pakistan

(NOK in millions)	4th quarter		Year	
	2008	2007	2008	2007
<b>Revenues</b>				
Subscription and traffic	898	809	3 243	2 749
Interconnect revenues	191	173	691	610
Other mobile revenues	6	4	18	16
Non-mobile revenues	14	14	59	39
<b>Total revenues</b>	<b>1 109</b>	<b>1 000</b>	<b>4 011</b>	<b>3 414</b>
<b>EBITDA before other items</b>				
	225	167	709	373
<b>Operating profit (loss)</b>	<b>(127)</b>	<b>(70)</b>	<b>(310)</b>	<b>(362)</b>
<b>EBITDA before other items/Total revenues (%)</b>				
	20.3	16.7	17.7	10.9
<b>Capex</b>	<b>1 249</b>	<b>1 354</b>	<b>3 061</b>	<b>3 989</b>
Investments in businesses	95	-	95	-
<b>No. of subscriptions (in thousands):</b>				
– Change in quarter/Total	916	2 017	19 388	14 596
ARPU – monthly (NOK)	19	23	19	26
Exchange rate			0.0796	0.0963

Telenor Pakistan is part of 'Other mobile operations' in Note 5.

- The number of subscribers increased by 916,000 during the quarter, while the estimated subscription market share remained stable at 21%.
- ARPU in local currency decreased by 13% as both average usage and prices declined due to increased competition and the general economic slowdown in Pakistan.
- Total revenues in local currency increased by 20% mainly due to a subscription growth of approximately 5 million during 2008, partially offset by lower ARPU.
- EBITDA increased by 51% in local currency mainly due to higher revenue growth. The EBITDA margin improved by 9 percentage points compared to the previous quarter primarily due to a 9% revenue growth and increased usage of own fibre network.
- Capital expenditure in local currency increased due to high investments in network quality and capacity. Large network roll-out deliveries were completed during the fourth quarter.
- Telenor Pakistan has acquired a 51% stake in Tameer Bank, and will use this position to facilitate mobile banking.



## BROADCAST

(NOK in millions)	4th quarter		Year	
	2008	2007	2008	2007
<b>Revenues</b>				
Canal Digital Group	1 690	1 496	6 392	5 765
Transmission & Encryption	602	530	2 265	1 860
Other/Eliminations	(132)	(128)	(487)	(488)
<b>Total revenues</b>	<b>2 160</b>	<b>1 898</b>	<b>8 170</b>	<b>7 137</b>

### EBITDA before other items

Canal Digital Group	121	128	474	735
Transmission & Encryption	319	285	1 245	1 004
Other/Eliminations	(51)	(10)	(89)	(56)
<b>Total EBITDA before other items</b>	<b>389</b>	<b>403</b>	<b>1 630</b>	<b>1 683</b>

### Operating profit

Canal Digital Group	43	61	174	502
Transmission & Encryption	203	173	791	615
Other/Eliminations	(113)	(17)	(220)	(76)
<b>Total operating profit</b>	<b>133</b>	<b>217</b>	<b>745</b>	<b>1 041</b>

EBITDA before other items/Total revenues (%)	18.0	21.2	20.0	23.6
Capex	322	281	2 365	1 225
Investments in businesses	19	94	44	94

### No. of subscribers – Change in quarter/Total (in thousands):

DTH TV	(12)	3	1 113	1 131
Cable TV	5	4	746	705
Cable TV Internet access	18	13	188	127

- The number of DTH subscribers decreased by 12,000 during the quarter. The number of Cable TV Internet access subscriptions increased by 18,000 during the quarter.
- Total revenues increased by 14%.
- Revenues in the Canal Digital Group increased primarily due to higher number of cable TV subscribers and higher sales of additional services including hardware both to cable and DTH subscribers. The decrease in EBITDA was mainly due to higher sales and marketing expenses, and higher CRM and logistics cost related to more complex add on products and hardware.
- Revenues and EBITDA in Transmission & Encryption increased due to higher revenues from satellite transmission related to increased capacity from Thor 5, and increased sales of conditional access cards and services.
- In December Norkring signed a contract for the acquisition of a 49% stake in a terrestrial TV operator in the Flanders region, for EUR 9.8 million, with an option to increase the ownership to 75% if the company is awarded the Digital TV transmission licence. The acquisition is subject to regulatory approval and closing is expected during the first quarter of 2009.
- In the fourth quarter of 2008, operating profit was affected by a loss contract. Please refer to page 8 for further comments on other income and expenses.

## OTHER UNITS

(NOK in millions)	4th quarter		Year	
	2008	2007	2008	2007
<b>Revenues</b>				
EDB Business Partner	2 130	1 668	7 807	6 290
New Business	543	286	1 146	357
Corporate functions and Group activities	595	541	2 193	2 125
Other/eliminations	(40)	(31)	(101)	218
<b>Total revenues</b>	<b>3 228</b>	<b>2 464</b>	<b>11 045</b>	<b>8 990</b>

### EBITDA before other items

EDB Business Partner	266	220	938	871
New Business	(108)	(46)	(295)	(163)
Corporate functions and Group activities	(157)	(182)	(586)	(552)
Other/eliminations	(29)	-	(39)	(30)
<b>Total EBITDA before other items</b>	<b>(28)</b>	<b>(8)</b>	<b>18</b>	<b>126</b>

### Operating profit (loss)

EDB Business Partner	89	129	422	483
New Business	(348)	(88)	(740)	(325)
Corporate functions and Group activities	(253)	(47)	(992)	(683)
Other/eliminations	(30)	5	(42)	192
<b>Total operating profit (loss)</b>	<b>(542)</b>	<b>(1)</b>	<b>(1 352)</b>	<b>(333)</b>

Capex	295	288	1 289	904
Investments in businesses	25	160	1 448	492

### EDB Business Partner

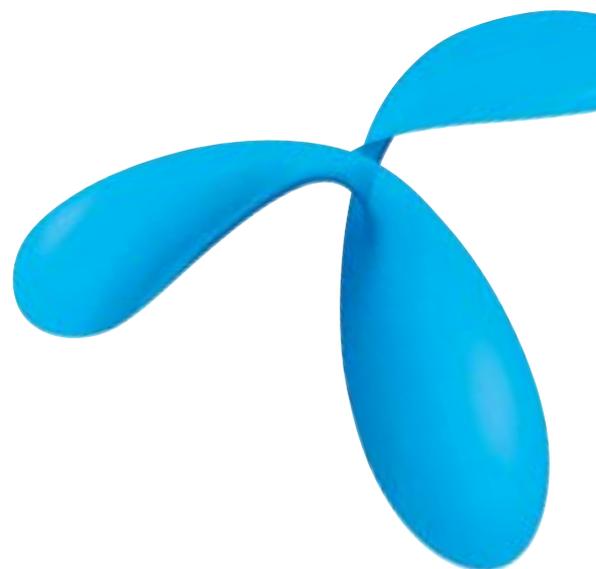
- Revenues increased by 28%, mainly related to the acquisition of IS Partner AS. IS Partner AS was consolidated from 1 February 2008.
- In the fourth quarter of 2008, operating profit was affected by the cancellation of a contract with Oslo Municipality. Please refer to page 8 for further comments on other income and expenses.

### New Business

- Increased revenues were related to Telenor Cinclus.
- In the fourth quarter of 2008, operating profit was affected by an estimated loss on contracts in Telenor Cinclus. Please refer to page 8 for further comments on other income and expenses. In addition it was negatively affected by a write-down of goodwill amounting to NOK 93 million.

### Other

- In the table above, Opplysningen is included in Other until 30 June 2007. After that, Opplysningen is treated as an associated company.
- In the fourth quarter of 2007, operating profit was positively affected by gains on disposal of operations of approximately NOK 250 million.





## Group overview

The statements below are related to Telenor's development in 2008 compared to 2007, unless otherwise stated. The statements are made on reported figures, where Kyivstar is included as an associated company from the fourth quarter of 2007. We also refer to the section Telenor's operations, note 5 and Telenor's interim reports during 2008 for further information.

### REVENUES

- Revenues in 2008 increased by NOK 4,721 million, or 5%, mainly related to subscription growth in our Asian operations, a positive one-time effect in DTAC in the second quarter with a NOK 400 million positive effect on revenues, as well as the acquisitions of IS Partner in Norway and Tele2 in Denmark. In addition, the growth throughout the year has been negatively affected by the general strengthening of the Norwegian Krone during the first half of the year, partly offset by a weakening of the Norwegian Krone during the second half of the year.

### EBITDA

- EBITDA in 2008 increased by NOK 135 million compared to last year. Higher revenues were offset by higher costs related to workforce reductions and loss contracts as well as loss on disposal of assets.

### Specification of other income and expenses

(NOK in millions)	4th quarter		Year	
	2008	2007	2008	2007
EBITDA before other income and expenses	7 974	7 062	30 304	28 984
EBITDA margin before other income and expenses (%)	30.2	29.8	31.2	31.3
Gains/Losses on disposal of fixed assets and operations	(11)	247	(202)	504
Workforce reductions and loss contracts	(246)	(62)	(710)	(231)
<b>EBITDA</b>	<b>7 717</b>	<b>7 247</b>	<b>29 392</b>	<b>29 257</b>
EBITDA margin (%)	29.3	30.5	30.2	31.6

In the fourth quarter of 2008 other income and expenses mainly consisted of the following items:

- NOK 47 million in Broadcast due to loss contract related to the content business.
- Approximately NOK 60 million in EDB related to cancellation of contract with Oslo Municipality.
- NOK 128 million in New Business related to estimated loss on contracts in Telenor Cinclus.

For the full year 2008 other income and expenses include:

- Gains/Losses on disposal of fixed assets and operations mainly related to loss on disposal of fixed assets in Fixed Norway.
- Workforce reductions and loss contracts mainly related to workforce reductions in Norway and Sweden and loss contracts in DTAC, Broadcast and New Business.

### OPERATING PROFIT

- Operating profit in 2008 increased by NOK 197 million compared to last year. In addition to the factors mentioned above, the operating profit was affected by lower depreciation and amortisations as a result of intangible assets in DTAC and Sweden becoming fully depreciated at the end of 2007.

### ASSOCIATED COMPANIES

(NOK in millions)	4th quarter		Year	
	2008	2007	2008	2007
<b>Telenor's share of <sup>1)</sup></b>				
Profit after taxes	535	3 284	5 767	5 523
Amortisation of Telenor's net excess values	(85)	(79)	(282)	(204)
Write-downs of Telenor's net excess values	-	-	(17)	-
Gains (losses) on disposal of ownership interests	1	1 098	1 620	1 143
<b>Net result from associated companies</b>	<b>451</b>	<b>4 303</b>	<b>7 088</b>	<b>6 462</b>

<sup>1)</sup> For certain associated companies, financial statements as of the Group's balance sheet date are not available. In such instances, the most recent financial statements (as of a date not more than three months prior to the Group's balance sheet date) are used, and estimates for the last period are made based on publicly available information. Actual figures may deviate from the preliminary figures. The consolidated income statement contains only the line 'Net result from associated companies'.

- As of December 2008, Telenor's voting interest in VimpelCom in Russia was 29.9%, with a corresponding share of 33.6% of the common stock. The value of Telenor's share of the company, based on the quoted share price as of 31 December 2008, was NOK 17.3 billion. According to telecom analysts, VimpelCom had approximately 61 million mobile subscriptions at the end of December 2008.
- In the fourth quarter 2008 net result from associated companies is negatively affected mainly by estimated foreign exchange loss related to VimpelCom's loan portfolio.
- On 27 February 2008 Telenor completed the disposal of its 18.3% ownership interest in Golden Telecom to VimpelCom. Telenor recognised a sales gain of NOK 1,610 million after elimination of the gain related to Telenor's ownership in VimpelCom. In 2007, the sales gain was mainly related to disposal of the shares in ONE GmbH.
- As a consequence of Kyivstar having resumed its financial reporting to Telenor, Kyivstar is included as an associated company using the equity method from the fourth quarter of 2007. In the table above the full year effect is therefore included in the fourth quarter of 2007. For further information, see page 2.

## FINANCIAL ITEMS

(NOK in millions)	4th quarter		Year	
	2008	2007	2008	2007
Financial income	160	194	722	568
Financial expenses	(837)	(730)	(3 058)	(2 690)
Net foreign currency gains (losses)	(96)	(71)	(487)	(208)
Change in fair value of financial instruments	(163)	198	(452)	845
Net gains (losses) and write-downs	242	10	260	9
<b>Net financial items</b>	<b>(694)</b>	<b>(399)</b>	<b>(3 015)</b>	<b>(1 476)</b>
Gross interest expenses	(840)	(724)	(3 060)	(2 650)
Net interest expenses	(708)	(575)	(2 580)	(2 256)

- The change in fair value of financial instruments was primarily related to derivatives used for economic hedges that do not fulfil the requirements for hedge accounting.
- The net foreign currency losses were primarily related to liabilities in other currencies than functional currencies.

## TAXES

- The estimated effective tax rate for the fourth quarter is 20%, while the estimated annual effective tax rate for 2008 is 22%. The low tax percentages are mainly explained by associated companies, which are included in profit before taxes on an after tax basis, and the non-taxable gain from the sale of Golden Telecom in the first quarter of 2008. Adjusted for these items, the underlying tax rate is 32%. The tax expense in the fourth quarter of 2008 increased compared to last year, mainly due to reversal of valuation allowance related to tax losses carried forward in the fourth quarter 2007.

## INVESTMENTS

- Capital expenditure including new licences and spectrum increased by NOK 1.1 billion compared to last year mainly due to the investments in the satellite Thor 5 of approximately NOK 1.1 billion, capitalisation of the 3G spectrum licence in DiGi of approximately NOK 1.1 billion, the acquisition of 2x20 MHz in the 2.6 GHz spectrum in Sweden for approximately NOK 450 million and additional 2G frequencies in Grameenphone for approximately NOK 485 million. This was partly offset by lower network investments in several operations.

## BALANCE SHEET

- Net interest-bearing liabilities increased by NOK 6.3 billion to NOK 45.5 billion during the fourth quarter of 2008. NOK 5.6 billion of the increase is due to the depreciation of the Norwegian Krone
- Translation differences increased equity in the fourth quarter of 2008 by NOK 5.4 billion due to the depreciation of the Norwegian Krone compared to most of the functional currencies of Telenor's foreign subsidiaries and associated companies as of 31 December 2008, compared to 30 September 2008.

## CASH FLOW

- The net cash inflow from operating activities for the year 2008 was NOK 25.6 billion, an increase of NOK 1.9 billion. Income taxes paid were NOK 3.9 billion, an increase of NOK 0.7 billion. The increased payment was mainly related to Telenor being in a tax paying position from the end of 2007 in Norway. The positive effect from changes in working capital for the year 2008 was related to general operational activities throughout the Group. The negative effect from changes in working capital in the fourth quarter of 2008 was mainly related to the yearly revenue share payment in DTAC.
- The net cash outflow from investing activities for the year 2008 was NOK 14.8 billion, a decrease of NOK 1.0 billion which was mainly related to lower capex payments. Paid capex was NOK 3.2 billion lower than reported capex for the year 2008, mainly due to no cash outflows related to DiGi's capitalization of 3G spectrum, Broadcast's capitalisation of the satellite Thor 5, Grameenphone's partly paid spectrum acquisition and in general higher network roll out at the end of 2008. Paid and reported capex were around the same level as for the year 2007.
- The net cash outflow from financing activities for the year 2008 was NOK 9.5 billion, an increase of NOK 3.9 billion which is mainly explained by increased share buy-back and dividends paid.
- Cash and cash equivalents increased by NOK 2.1 billion during the year 2008 to NOK 8.9 billion as of 31 December 2008.

## OUTLOOK FOR 2009

Based on the proforma group structure including Kyivstar and currency rates as of 31 December 2008:

- Telenor's outlook for 2009 is affected by increased uncertainty in terms of future global growth. Our best estimate at this point is that organic revenues for 2009 will be in line with 2008.
- The EBITDA margin before other income and expenses is expected to be around 34%.
- We expect capital expenditure as a proportion of revenues, excluding licences and spectrum, to be in the range of 15-17%.
- Telenor expects that the investment in India will contribute with marginal increase in organic revenues, an EBITDA loss in the range of NOK 2-2.5 billion and capex in the range of NOK 5.5-6.5 billion for 2009.
- A growing share of Telenor's revenues and profits is derived from operations outside Norway. Currency fluctuations may to an increasing extent influence the reported figures in Norwegian Krone. Political risk, including regulatory conditions, may also influence the profits.

## DISCLAIMER

This report contains statements regarding the future in connection with Telenor's growth initiatives, profit figures, outlook, strategies and objectives. In particular, the section 'Outlook for 2009' contains forward-looking statements regarding the Group's expectations. All statements regarding the future are subject to inherent risks and uncertainties, and many factors can lead to actual profits and developments deviating substantially from what has been expressed or implied in such statements.

# Condensed interim financial information

## CONSOLIDATED INCOME STATEMENT

### Telenor Group

(NOK in millions except earnings per share)	4th quarter		Year	
	2008	2007	2008	2007
Revenues	26 364	23 737	97 194	92 473
Costs of materials and traffic charges	7 300	6 689	26 441	25 965
Salaries and personnel costs	3 533	3 106	13 085	11 823
Other operating expenses	7 557	6 880	27 364	25 701
Other (income) and expenses	257	(185)	912	(273)
<b>EBITDA</b>	<b>7 717</b>	<b>7 247</b>	<b>29 392</b>	<b>29 257</b>
Depreciation and amortization	4 016	3 671	14 104	13 958
Write-downs	97	241	106	314
<b>Operating profit</b>	<b>3 604</b>	<b>3 335</b>	<b>15 182</b>	<b>14 985</b>
Associated companies	451	4 303	7 088	6 462
Net financial items	(694)	(399)	(3 015)	(1 476)
<b>Profit before taxes</b>	<b>3 361</b>	<b>7 239</b>	<b>19 255</b>	<b>19 971</b>
Taxes	(677)	730	(4 203)	(2 168)
<b>Profit from continuing operations</b>	<b>2 684</b>	<b>7 969</b>	<b>15 052</b>	<b>17 803</b>
Profit (loss) from discontinued operations	-	-	-	1 400
<b>Net income</b>	<b>2 684</b>	<b>7 969</b>	<b>15 052</b>	<b>19 203</b>
Net income attributable to:				
Non-controlling interests (Minority interests)	479	335	1 745	1 187
Equity holders of Telenor ASA	2 205	7 634	13 307	18 016
Earnings per share in NOK				
From continuing operations:				
Basic	1.33	4.54	7.97	9.89
Diluted	1.33	4.54	7.97	9.88
From total operations:				
Basic	1.33	4.54	7.97	10.72
Diluted	1.33	4.54	7.97	10.71

The interim financial information has not been subject to audit or review.





**CONSOLIDATED BALANCE SHEET**  
Telenor Group

(NOK in millions)	31 December 2008	30 September 2008	31 December 2007
Deferred tax assets	2 815	2 845	2 771
Goodwill	34 227	32 001	29 672
Intangible assets	31 153	27 579	26 476
Property, plant and equipment	59 772	52 201	48 974
Associated companies	21 015	24 405	20 425
Other non-current assets	6 020	2 953	3 040
<b>Total non-current assets</b>	<b>155 002</b>	<b>141 984</b>	<b>131 358</b>
Accounts receivable	10 204	8 769	10 996
Other current assets	12 777	10 372	11 115
Other liquid assets	468	439	522
Cash and cash equivalents	8 925	8 373	6 841
<b>Total current assets</b>	<b>32 374</b>	<b>27 953</b>	<b>29 474</b>
<b>Total assets</b>	<b>187 376</b>	<b>169 937</b>	<b>160 832</b>
Equity attributable to equity holders of Telenor ASA	81 143	76 121	68 797
Non-controlling interests (Minority interests)	7 621	6 709	5 858
<b>Total equity</b>	<b>88 764</b>	<b>82 830</b>	<b>74 655</b>
Pension obligations	2 634	2 687	2 251
Deferred tax liabilities	4 704	4 258	3 744
Other provisions	1 681	1 152	1 079
<b>Provisions</b>	<b>9 019</b>	<b>8 097</b>	<b>7 074</b>
Non-current interest-bearing financial liabilities	40 452	35 633	39 725
Non-current non-interest-bearing liabilities	944	835	1 074
<b>Total non-current liabilities</b>	<b>41 396</b>	<b>36 468</b>	<b>40 799</b>
Current interest-bearing financial liabilities	15 581	12 507	7 524
Accounts payable	7 354	7 632	8 044
Current non-interest-bearing liabilities	25 262	22 403	22 736
<b>Total current liabilities</b>	<b>48 197</b>	<b>42 542</b>	<b>38 304</b>
<b>Total equity and liabilities</b>	<b>187 376</b>	<b>169 937</b>	<b>160 832</b>
Equity ratio including non-controlling interests (%)	47.4	48.7	46.4
Net interest-bearing liabilities	45 547	39 274	39 881

Kyivstar is included in the line Associated companies in the balance sheet.

The interim financial information has not been subject to audit or review.

## CONSOLIDATED CASH FLOW STATEMENT

### Telenor Group

(NOK in millions)	4th quarter		Year	
	2008	2007	2008	2007
Profit before taxes	3 361	7 239	19 255	20 237
Income taxes paid	(507)	(1 489)	(3 870)	(3 187)
Net (gains) losses from disposals, and change in fair value of financial items inc. write-downs	(67)	(454)	394	(1 359)
Depreciation, amortization and write-downs	4 113	3 912	14 210	14 333
Profit and loss from associated companies	(451)	(4 303)	(7 088)	(6 467)
Dividends received from associated companies	220	-	1 258	643
Currency (gains) losses not related to operating activities	94	95	441	168
Change in other operating working capital assets and liabilities	(1 235)	(1 610)	1 029	(672)
<b>Net cash flows from operating activities</b>	<b>5 528</b>	<b>3 390</b>	<b>25 629</b>	<b>23 696</b>
Purchases of property, plant and equipment (PPE) and intangible assets	(5 119)	(5 750)	(17 465)	(19 063)
Purchases of subsidiaries and associated companies, net of cash acquired	(29)	(393)	(1 321)	(5 942)
Sales of PPE, intangible assets and businesses, net of cash disposed	38	4 923	4 291	8 423
Sales and purchases of other investments	(320)	43	(308)	740
<b>Net cash flows from investing activities</b>	<b>(5 430)</b>	<b>(1 177)</b>	<b>(14 803)</b>	<b>(15 842)</b>
Proceeds from and repayments of interest-bearing liabilities	139	(2 884)	(534)	(594)
Proceeds from issuance of shares, including from non-controlling interests in subsidiaries	361	(8)	338	538
Share buy-back	-	(397)	(2 108)	(440)
Dividends paid and repayment of equity to non-controlling interests in subsidiaries	(586)	(405)	(1 514)	(919)
Dividends paid to shareholders of Telenor ASA	-	-	(5 678)	(4 201)
<b>Net cash flows from financing activities</b>	<b>(86)</b>	<b>(3 694)</b>	<b>(9 496)</b>	<b>(5 616)</b>
Effects of exchange rate changes on cash and cash equivalents	540	94	754	(319)
<b>Net change in cash and cash equivalents</b>	<b>552</b>	<b>(1 387)</b>	<b>2 084</b>	<b>1 919</b>
Cash and cash equivalents at the beginning of the period	8 373	8 228	6 841	4 922
<b>Cash and cash equivalents at the end of the period</b>	<b>8 925</b>	<b>6 841</b>	<b>8 925</b>	<b>6 841</b>
Of which cash and cash equivalents in discontinued operations at the end of the period	-	-	-	-
<b>Cash and cash equivalents at the end of the period in continuing operations</b>	<b>8 925</b>	<b>6 841</b>	<b>8 925</b>	<b>6 841</b>

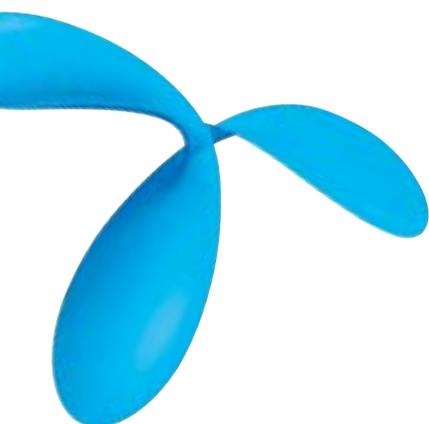
The statement includes discontinued operations prior to their disposal.

### Cash Flows from discontinued operations

	4th quarter		Year	
	2008	2007	2008	2007
Net cash flows from operating activities	-	-	-	192
Net cash flows from investing activities	-	-	-	(82)
Net cash flows from financing activities	-	-	-	-

The cash flows ascribed to discontinued operations are only cash flows from external transactions. Hence, the cash flows presented for discontinued operations do not reflect these operations as if they were stand alone entities.

The interim financial information has not been subject to audit or review.



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
Telenor Group

(NOK in millions)	Attributable to equity holders of Telenor ASA					Non-controlling interests	Total equity
	Total paid in capital	Other reserves	Retained earnings	Cumulative translation differences	Total		
<b>Balance as of 31 December 2006</b>	<b>19 424</b>	<b>6 171</b>	<b>30 787</b>	<b>1 611</b>	<b>57 993</b>	<b>4 735</b>	<b>62 728</b>
Translation differences	-	-	-	(5 026)	(5 026)	(145)	(5 171)
Business combinations and increased ownership interests in subsidiaries	-	7	-	-	7	-	7
Gain and loss on transactions with non-controlling interests	-	2 835	-	-	2 835	-	2 835
Available-for-sale investments:							
- Valuation gains (losses) taken to equity	-	25	-	-	25	(1)	24
- Transferred to profit or loss on sale	-	(8)	-	-	(8)	-	(8)
Cash flow hedges:							
- Valuation gains (losses) taken to equity	-	(4)	-	-	(4)	4	-
- Transferred to profit or loss on sale	-	-	-	-	-	-	-
Tax on items taken directly to or transferred from equity	-	(182)	-	(425)	(607)	(1)	(608)
<b>Net income (loss) recognized directly in equity</b>	<b>-</b>	<b>2 673</b>	<b>-</b>	<b>(5 451)</b>	<b>(2 778)</b>	<b>(143)</b>	<b>(2 921)</b>
Profit for the year 2007	-	-	18 016	-	18 016	1 187	19 203
<b>Total recognized income and expense for the period</b>	<b>-</b>	<b>2 673</b>	<b>18 016</b>	<b>(5 451)</b>	<b>15 238</b>	<b>1 044</b>	<b>16 282</b>
Transfer from share premium account	(5 000)	5 000	-	-	-	-	-
Dividends	-	(4 201)	-	-	(4 201)	(919)	(5 120)
Share buy back	(20)	(422)	-	-	(442)	(29)	(471)
Sale of shares, share issue, and share options to employees	2	38	-	-	40	14	54
Equity adjustments in associated companies	-	169	-	-	169	-	169
Transactions with non-controlling interests in subsidiaries	-	-	-	-	-	1 013	1 013
<b>Balance as of 31 December 2007</b>	<b>14 406</b>	<b>9 428</b>	<b>48 803</b>	<b>(3 840)</b>	<b>68 797</b>	<b>5 858</b>	<b>74 655</b>
Translation differences	-	-	-	7 074	7 074	1 021	8 095
Business combinations and increased ownership interests in subsidiaries	-	(9)	-	-	(9)	-	(9)
Gain and loss on transactions with non-controlling interests	-	493	-	-	493	-	493
Available-for-sale investments:							
- Valuation gains (losses) taken to equity	-	(47)	-	-	(47)	(2)	(49)
- Transferred to profit or loss on sale	-	-	-	-	-	-	-
Cash flow hedges:							
- Valuation gains (losses) taken to equity	-	(313)	-	-	(313)	(62)	(375)
- Transferred to profit or loss for the period	-	-	-	-	-	-	-
Tax on items taken directly to or transferred from equity	-	83	-	1 298	1 381	18	1 399
<b>Net income (loss) recognized directly in equity</b>	<b>-</b>	<b>207</b>	<b>-</b>	<b>8 372</b>	<b>8 579</b>	<b>975</b>	<b>9 554</b>
Profit for the period	-	-	13 307	-	13 307	1 745	15 052
<b>Total recognized income and expenses for the period</b>	<b>-</b>	<b>207</b>	<b>13 307</b>	<b>8 372</b>	<b>21 886</b>	<b>2 720</b>	<b>24 606</b>
Transfer from share premium account	(4 274)	4 274	-	-	-	-	-
Dividends	-	-	(5 678)	-	(5 678)	(1 590)	(7 268)
Share buy back	(117)	(1 991)	-	-	(2 108)	-	(2 108)
Sale of shares, share issue, and share options to employees	-	21	-	-	21	2	23
Equity adjustments in associated companies	-	(1 775)	-	-	(1 775)	-	(1 775)
Transactions with non-controlling interests in subsidiaries	-	-	-	-	-	631	631
<b>Balance as of 31 December 2008</b>	<b>10 015</b>	<b>10 164</b>	<b>56 432</b>	<b>4 532</b>	<b>81 143</b>	<b>7 621</b>	<b>88 764</b>

The interim financial information has not been subject to audit or review.

# Notes to the consolidated interim financial statements

## NOTE 1 – GENERAL ACCOUNTING PRINCIPLES

Telenor (the Group) consists of Telenor ASA (the Company) and its subsidiaries, Telenor ASA is a limited company, incorporated in Norway. The condensed consolidated interim financial statements consist of the Group and the Group's interest in associated companies and joint ventures.

These interim condensed consolidated financial statements for the year ending 31 December 2008 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with Telenor's Annual Report 2007.

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's Annual Financial Statements for the year ended 31 December 2007. Compared to the Annual Statement for 2007, the segment definition has been changed, Mobile Sweden and Fixed Sweden are presented as Sweden, and Mobile Denmark and Fixed Denmark are presented as Denmark.

## NOTE 2 – BUSINESS COMBINATIONS

### IS Partner AS

On 9 January 2008 EDB Business Partner announced the acquisition of 100% of the issued share capital of IS Partner AS. The total consideration for the shares was NOK 1.350 million, which was paid in cash. The transaction was completed on 11 February 2008. The value was set based on fair value after negotiations between the parties. The Norwegian Competition Authority approved the transaction on 31 January 2008.

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

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

(NOK in millions)	IS Partner AS carrying values at the acquisition date	Fair value adjustments	Fair values 31.12.2008	Provisional fair values annual report 2007
Customer contracts/customer base	-	149	149	163
Software	2	14	16	20
Property, plant & equipment	108	-	108	108
Other financial non-current assets	5	-	5	7
Trade and other receivables	370	153	523	463
Cash and cash equivalents	229	-	229	255
Deferred tax liabilities	33	(83)	(50)	(70)
Provisions and obligations	(249)	(20)	(269)	(211)
Trade and other payables	(323)	-	(323)	(433)
<b>Net assets</b>	<b>175</b>	<b>214</b>	<b>388</b>	<b>302</b>
Goodwill			962	982
<b>Total consideration for the shares, satisfied by cash</b>			<b>1 350</b>	<b>1 284</b>
Liabilities assumed			-	-
<b>Total consideration, satisfied by cash</b>			<b>1 350</b>	<b>1 284</b>

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

IS Partner contributed NOK 1,492 million in revenues and NOK 192 million to the Telenor Group's profit before taxes from total operations for the period between the date of consolidation and 31 December 2008. This does not include Telenor's interest expenses related to the financing of the acquisition.

### **NOTE 3 – IMPAIRMENT TESTING OF GOODWILL**

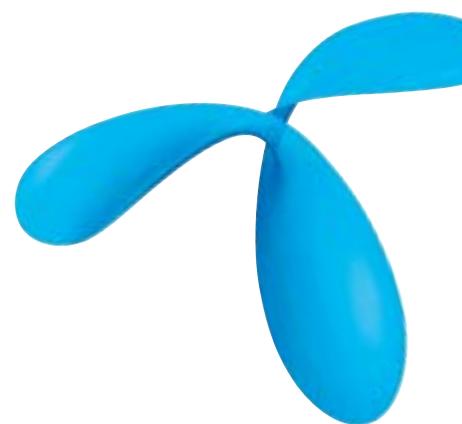
In 2008 the segment definition was changed compared to the Financial Statement for 2007. The goodwill testing is performed at the lowest level within Telenor at which the goodwill is monitored for internal management purposes, but is not larger than an operating segment determined in accordance with IFRS 8 Operating Segments. Accordingly, the goodwill related to the fixed and mobile operations in Sweden and Denmark are tested for a group of cash generating units on segment level. The DTH and cable-TV operation in the Nordic countries are also tested for a group of cash generating units.

Impairment testing is performed as of 31 December 2008. For the cash generating unit EDB Business Partner, the recoverable amount is determined by value in use instead of fair value less cost to sell. This is a change compared to 2007 and previous quarters.

In the fourth quarter 2008 an impairment of goodwill in Cinclus Oy of NOK 93 million has been charged to profit and loss.

### **NOTE 4 – SHARE BASED PAYMENT**

On 7 May 2008, DiGi acquired 3G spectrum for a total consideration of 27.5 million new shares issued to Time dotCom. The transaction reduced Telenor's ownership interest in DiGi from 50.8% to 49.0%. Telenor continues to consolidate DiGi as a subsidiary and the transaction is accounted for as a transaction with non-controlling interests. The 3G spectrum is recognised to fair value at the date of transaction.



## NOTE 5 – SEGMENT TABLE AND RECONCILIATION OF EBITDA

### Fourth quarter

(NOK in millions)	Total revenues			of which internal		EBITDA before other items			
	2008	2007	Growth	2008	2007	2008	Margin	2007	Margin
Mobile – Norway	3 300	3 217	2.6%	221	209	1 135	34.4%	1 009	31.4%
Fixed – Norway	3 800	3 791	0.2%	551	541	1 301	34.2%	1 317	34.7%
Sweden	2 410	2 474	(2.6%)	26	24	511	21.2%	498	20.1%
Denmark	2 075	1 864	11.3%	60	43	516	24.9%	397	21.3%
Kyivstar – Ukraine	3 571	3 183	12.2%	10	6	1 951	54.6%	1 769	55.6%
Pannon – Hungary	1 641	1 563	5.0%	8	12	601	36.6%	587	37.6%
DTAC – Thailand	3 241	2 985	8.6%	18	16	913	28.2%	849	28.4%
DiGi – Malaysia	2 339	1 934	20.9%	2	2	1 023	43.7%	969	50.1%
Grameenphone – Bangladesh	1 627	1 145	42.1%	-	1	924	56.8%	550	48.0%
Other mobile operations	2 131	1 904	11.9%	35	25	708	33.2%	469	24.6%
Broadcast	2 160	1 898	13.8%	27	29	389	18.0%	403	21.2%
Other operations	3 228	2 464	31.0%	640	602	(28)	nm	(8)	nm
Eliminations	(1 598)	(1 508)	-	(1 598)	(1 510)	(19)	-	17	-
<b>Operating segments</b>	<b>29 925</b>	<b>26 914</b>	<b>11.2%</b>	<b>-</b>	<b>-</b>	<b>9 925</b>	<b>33.2%</b>	<b>8 826</b>	<b>32.8%</b>
Kyivstar reclassified as associated company	3 561	3 177				1 951		1 764	
<b>Group</b>	<b>26 364</b>	<b>23 737</b>	<b>11.1%</b>			<b>7 974</b>	<b>30.2%</b>	<b>7 062</b>	<b>29.8%</b>

### The operations for the year

(NOK in millions)	Total revenues			of which internal		EBITDA before other items			
	2008	2007	Growth	2008	2007	2008	Margin	2007	Margin
Mobile – Norway	12 877	13 142	(2.0%)	809	852	4 610	35.8%	4 716	35.9%
Fixed – Norway	14 707	15 188	(3.2%)	2 152	2 111	5 279	35.9%	5 550	36.5%
Sweden	9 532	9 990	(4.6%)	110	93	2 040	21.4%	1 973	19.7%
Denmark	7 627	7 067	7.9%	194	169	1 793	23.5%	1 786	25.3%
Kyivstar – Ukraine	13 852	12 582	10.1%	31	34	8 201	59.2%	7 374	58.6%
Pannon – Hungary	6 159	6 142	0.3%	31	35	2 516	40.9%	2 456	40.0%
DTAC – Thailand	12 000	11 925	0.6%	56	50	3 980	33.2%	3 464	29.0%
DiGi – Malaysia	8 112	7 430	9.2%	7	6	3 666	45.2%	3 594	48.4%
Grameenphone – Bangladesh	5 049	4 622	9.2%	1	1	2 342	46.4%	2 122	45.9%
Other mobile operations	7 952	7 112	11.8%	141	95	2 468	31.0%	1 777	25.0%
Broadcast	8 170	7 137	14.5%	99	143	1 630	20.0%	1 683	23.6%
Other operations	11 045	8 990	22.9%	2 436	2 432	18	0.2%	126	1.4%
Eliminations	(6 067)	(6 306)	-	(6 067)	(6 021)	(38)	-	(291)	-
<b>Operating segments</b>	<b>111 015</b>	<b>105 021</b>	<b>5.7%</b>	<b>-</b>	<b>-</b>	<b>38 505</b>	<b>34.7%</b>	<b>36 330</b>	<b>34.6%</b>
Kyivstar reclassified as associated company	13 821	12 548				8 201		7 346	
<b>Group</b>	<b>97 194</b>	<b>92 473</b>	<b>5.1%</b>			<b>30 304</b>	<b>31.2%</b>	<b>28 984</b>	<b>31.3%</b>

\*1 The segment profit is EBITDA

### Reconciliation

(NOK in millions)	4th quarter		Year	
	2008	2007	2008	2007
<b>Net income</b>	<b>2 684</b>	<b>7 969</b>	<b>15 052</b>	<b>19 203</b>
Profit (loss) from discontinued operations	-	-	-	1 400
<b>Profit from continuing operations</b>	<b>2 684</b>	<b>7 969</b>	<b>15 052</b>	<b>17 803</b>
Taxes	(677)	730	(4 203)	(2 168)
<b>Profit before taxes</b>	<b>3 361</b>	<b>7 239</b>	<b>19 255</b>	<b>19 971</b>
Net financial items	(694)	(399)	(3 015)	(1 476)
Associated companies	451	4 303	7 088	6 462
Depreciation and amortisation	4 016	3 671	14 104	13 958
Write-downs	97	241	106	314
<b>EBITDA</b>	<b>7 717</b>	<b>7 247</b>	<b>29 392</b>	<b>29 257</b>
Kyivstar reclassified as associated company	2 040	1 752	8 231	7 302
<b>EBITDA Operating segments</b>	<b>9 757</b>	<b>8 999</b>	<b>37 623</b>	<b>36 559</b>

## Definitions

- Organic revenue is defined as revenue adjusted for the effects of acquisition and disposal of operations and currency effects.
- Capital expenditure (Capex) is investments in tangible and intangible assets.
- Investments in businesses comprise acquisitions of shares and participations, including acquisitions of subsidiaries and businesses not organised as separate companies.

### MOBILE OPERATIONS

#### Revenues

##### Subscription and traffic

– consist of subscription and connection fees, revenues from voice –outgoing airtime, non-voice traffic, outbound roaming and other mobile service revenues. Subscription and traffic includes only revenues from the company's own subscriptions.

##### Interconnect

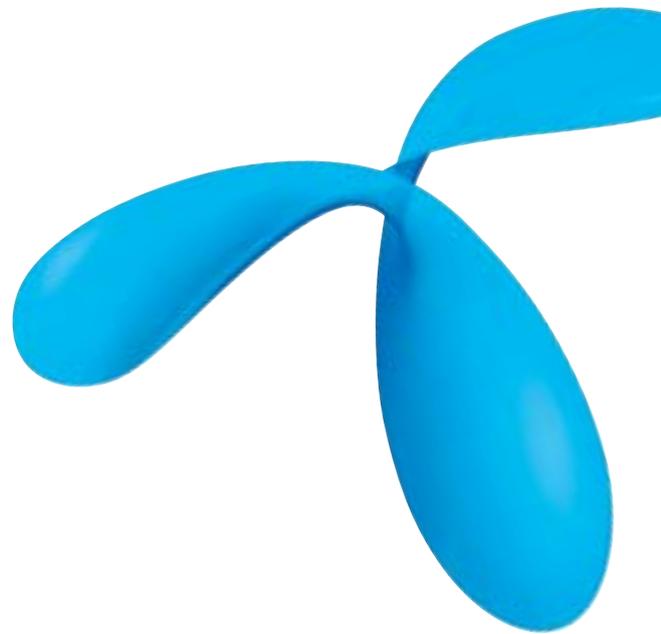
– consist of revenues from incoming traffic. Revenues from incoming traffic related to service provider subscriptions are not included.

##### Other mobile

– consist of inbound roaming, national roaming and revenues related to service providers and MVNDOs (Mobile Virtual Network Operators).

##### Non-mobile

– consist of revenues from customer equipment and businesses that are not directly related to mobile operations.



EBITDA <sup>(*)</sup>				Operating profit (loss)			
2008	Margin	2007	Margin	2008	Margin	2007	Margin
1 132	34.3%	999	31.1%	914	27.7%	807	25.1%
1 288	33.9%	1 303	34.4%	752	19.8%	780	20.6%
514	21.3%	499	20.2%	(35)	nm	(291)	nm
514	24.8%	391	21.0%	102	4.9%	75	4.0%
2 040	57.1%	1 757	55.2%	1 560	43.7%	1 365	42.9%
590	36.0%	590	37.7%	408	24.9%	424	27.1%
911	28.1%	850	28.5%	505	15.6%	326	10.9%
1 025	43.8%	959	49.6%	721	30.8%	667	34.5%
925	56.9%	551	48.1%	525	32.3%	292	25.5%
707	33.2%	466	24.5%	134	6.3%	13	0.7%
336	15.6%	419	22.1%	133	6.2%	217	11.4%
(206)	nm	198	8.0%	(542)	nm	(1)	nm
(19)	-	17	-	(13)	-	21	-
<b>9 757</b>	<b>32.6%</b>	<b>8 999</b>	<b>33.4%</b>	<b>5 164</b>	<b>17.3%</b>	<b>4 695</b>	<b>17.4%</b>
2 040		1 752		1 560		1 360	
<b>7 717</b>	<b>29.3%</b>	<b>7 247</b>	<b>30.5%</b>	<b>3 604</b>	<b>13.7%</b>	<b>3 335</b>	<b>14.0%</b>

EBITDA <sup>(*)</sup>				Operating profit (loss)				Total assets as of	
2008	Margin	2007	Margin	2008	Margin	2007	Margin	2008	2007
4 582	35.6%	4 703	35.8%	3 774	29.3%	3 977	30.3%	8 479	8 337
5 020	34.1%	5 528	36.4%	3 009	20.5%	3 459	22.8%	18 163	17 300
1 943	20.4%	1 973	19.7%	(149)	nm	(496)	nm	32 732	28 764
1 797	23.6%	1 780	25.2%	441	5.8%	568	8.0%	13 889	11 343
8 231	59.4%	7 330	58.3%	6 468	46.7%	5 564	44.2%	15 600	16 388
2 503	40.6%	2 458	40.0%	1 800	29.2%	1 727	28.1%	11 278	9 482
3 946	32.9%	3 414	28.6%	2 635	22.0%	1 347	11.3%	22 043	20 834
3 668	45.2%	3 581	48.2%	2 575	31.7%	2 453	33.0%	10 097	6 952
2 345	46.4%	2 122	45.9%	1 111	22.0%	1 239	26.8%	10 959	6 839
2 466	31.0%	1 773	24.9%	584	7.3%	253	3.6%	41 953	35 329
1 505	18.4%	1 699	23.8%	745	9.1%	1 041	14.6%	16 115	14 717
(345)	nm	489	5.4%	(1 352)	nm	(333)	nm	51 696	42 171
(38)	-	(291)	-	9	-	(278)	-	(56 164)	(47 682)
<b>37 623</b>	<b>33.9%</b>	<b>36 559</b>	<b>34.8%</b>	<b>21 650</b>	<b>19.5%</b>	<b>20 521</b>	<b>19.5%</b>	<b>196 840</b>	<b>170 774</b>
8 231		7 302		6 468		5 536		9 464	9 942
<b>29 392</b>	<b>30.2%</b>	<b>29 257</b>	<b>31.6%</b>	<b>15 182</b>	<b>15.6%</b>	<b>14 985</b>	<b>16.2%</b>	<b>187 376</b>	<b>160 832</b>

## Key Figures

### Subscriptions

Contract subscriptions are counted until the subscription is terminated.

Prepaid subscriptions are counted as active if there has been outgoing or incoming traffic or if the SIM card has been reloaded during the last three months. Service provider and MVNO subscriptions are not included. Data only SIM cards are included, but SIM cards used for telemetric applications are excluded. Telemetric is defined as machine-to-machine SIM cards (M2M), for example, vending machines and meter readings.

### Average traffic minutes per subscription per month (AMPU)

Traffic minutes per subscription per month are calculated based on total outgoing and incoming rated minutes from the company's own subscriptions. This includes zero rated minutes and outgoing minutes from own subscriptions while roaming. Outgoing and incoming minutes related to inbound roaming, national roaming, service providers and MVNOs are not included.

### Average revenue per subscription per month (ARPU)

ARPU is calculated based on mobile revenues from the company's own subscriptions, divided by the average number of subscriptions for the relevant period.

### Mobile revenues from company's own subscriptions

– consist of 'Subscription and traffic' and 'Interconnect revenues' and do not include revenues from inbound roaming, national roaming, service providers, MVNOs, sale of customer equipment and incoming traffic related to service provider subscriptions.

## FIXED – NORWAY

### Revenues

#### Telephony

– consist of subscription and connection fee, traffic (fixed to fixed, fixed to mobile, to other countries, value added services, other traffic) for PSTN/ISDN and Voice over Internet Protocol (VoIP).

#### xDSL/Internet

– consist of subscription fee for xDSL and Internet and traffic charges for Internet traffic (810/815).

#### Data services

– consist of Nordicom, Frame relay and IP-VPN.

#### Other

– consist of leased lines, managed services and other retail products.

#### Wholesale

– consist of sale to service providers of telephony (PSTN/ISDN) and xDSL, national and international interconnect, transit traffic, leased lines, other wholesale products and contractor services.

## BROADCAST

### Revenues

#### Canal Digital Group

– consists of revenues from our DTH subscribers, cable TV subscribers, households in SMATV networks and DTT subscribers in the Nordic region.

#### Transmission & Encryption

– consist of revenues from satellite services from satellite position 1-degree west, and revenues from terrestrial radio and TV transmission in Norway and revenues from conditional access systems.

#### Other

– consist of revenues not directly related to the Canal Digital Group and Transmission & Encryption.

Additional information is available at:  
[www.telenor.com/ir](http://www.telenor.com/ir)



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