

TELENOR ASA  
Form 6-K  
February 17, 2006

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**SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 6-K  
REPORT OF FOREIGN PRIVATE ISSUER  
PURSUANT TO RULE 13a-16 OR 15d-16 OF  
THE SECURITIES EXCHANGE ACT OF 1934  
Date: 16<sup>th</sup> February, 2006, for 4<sup>th</sup> Quarter, 2005**

**TELENOR ASA**

(Registrant's Name)

Snarøyveien 30,

1331 Fornebu,

Norway

(Registrant's Address)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F  Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes  No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):

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**TELENOR ASA FOURTH QUARTER 2005 RESULTS**

The fourth quarter 2005 showed revenues of NOK 19,474 million. EBITDA before other income and expenses was NOK 6,831 million. Profit after taxes and minority interests was NOK 1,001 million. The Board will propose a dividend of NOK 2.00 per share for 2005

The fourth quarter 2005 showed revenues of NOK 19,474 million. Profit after taxes and minority interests was NOK 1,001 million. Earnings per share in the fourth quarter of 2005 were NOK 0.59. The Board will propose a dividend of NOK 2.00 per share for 2005, an increase from NOK 1.50 per share for 2004.

EBITDA before other income and expenses was NOK 6,831 million. The increased EBITDA margin was primarily due to the increased proportion of the mobile operations.

At the end of the fourth quarter the number of subscriptions in the consolidated mobile operations was 42.2 million. Capital expenditure amounted to NOK 6,432 million and increased due to strong customer growth in the international mobile operations and the purchase of a UMTS license in Denmark. On 26 October 2005 Telenor increased its ownership/economic exposure in Total Access Communications PCL (DTAC) by 16.6% to 56.9% for a cash consideration of NOK 1.5 billion. As of 31 December 2005, after the offers for DTAC and UCOM shares expired, Telenor's ownership/economic exposure in DTAC increased by a further 12.4% to 69.3% for a total cash consideration of NOK 1.2 billion. As of 31 December 2005, net interest-bearing debt in the companies was NOK 7.3 billion. DTAC was consolidated from 1 November 2005, while the operations in UCOM were reported as discontinued operations in the financial statements.

Telenor's mobile operations in Asia and Eastern/Central Europe are becoming increasingly important to the Group and dedicated Executive Vice Presidents have now been assigned to both regions. In addition, Telenor has also strengthened the co-ordination of operational and human resources across all countries in which it has operations, and two new Executive Vice Presidents have been appointed to the Group Management.

On 21 December 2005 a Norwegian Court of Appeal ruled in favour of Telenor in respect of Telenor's intra group sale of its shares in Sonofon Holding A/S. This sale triggered a tax loss of approximately NOK 8.6 billion, with corresponding reduced tax charges of approximately NOK 2.4 billion for the fiscal year 2001. The taxes were paid in 2003. The tax authorities have since appealed the decision to the Norwegian Supreme Court, and Telenor has consequently not taken the tax reduction to income.

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Vodafone Sweden was acquired for a consideration of EUR 1,035 million (NOK 8,170 million) including debt and will be consolidated from January 2006.

On 12 January 2006 Telenor disposed of 4.8% of the share capital in Inmarsat with a total sales proceeds of GBP 75.1 million (NOK 889 million) and a financial gain before taxes of GBP 74.4 million (NOK 880 million). Following the transaction, Telenor holds 4.6% of the shares in Inmarsat.

**OUTLOOK FOR 2006**

The strong growth in mobile subscriptions during 2005 gives Telenor a solid foundation for further growth in revenues. We expect a growth in reported revenues in the range of 25% to 30%, based upon the current Group structure. A continued high growth in EBITDA is expected, in particular driven by the international mobile operations. Telenor will continue previously introduced initiatives and identify new means of improving cost efficiency. Telenor expects an EBITDA margin before other income and expenses for 2006 of around 33%.

High capital expenditure is expected to continue, and capital expenditure as a proportion of revenues is expected to be above 20%. Capital expenditure is expected to continue to be driven by high subscription growth within Telenor's mobile operations in emerging markets.

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. We expect seasonal variations between the quarters.

**PRESENTATION MATERIAL**

Please find attached the presentation material from Telenor

Presentation material is also available on: <http://www.telenor.com/ir/presentations/4q05/> and on <http://www.telenor.no/om/ir/presentasjon/4kv05/>

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Telenor ASA

By: /s/ Trond Westlie  
Name: Trond Westlie  
Title: CFO

Date: 16<sup>th</sup> February, 2006

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**FOURTH QUARTER 2005**

The fourth quarter of 2005 showed a growth in revenues for the Telenor Group of 26% to NOK 19.5 billion compared to the fourth quarter of 2004. Profit before taxes was NOK 2.7 billion.

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Telenor Group fourth quarter 2005

**KEY POINTS IN THE QUARTER \*)****Revenue growth of 26% underlying growth of 13% (\*\*)****EBITDA margin before other income and expenses increased from 33.0% to 35.1%****Record high mobile subscription growth****Ownership/economic exposure in DTAC in Thailand increased to 69.3%****Nordic position strengthened through acquisition of Vodafone Sweden****KEY FIGURES \*\*\*)**

| (NOK in millions)                                     | Fourth quarter |         | Year   |        |
|---|----------------|---------|--------|--------|
|   | 2005           | 2004    | 2005   | 2004   |
| Revenues  | 19,474         | 15,512  | 68,927 | 60,591 |
| Revenues growth (%)                                   | 25.5           | 13.5    | 13.8   | 14.6   |
| EBITDA before other income and expenses <sup>1)</sup> | 6,831          | 5,114   | 24,078 | 21,383 |
| EBITDA before other income and expenses/Revenues (%)  | 35.1           | 33.0    | 34.9   | 35.3   |
| EBITDA  | 6,722          | 5,134   | 23,836 | 21,535 |
| EBITDA/Revenues (%)                                   | 34.5           | 33.1    | 34.6   | 35.5   |
| Adjusted operating profit <sup>1)</sup>               | 3,644          | 2,411   | 12,534 | 10,746 |
| Adjusted operating profit/Revenues (%)                | 18.7           | 15.5    | 18.2   | 17.7   |
| Operating profit                                      | 2,949          | (1,055) | 11,705 | 7,367  |
| Operating profit/Revenues (%)                         | 15.1           | nm      | 17.0   | 12.2   |
| Associated companies                                  | 65             | 140     | 1,233  | 986    |
| Profit before taxes                                   | 2,666          | (1,130) | 12,591 | 9,874  |
| Profit after taxes and minority interests             | 1,001          | (430)   | 6,952  | 6,093  |
| Earnings per share in NOK                             | 0.59           | (0.25)  | 4.06   | 3.49   |
| Net interest-bearing liabilities                      |                |         | 31,133 | 19,195 |
| <b>Investments:</b>                                   |                |         |        |        |
| Cape <sup>2)</sup>                                    | 6,436          | 4,122   | 16,439 | 12,745 |
| Investments in businesses <sup>3)</sup>               | 2,720          | 1,122   | 8,858  | 5,809  |



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Profit after taxes and minority interests was NOK 1,001 million. Earnings per share in the fourth quarter of 2005 were NOK 0.59.

The Board will propose a dividend of NOK 2.00 per share for 2005, an increase from NOK 1.50 per share for 2004.

EBITDA before other income and expenses was NOK 6,831 million. The increased EBITDA margin was primarily due to the increased proportion of the mobile operations.

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- 1) For reconciliation of EBITDA before other income and expenses and adjusted operating profit, see the table Reconciliations on page 19.
- 2) Capex is investments in tangible and intangible assets.
- 3) Comprises acquisitions of shares and participations, including acquisitions of subsidiaries and businesses not organised as separate companies.
- \*) Compared to the fourth quarter of 2004, if not otherwise stated.

- \*\*\*) Underlying growth is defined as revenue growth adjusted for the effects of acquisition and disposal of operations, and currency effects.
- \*\*\*) Telenor has changed its accounting treatment under IFRS for its Mobile Virtual Network Operator (MVNO) agreements in Norway and Sweden, both of which were entered into with the same counterparty. The identical fixed prepayments in Norway and Sweden are now eliminated at Group level. As a result of the change in accounting treatment, revenues, traffic costs and the provision for a loss contract has been eliminated on Group level for the full year and the fourth quarter of 2004. This change also affected the full year and the fourth quarter of 2005.
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**Table of Contents****KEY FIGURES OPERATIONS****Revenues**

| (NOK in millions)       | Fourth quarter |               |              | Year          |               |              |
|-------------------------|----------------|---------------|--------------|---------------|---------------|--------------|
|                         | 2005           | 2004          | Growth       | 2005          | 2004          | Growth       |
| Telenor Mobil Norway    | 3,235          | 2,963         | 9.2%         | 12,243        | 11,730        | 4.4%         |
| Sonofon Denmark         | 1,334          | 1,243         | 7.3%         | 5,191         | 4,404         | 17.9%        |
| Kyivstar Ukraine        | 2,390          | 1,184         | 101.9%       | 7,272         | 4,219         | 72.4%        |
| Pannon GSM Hungary      | 1,565          | 1,510         | 3.6%         | 6,061         | 5,907         | 2.6%         |
| DiGi.Com Malaysia       | 1,452          | 1,004         | 44.6%        | 4,932         | 3,946         | 25.0%        |
| GrameenPhone Bangladesh | 850            | 570           | 49.1%        | 2,970         | 2,186         | 35.9%        |
| Other mobile operations | 1,491          | 179           | 733.0%       | 2,219         | 423           | 424.6%       |
| Fixed                   | 5,025          | 4,781         | 5.1%         | 19,313        | 19,256        | 0.3%         |
| Broadcast               | 1,466          | 1,375         | 6.6%         | 5,649         | 5,346         | 5.7%         |
| Other operations        | 2,538          | 2,461         | 3.1%         | 9,967         | 9,540         | 4.5%         |
| Eliminations            | (1,872)        | (1,758)       | nm           | (6,890)       | (6,366)       | nm           |
| <b>Total revenues</b>   | <b>19,474</b>  | <b>15,512</b> | <b>25.5%</b> | <b>68,927</b> | <b>60,591</b> | <b>13.8%</b> |

**EBITDA**

| (NOK in millions)       | Fourth quarter |                      |              |                      | Year          |                      |               |                      |
|-------------------------|----------------|----------------------|--------------|----------------------|---------------|----------------------|---------------|----------------------|
|                         | 2005           | Margin <sup>1)</sup> | 2004         | Margin <sup>1)</sup> | 2005          | Margin <sup>1)</sup> | 2004          | Margin <sup>1)</sup> |
| Telenor Mobil Norway    | 1,186          | 36.7%                | 1,119        | 37.8%                | 4,471         | 36.5%                | 4,305         | 36.7%                |
| Sonofon Denmark         | 308            | 23.1%                | 16           | 1.3%                 | 1,176         | 22.7%                | 681           | 15.5%                |
| Kyivstar Ukraine        | 1,359          | 56.9%                | 712          | 60.1%                | 4,050         | 55.7%                | 2,581         | 61.2%                |
| Pannon GSM Hungary      | 534            | 34.1%                | 420          | 27.8%                | 2,185         | 36.1%                | 2,093         | 35.4%                |
| DiGi.Com Malaysia       | 632            | 43.5%                | 443          | 44.1%                | 2,142         | 43.4%                | 1,732         | 43.9%                |
| GrameenPhone Bangladesh | 455            | 53.5%                | 338          | 59.3%                | 1,559         | 52.5%                | 1,313         | 60.1%                |
| Other mobile operations | 50             | 3.4%                 | (618)        | nm                   | (343)         | nm                   | (712)         | nm                   |
| Fixed                   | 1,543          | 30.7%                | 1,560        | 32.6%                | 5,885         | 30.5%                | 6,338         | 32.9%                |
| Broadcast               | 331            | 22.6%                | 332          | 24.1%                | 1,516         | 26.8%                | 1,498         | 28.0%                |
| Other operations        | 194            | 7.6%                 | 221          | 9.0%                 | 1,091         | 10.9%                | 1,114         | 11.7%                |
| Eliminations            | 130            | nm                   | 591          | nm                   | 104           | nm                   | 592           | nm                   |
| <b>Total EBITDA</b>     | <b>6,722</b>   | <b>34.5%</b>         | <b>5,134</b> | <b>33.1%</b>         | <b>23,836</b> | <b>34.6%</b>         | <b>21,535</b> | <b>35.5%</b>         |

<sup>1)</sup> EBITDA as a percentage of revenues.

**Table of Contents****Operating profit**

| (NOK in millions)             | Fourth quarter |                      |                |                      | Year          |                      |              |                      |
|-------------------------------|----------------|----------------------|----------------|----------------------|---------------|----------------------|--------------|----------------------|
|                               | 2005           | Margin <sup>1)</sup> | 2004           | Margin <sup>1)</sup> | 2005          | Margin <sup>1)</sup> | 2004         | Margin <sup>1)</sup> |
| Telenor Mobil Norway          | 962            | 29.7%                | 827            | 27.9%                | 3,566         | 29.1%                | 3,228        | 27.5%                |
| Sonofon Denmark               | 12             | nm                   | (3,551)        | nm                   | (109)         | nm                   | (3,799)      | nm                   |
| Kyivstar Ukraine              | 1,019          | 42.6%                | 555            | 46.9%                | 2,826         | 38.9%                | 2,026        | 48.0%                |
| Pannon GSM Hungary            | 245            | 15.7%                | 87             | 5.8%                 | 1,007         | 16.6%                | 777          | 13.2%                |
| DiGi.Com Malaysia             | 356            | 24.5%                | 228            | 22.7%                | 1,099         | 22.3%                | 831          | 21.1%                |
| GrameenPhone Bangladesh       | 289            | 34.0%                | 263            | 46.1%                | 1,120         | 37.7%                | 1,095        | 50.1%                |
| Other mobile operations       | (295)          | nm                   | (767)          | nm                   | (954)         | nm                   | (903)        | nm                   |
| Fixed                         | 84             | 1.7%                 | 653            | 13.7%                | 2,062         | 10.7%                | 2,725        | 14.2%                |
| Broadcast                     | 244            | 16.6%                | 118            | 8.6%                 | 1,015         | 18.0%                | 750          | 14.0%                |
| Other operations              | (79)           | (3.1%)               | (24)           | nm                   | 48            | 0.5%                 | 96           | 1.0%                 |
| Eliminations                  | 112            | nm                   | 556            | nm                   | 25            | nm                   | 541          | nm                   |
| <b>Total operating profit</b> | <b>2,949</b>   | <b>15.1%</b>         | <b>(1,055)</b> | <b>nm</b>            | <b>11,705</b> | <b>17.0%</b>         | <b>7,367</b> | <b>12.2%</b>         |

<sup>1)</sup> Operating profit as a percentage of revenues.

As of 1 January 2005, Telenor's unaudited interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and IAS 34 Interim Financial Reporting. As a consequence of the transition to IFRS, certain of Telenor's accounting principles have been changed compared to Telenor's financial statements for the year and quarters of 2004, which were prepared according to Norwegian Generally Accepted Accounting Principles (N GAAP). The figures for the comparable periods of 2004 have been restated to comply with IFRS. The main changes are discussed in the first quarter report for 2005. In addition Telenor has changed its accounting treatment under IFRS for its Mobile Virtual Network Operator (MVNO) agreements in Norway and Sweden as discussed above. Accounting figures and key figures for periods prior to 2004 have not been restated to comply with IFRS. Reference is made to Telenor's reports for the first, second and third quarter of 2005 for statements related to these quarters.

**Table of Contents****TELENOR S OPERATIONS**

Unless otherwise stated, the statements below are related to Telenor s development in the fourth quarter of 2005 compared to the fourth quarter of 2004.

**MOBILE OPERATIONS****TELENOR MOBIL NORWAY**

| (NOK in millions)  | Fourth quarter |              | Year          |               |
|--|----------------|--------------|---------------|---------------|
|  | 2005           | 2004         | 2005          | 2004          |
| Subscription and traffic   | 2,120          | 2,021        | 8,148         | 7,879         |
| Interconnection revenues   | 454            | 430          | 1,754         | 1,613         |
| <b>Mobile revenues company s subscriptions</b>                     | <b>2,574</b>   | <b>2,451</b> | <b>9,902</b>  | <b>9,492</b>  |
| Other mobile revenues  | 526            | 370          | 1,825         | 1,513         |
| <b>Total mobile revenues</b>                                       | <b>3,100</b>   | <b>2,821</b> | <b>11,727</b> | <b>11,005</b> |
| Non-mobile revenues  | 135            | 142          | 516           | 725           |
| <b>Total revenues <sup>1)</sup></b>                                | <b>3,235</b>   | <b>2,963</b> | <b>12,243</b> | <b>11,730</b> |
| <sup>1)</sup> Of which internal revenues                           | 281            | 289          | 1,171         | 1,226         |
| EBITDA   | 1,186          | 1,119        | 4,471         | 4,305         |
| Depreciation and amortization <sup>1)</sup>                        | 222            | 281          | 889           | 1,062         |
| Write-downs  | 2              | 11           | 16            | 15            |
| <b>Operating profit</b>  | <b>962</b>     | <b>827</b>   | <b>3,566</b>  | <b>3,228</b>  |
| <sup>1)</sup> Of which amortization of Telenor s net excess values | 1              | 1            | 4             | 1             |
| EBITDA/Total revenues (%)  | 36.7           | 37.8         | 36.5          | 36.7          |
| Operating profit/Total revenues (%)                                | 29.7           | 27.9         | 29.1          | 27.5          |
| Capex  | 461            | 172          | 1,218         | 973           |
| Investments in businesses  |                | 52           |               | 52            |
| ARPU monthly (NOK)   | 317            | 318          | 309           | 323           |
| No. of subscriptions (in thousands)                                |                |              | 2,731         | 2,645         |

The number of contract subscriptions increased by 58,000, while the total number of subscriptions decreased by 5,000.

Telenor Mobil s estimated market share was 56%, in line with the end of the third quarter of 2005.

ARPU remained stable. Price reductions were offset by increased average usage per subscription (AMPU).

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Mobile revenues company's subscriptions were positively affected by an increase in subscriptions. Other mobile revenues increased due to higher revenues from the sale of capacity on a wholesale basis. Total mobile revenues increased by approximately 10%. In the fourth quarter of 2004 and 2005 revenues were positively affected by accruals between the quarters.

The EBITDA margin decreased primarily due to higher costs related to sales and marketing activities.

The decrease in depreciation and amortization was partially due to an extension of the estimated useful life of certain assets from 1 January 2005.

One of Telenor's GSM 900 licences has been renewed until 31 December 2017. This involves capital expenditure of NOK 186 million in the fourth quarter of 2005. The increase in capital expenditure, adjusted for the renewal of the GSM 900 licence, was primarily related to accelerated rollout of UMTS sites as specified in the licence requirements.

In September 2005, the Norwegian regulatory authorities decided to reduce interconnection charges in the Norwegian market for mobile telephony. Prior to the decision the interconnection charges consisted of a call set up charge of NOK 0.20 and a charge per minute of NOK 0.63. A maximum average minute charge, including set-up charges, of NOK 0.73 was also made applicable. From 1 November 2005, Telenor Mobil was instructed to reduce its interconnection charges, including the set-up charges, by NOK 0.05 to NOK 0.68. From 1 July 2006 a further adjustment of Telenor Mobil's interconnection charges of NOK 0.03, would reduce the charges to NOK 0.65. Telenor Mobil has appealed the decision, and the implementation has been temporarily suspended until a final decision is made.

Due to TeliaSonera's acquisition of Chess in 2005, Telenor Mobil has terminated its service provider contract with Chess.

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## SONOFON DENMARK

| (NOK in millions)  | Fourth quarter |                | Year         |                |
|--|----------------|----------------|--------------|----------------|
|  | 2005           | 2004           | 2005         | 2004           |
| Subscription and traffic   | 595            | 502            | 2,361        | 1,813          |
| Interconnection revenues   | 347            | 292            | 1,300        | 986            |
| <b>Mobile revenues company s subscriptions</b>                     | <b>942</b>     | <b>794</b>     | <b>3,661</b> | <b>2,799</b>   |
| Other mobile revenues  | 156            | 143            | 638          | 571            |
| <b>Total mobile revenues</b>                                       | <b>1,098</b>   | <b>937</b>     | <b>4,299</b> | <b>3,370</b>   |
| Non-mobile revenues  | 236            | 306            | 892          | 1,034          |
| <b>Total revenues <sup>1)</sup></b>                                | <b>1,334</b>   | <b>1,243</b>   | <b>5,191</b> | <b>4,404</b>   |
| <sup>1)</sup> Of which internal revenues                           | 34             | 20             | 132          | 53             |
| EBITDA   | 308            | 16             | 1,176        | 681            |
| Depreciation and amortization <sup>1)</sup>                        | 296            | 277            | 1,285        | 1,190          |
| Write-downs <sup>2)</sup>  |                | 3,290          |              | 3,290          |
| <b>Operating profit</b>  | <b>12</b>      | <b>(3,551)</b> | <b>(109)</b> | <b>(3,799)</b> |
| <sup>1)</sup> Of which amortization of Telenor s net excess values | 133            | 156            | 555          | 551            |
| <sup>2)</sup> Of which write-downs of Telenor s net excess values  |                | 3,075          |              | 3,075          |
| EBITDA/Total revenues (%)  | 23.1           | 1.3            | 22.7         | 15.5           |
| Operating profit/Total revenues (%)                                | 0.9            | nm             | nm           | nm             |
| Capex  | 757            | 76             | 1,062        | 388            |
| Investments in businesses  | 4              |                | 4            | 3,786          |
| ARPU monthly (NOK)   | 246            | 207            | 243          | 227            |
| No. of subscriptions (in thousands)                                |                |                | 1,284        | 1,275          |

Compared to the fourth quarter of 2004, the Norwegian Krone appreciated against the Danish Krone by approximately 4% in the fourth quarter of 2005. The preceding table, the column for the full year 2004 includes figures from the time of consolidation (12 February 2004).

The number of subscriptions increased by 23,000.

Sonofons estimated market share was 27%, in line with the third quarter of 2005.

ARPU in local currency increased by 24% primarily due to increased average usage (AMPU).

Measured in local currency, total mobile revenues increased by approximately 22%, primarily due to the increase in ARPU.

The decrease in non-mobile revenues was primarily due to lower revenues from the sale of customer equipment.

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EBITDA increased considerably, primarily due to higher revenues and a decrease in operating expenses, including costs related to sales and marketing activities. The fourth quarter of 2004 included one-time items that effected EBITDA negatively.

The increase in depreciation and amortization was partially due to a reduction of the estimated useful life of certain assets from 1 January 2005. The fourth quarter of 2004 included items that decreased depreciations.

On 19 December 2005, Sonofon acquired a UMTS license for NOK 574 million, of which NOK 143 million was paid in 2005 and the remaining in ten annual instalments. The high capital expenditure was primarily due to the acquisition of the UMTS license, which was included with a discounted value of NOK 520 million.

In January 2006, the Danish regulatory authorities decided to reduce the interconnection charges in the Danish market for mobile telephony. From 1 May 2006, Sonofon is instructed to reduce its interconnection charges, including set-up charges, from the current DKK 0.94 0.96 to DKK 0.84. From 1 May 2007, the interconnection charges will be further reduced to DKK 0.72 and from 1 May 2008, to DKK 0.62.

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## KYIVSTAR UKRAINE

| (NOK in millions)  | Fourth quarter |              | Year         |              |
|--|----------------|--------------|--------------|--------------|
|  | 2005           | 2004         | 2005         | 2004         |
| Subscription and traffic   | 1,720          | 810          | 5,122        | 2,961        |
| Interconnection revenues   | 606            | 327          | 1,888        | 1,068        |
| <b>Mobile revenues company s subscriptions</b>                     | <b>2,326</b>   | <b>1,137</b> | <b>7,010</b> | <b>4,029</b> |
| Other mobile revenues  | 33             | 25           | 158          | 122          |
| <b>Total mobile revenues</b>                                       | <b>2,359</b>   | <b>1,162</b> | <b>7,168</b> | <b>4,151</b> |
| Non-mobile revenues  | 31             | 22           | 104          | 68           |
| <b>Total revenues <sup>1)</sup></b>                                | <b>2,390</b>   | <b>1,184</b> | <b>7,272</b> | <b>4,219</b> |
| <sup>1)</sup> Of which internal revenues                           | 1              | 1            | 6            | 2            |
| EBITDA   | 1,359          | 712          | 4,050        | 2,581        |
| Depreciation and amortization <sup>1)</sup>                        | 325            | 157          | 1,209        | 555          |
| Write-downs  | 15             |              | 15           |              |
| <b>Operating profit</b>  | <b>1,019</b>   | <b>555</b>   | <b>2,826</b> | <b>2,026</b> |
| <sup>1)</sup> Of which amortization of Telenor s net excess values | 24             | 21           | 93           | 93           |
| EBITDA/Total revenues (%)  | 56.9           | 60.1         | 55.7         | 61.2         |
| Operating profit/Total revenues (%)                                | 42.6           | 46.9         | 38.9         | 48.0         |
| Capex  | 890            | 1,024        | 3,650        | 2,608        |
| Investments in businesses  |                |              |              | 35           |
| ARPU monthly (NOK)   | 64             | 68           | 61           | 85           |
| No. of subscriptions (100% in thousands)                           |                |              | 13,925       | 6,252        |

At the end of the fourth quarter of 2005, Telenor s ownership interest in Kyivstar was 56.5%. Compared to the fourth quarter of 2004, the Norwegian Krone depreciated against the Ukrainian Hryvnia by approximately 11% in the fourth quarter of 2005.

Kyivstar had a record growth of 3 million subscriptions in the fourth quarter of 2005. Compared to the fourth quarter of 2004, the number of subscriptions more than doubled, with an increase of 7.7 million.

Kyivstar defended its position as market leader with an estimated market share of 46%.

The decrease in ARPU was primarily due to price reductions. Despite the strong subscription growth, AMPU increased by 13%.

Measured in local currency, revenues increased by 85% primarily due to the increased number of subscriptions. This was partially offset by a reduction in ARPU. ARPU was positively affected by approximately NOK 2 by accruals between the quarters.

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EBITDA in local currency, increased by 74%. The decrease in the EBITDA margin was primarily due to a decrease in prices and a significant increase in costs associated with sales and marketing activities due to strong subscription growth. The EBITDA margin was positively affected by approximately 3 percentage points by accruals between the quarters.

Depreciation and amortization increased as a result of increased capital expenditure in the intervening quarters and a reduction of the estimated useful life of certain assets as from 1 January 2005.

In the fourth quarter of 2004 capital expenditure was very high as a result of Kyivstar being somewhat behind on capacity investments due to the high customer intake. In 2005, Kyivstar has been able to be in front of the development resulting in a more even distribution of investments throughout the year. Capital expenditure in the fourth quarter of 2005 therefore decreased compared to the fourth quarter of 2004.

Kyivstar along with other major mobile operators in Ukraine have disputes with the Ukrainian Tax Authority regarding a claim for VAT on the Pension Fund Duty charged on subscribers' phone bills. Kyivstar considers this an invalid tax. A lower court decision 13 February 2006 was issued invalidating the tax claim concerning the same issues involving another mobile operator in the Ukraine. Telenor has not made provisions for this claim.

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## PANNON GSM HUNGARY

| (NOK in millions)  | Fourth quarter |              | Year         |              |
|--|----------------|--------------|--------------|--------------|
|  | 2005           | 2004         | 2005         | 2004         |
| Subscription and traffic   | 960            | 920          | 3,768        | 3,669        |
| Interconnection revenues   | 431            | 442          | 1,735        | 1,731        |
| <b>Mobile revenues company s subscriptions</b>                     | <b>1,391</b>   | <b>1,362</b> | <b>5,503</b> | <b>5,400</b> |
| Other mobile revenues  | 20             | 32           | 144          | 142          |
| <b>Total mobile revenues</b>                                       | <b>1,411</b>   | <b>1,394</b> | <b>5,647</b> | <b>5,542</b> |
| Non-mobile revenues  | 154            | 116          | 414          | 365          |
| <b>Total revenues <sup>1)</sup></b>                                | <b>1,565</b>   | <b>1,510</b> | <b>6,061</b> | <b>5,907</b> |
| <sup>1)</sup> Of which internal revenues                           | 4              | 3            | 10           | 6            |
| EBITDA   | 534            | 420          | 2,185        | 2,093        |
| Depreciation and amortization <sup>1)</sup>                        | 285            | 312          | 1,171        | 1,295        |
| Write-downs  | 4              | 21           | 7            | 21           |
| <b>Operating profit</b>  | <b>245</b>     | <b>87</b>    | <b>1,007</b> | <b>777</b>   |
| <sup>1)</sup> Of which amortization of Telenor s net excess values | 84             | 89           | 345          | 358          |
| EBITDA/Total revenues (%)  | 34.1           | 27.8         | 36.1         | 35.4         |
| Operating profit/Total revenues (%)                                | 15.7           | 5.8          | 16.6         | 13.2         |
| Capex  | 261            | 820          | 763          | 1,166        |
| ARPU monthly (NOK)   | 162            | 171          | 162          | 173          |
| No. of subscriptions (in thousands)                                |                |              | 2,929        | 2,770        |

Compared to the fourth quarter of 2004, the Norwegian Krone appreciated against the Hungarian Forint by approximately 5% in the fourth quarter of 2005.

The number of subscriptions increased by 73,000. Compared to the fourth quarter of 2004, the number of contract subscriptions increased by 246,000.

Pannon GSM s market share was 34%, in line with the third quarter of 2005.

ARPU in local currency was stable. Lower average prices were offset by increased average usage (AMPU) of 14%.

Measured in local currency, mobile revenues increased by 7%, primarily due to an increase in the number of subscriptions. Non-mobile revenues increased primarily due to higher revenues from the sale of handsets.

The improvement in the EBITDA margin was primarily due to growth in revenues and lower costs relating to sales and marketing activities. In addition, previously expensed Universal Service Obligations for 2004 were reversed following an authority decision. This reversal affected the EBITDA margin positively by approximately 2 percentage points. EBITDA, measured in local currency, increased by 34%.

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Depreciation and amortization decreased due to certain fixed assets being fully depreciated and due to an extension of the estimated useful life of certain assets from 1 January 2005.

The decrease in capital expenditure was due to the acquisition of a UMTS license in the fourth quarter of 2004.

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## DIGI.COM MALAYSIA

| (NOK in millions)  | Fourth quarter |              | Year         |              |
|--|----------------|--------------|--------------|--------------|
|  | 2005           | 2004         | 2005         | 2004         |
| Subscription and traffic   | 1,198          | 739          | 3,949        | 2,794        |
| Interconnection revenues   | 159            | 143          | 594          | 571          |
| <b>Mobile revenues company s subscriptions</b>                     | <b>1,357</b>   | <b>882</b>   | <b>4,543</b> | <b>3,365</b> |
| Other mobile revenues  | 18             | 13           | 65           | 65           |
| <b>Total mobile revenues</b>                                       | <b>1,375</b>   | <b>895</b>   | <b>4,608</b> | <b>3,430</b> |
| Non-mobile revenues  | 77             | 109          | 324          | 516          |
| <b>Total revenues <sup>1)</sup></b>                                | <b>1,452</b>   | <b>1,004</b> | <b>4,932</b> | <b>3,946</b> |
| <sup>1)</sup> Of which internal revenues                           | 2              |              | 4            | 3            |
| EBITDA   | 632            | 443          | 2,142        | 1,732        |
| Depreciation and amortization <sup>1)</sup>                        | 273            | 215          | 1,038        | 901          |
| Write-downs  | 3              |              | 5            |              |
| <b>Operating profit</b>  | <b>356</b>     | <b>228</b>   | <b>1,099</b> | <b>831</b>   |
| <sup>1)</sup> Of which amortization of Telenor s net excess values | 4              | 17           | 51           | 72           |
| EBITDA/Total revenues (%)  | 43.5           | 44.1         | 43.4         | 43.9         |
| Operating profit/Total revenues (%)                                | 24.5           | 22.7         | 22.3         | 21.1         |
| Capex  | 574            | 427          | 1,170        | 920          |
| ARPU monthly (NOK)   | 102            | 98           | 98           | 107          |
| No. of subscriptions (100% in thousands)                           |                |              | 4,795        | 3,239        |

At the end of the fourth quarter of 2005, Telenor s ownership interest in DiGi was 61.0%. Compared to the fourth quarter of 2004, the Norwegian Krone depreciated against the Malayan Ringgit by approximately 6% in the fourth quarter of 2005.

DiGi experienced a strong growth in subscriptions in the fourth quarter of 2005, with a total of 608,000 net additions. The increase from the fourth quarter of 2004 was 1.6 million.

DiGi s market share continued to increase and was estimated at 25% at the end of 2005.

ARPU in local currency decreased by 2% primarily as a result of dilution due to strong subscription growth.

Measured in local currency, total mobile revenues increased by 46%, while revenues from subscription and traffic increased by 54%, primarily due to the higher subscription base.

Non-mobile revenues, mainly coming from the international carrier business, decreased due to lower volumes and price reductions.

The EBITDA margin decreased slightly, while EBITDA in local currency increased by 35%.

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Depreciation and amortization increased mainly as a result of a reduction of the estimated useful life of certain assets from 1 January 2005 and increased capital expenditure in the intervening quarters.

Increased capital expenditure was related to investments in the network due to increased usage, a higher subscription base and improved coverage.

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## GRAMEENPHONE BANGLADESH

| (NOK in millions)                              | Fourth quarter |            | Year         |              |
|--|----------------|------------|--------------|--------------|
|  | 2005           | 2004       | 2005         | 2004         |
| Subscription and traffic                       | 769            | 529        | 2,741        | 2,064        |
| Interconnection revenues                       | 63             | 35         | 188          | 90           |
| <b>Mobile revenues company s subscriptions</b> | <b>832</b>     | <b>564</b> | <b>2,929</b> | <b>2,154</b> |
| Other mobile revenues                          | 6              | 6          | 22           | 24           |
| <b>Total mobile revenues</b>                   | <b>838</b>     | <b>570</b> | <b>2,951</b> | <b>2,178</b> |
| Non-mobile revenues                            | 12             |            | 19           | 8            |
| <b>Total revenues <sup>1)</sup></b>            | <b>850</b>     | <b>570</b> | <b>2,970</b> | <b>2,186</b> |
| <sup>1)</sup> Of which internal revenues       | 1              |            | 1            |              |
| EBITDA   | 455            | 338        | 1,559        | 1,313        |
| Depreciation and amortization                  | 166            | 72         | 439          | 215          |
| Write-downs                                    |                | 3          |              | 3            |
| <b>Operating profit</b>                        | <b>289</b>     | <b>263</b> | <b>1,120</b> | <b>1,095</b> |
| EBITDA/Total revenues (%)                      | 53.5           | 59.3       | 52.5         | 60.1         |
| Operating profit/Total revenues (%)            | 34.0           | 46.1       | 37.7         | 50.1         |
| Capex  | 1,153          | 482        | 2,596        | 1,318        |
| Investments in businesses                      |                | 298        |              | 298          |
| ARPU monthly (NOK)                             | 56             | 87         | 68           | 104          |
| No. of subscriptions (100% in thousands)       |                |            | 5,542        | 2,388        |

At the end of the fourth quarter of 2005, Telenor s ownership interest in GrameenPhone was 62.0%. Compared to the fourth quarter of 2004, the Norwegian Krone appreciated against the Bangladeshi Taka by approximately 5% in the fourth quarter of 2005.

GrameenPhone had a record high subscription growth of 1.3 million in the fourth quarter of 2005. Compared to the fourth quarter of 2004, the number of subscriptions more than doubled, with an increase of 3.2 million subscriptions.

GrameenPhone s estimated market share was 62%, in line with the previous quarter.

ARPU in local currency decreased by 33%, primarily due to decrease in average prices and dilution due to strong subscription growth.

Measured in local currency, total revenues increased by 56%, primarily due to the increased number of subscriptions. This was partially offset by a reduction in ARPU.

EBITDA in local currency increased by 13% primarily due to growth in revenues. The decrease in the EBITDA margin was primarily a result of increased sales and acquisition costs due to the strong subscription growth, as well as price reductions. In 2005, GrameenPhone partially subsidised





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royalty and license fees as well as a SIM-tax per new subscription. In the fourth quarter of 2005, a contract for the lease of fibre network previously recognised as an operating lease is now being recognised as a financial lease under IFRS. The fourth quarter includes the effect from 1 January 2005. This had a positive effect on EBITDA of NOK 87 million and operating profit of NOK 46 million.

Depreciation and amortization increased as a result of increased capital expenditure in the intervening quarters, the change in the accounting treatment of the lease mentioned above and a reduction of the estimated useful life of certain network components.

Increased capital expenditure was due to the extension of mobile coverage in new regions and increased mobile network capacity due to strong subscription growth. The reporting of the lease mentioned above increased capital expenditure by NOK 511 million.

In the second quarter of 2005, the Bangladeshi Telecommunication Regulatory Commission requested that GrameenPhone pay royalty and license fees on handsets according to the license requirements. The legitimacy and amounts payable have not yet been clarified. Telenor is of the opinion that necessary provisions have been made.

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## OTHER MOBILE OPERATIONS

| (NOK in millions)  | Fourth quarter |              | Year         |              |
|--|----------------|--------------|--------------|--------------|
|  | 2005           | 2004         | 2005         | 2004         |
| <b>Revenues</b>  |                |              |              |              |
| DTAC Thailand  | 1,191          |              | 1,191        |              |
| Telenor Pakistan   | 140            |              | 265          |              |
| ProMonte GSM Montenegro  | 112            | 118          | 519          | 200          |
| Telenor Mobile Sweden  | 48             | 61           | 244          | 223          |
| <b>Total revenues <sup>1)</sup></b>                                | <b>1,491</b>   | <b>179</b>   | <b>2,219</b> | <b>423</b>   |
| <sup>1)</sup> Of which internal revenues                           | 33             | 26           | 143          | 88           |
| <b>EBITDA</b>  |                |              |              |              |
| DTAC Thailand  | 445            |              | 445          |              |
| Telenor Pakistan   | (133)          | (45)         | (572)        | (78)         |
| ProMonte GSM Montenegro  | 47             | 46           | 260          | 91           |
| Telenor Mobile Sweden  | (309)          | (619)        | (476)        | (725)        |
| <b>Total EBITDA</b>  | <b>50</b>      | <b>(618)</b> | <b>(343)</b> | <b>(712)</b> |
| Depreciation and amortization <sup>1)</sup>                        | 345            | 74           | 611          | 116          |
| Write-downs  |                | 75           |              | 75           |
| <b>Operating profit</b>  | <b>(295)</b>   | <b>(767)</b> | <b>(954)</b> | <b>(903)</b> |
| Of which:  |                |              |              |              |
| DTAC Thailand  | 225            |              | 225          |              |
| Telenor Pakistan   | (218)          | (45)         | (798)        | (78)         |
| ProMonte GSM Montenegro  | 7              | (2)          | 95           | 24           |
| Telenor Mobile Sweden  | (309)          | (720)        | (476)        | (849)        |
| <sup>1)</sup> Of which amortization of Telenor's net excess values | 55             | 25           | 115          | 32           |
| <b>Capex</b>   |                |              |              |              |
| DTAC Thailand  | 146            |              | 146          |              |
| Telenor Pakistan   | 496            | 153          | 1,843        | 1,993        |
| ProMonte GSM Montenegro  | 21             | 13           | 38           | 16           |
| Telenor Mobile Sweden  |                | 6            |              | 17           |
| Investments in businesses  | 2,664          | 1            | 2,664        | 541          |

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| (NOK in millions)                          | Fourth quarter |      | Year  |      |
|--|----------------|------|-------|------|
|  | 2005           | 2004 | 2005  | 2004 |
| <b>No. of subscriptions (in thousands)</b> |                |      |       |      |
| DTAC Thailand                              |                |      | 8,677 |      |
| Telenor Pakistan                           |                |      | 1,868 |      |
| ProMonte GSM                               |                |      | 310   | 279  |
| Telenor Mobile Sweden                      |                |      | 95    | 105  |

Other mobile operations include DTAC (Total Access Communication PCL), Telenor Pakistan, ProMonte GSM and Telenor Mobile Sweden. DTAC is consolidated from 1 November 2005. The operation in Pakistan was established in the second quarter of 2004. ProMonte GSM was an associated company up until 12 August 2004, at which time Telenor acquired the remaining shares. Compared to the fourth quarter of 2004, the Norwegian Krone depreciated by approximately 6% against the Pakistani Ruppi and appreciated by approximately 4% against the Euro, which is the functional currency of ProMonte GSM, and by approximately 8% against the Swedish Krone in the fourth quarter of 2005. The preceding table shows figures for DTAC and ProMonte from the time of consolidation.

**DTAC**

The number of subscriptions increased by 368,000 in the fourth quarter in 2005.

DTAC's estimated market share was 28%, in line with the end of the third quarter of 2005.

Revenues and EBITDA margin for the fourth quarter of 2005 were NOK 1.9 billion and 38%, respectively.

Compared to the third quarter of 2005, ARPU in local currency increased by approximately 6%.

DTAC has a service concession arrangement whereby the Communication Authorities of Thailand (CAT Telecom) has granted DTAC the right to build, transfer and operate a mobile network in Thailand. The revenue share, which DTAC is required to pay on some of its services, to CAT Telecom, will increase from 20% to 25% in the fourth quarter of 2006.

Investments in businesses in the table above are related to the increased ownership/economic exposure in DTAC to 69.3%.

For the period from 1 November to 31 December 2005, UCOM's profit after taxes has been recognised in Telenor's profit and loss statement as Profit after taxes from discontinued operations. The corresponding assets and liabilities have been recognised in Telenor's balance sheet as of 31 December 2005 as held for sale.

**Telenor Pakistan**

Telenor Pakistan experienced a strong growth in the fourth quarter of 2005, with net additions of 668,000 subscriptions. Telenor Pakistan's estimated market share was 9%, an increase of 2 percentage points compared to the end of the third quarter of 2005.

Compared to the third quarter of 2005, revenues increased due to strong subscription growth and increase in ARPU.

Capital expenditure in the fourth quarter was mainly related to expansion of the mobile network into new regions.

**ProMonte GSM Montenegro**

The number of subscriptions decreased by 84,000 during the fourth quarter of 2005 as Montenegro entered the low season for tourism.

ProMonte GSM s estimated market share at the end of 2005 was 58% compared to 59% at the end of the third quarter of 2005.

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**Telenor Mobile Sweden**

In the first quarter of 2006 Telenor Mobile Sweden will transfer its mobile traffic to Vodafone Sweden's network. This resulted in a provision for loss on the MVNO agreement of NOK 291 million in the fourth quarter of 2005, of which NOK 116 million were related to prepayments.

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| (NOK in millions)  | Fourth quarter |              | Year          |               |
|--|----------------|--------------|---------------|---------------|
|  | 2005           | 2004         | 2005          | 2004          |
| <b>Revenues</b>  |                |              |               |               |
| Norway   | 4,186          | 4,353        | 16,867        | 17,545        |
| Other operations   | 887            | 467          | 2,581         | 1,829         |
| Eliminations   | (48)           | (39)         | (135)         | (118)         |
| <b>Total revenues</b> <sup>1)</sup>                                | <b>5,025</b>   | <b>4,781</b> | <b>19,313</b> | <b>19,256</b> |
| <sup>1)</sup> Of which internal revenues                           | 602            | 507          | 2,173         | 1,823         |
| <b>EBITDA</b>  | <b>1,543</b>   | <b>1,560</b> | <b>5,885</b>  | <b>6,338</b>  |
| Depreciation and amortization <sup>1)</sup>                        | 850            | 867          | 3,236         | 3,573         |
| Write-downs <sup>2)</sup>  | 609            | 40           | 587           | 40            |
| <b>Operating profit</b>  | <b>84</b>      | <b>653</b>   | <b>2,062</b>  | <b>2,725</b>  |
| <sup>1)</sup> Of which amortization of Telenor's net excess values | (6)            | 6            | 66            | 7             |
| <sup>2)</sup> Of which write-downs of Telenor's net excess values  | 10             | (22)         | (24)          | (22)          |
| EBITDA/Total revenues (%)  | 30.7           | 32.6         | 30.5          | 32.9          |
| Operating profit/<br>Total revenues (%)                            | 1.7            | 13.7         | 10.7          | 14.2          |
| Capex  | 1,237          | 609          | 2,776         | 1,791         |
| Investments in businesses  | (20)           | 9            | 5,816         | 105           |

Bredbandsbolaget and Cybercity were consolidated with effect from 8 July and 5 July 2005, respectively.

In the fourth quarter of 2005 Fixed entered into an agreement to dispose of its operations in the Czech Republic and Slovakia with a loss of NOK 63 million.

In the fourth quarter of 2005 Telenor changed its accounting treatment under IFRS for transactions that provide the rights to use assets, such as local loop unbundling. Such transactions are now recognised as leases. Prepaid costs in such leases have been reclassified from operating costs to depreciation and amortization.

**FIXED NORWAY**

| (NOK in millions) | Fourth quarter |       | Year  |       |
|-------------------|----------------|-------|-------|-------|
|                   | 2005           | 2004  | 2005  | 2004  |
| <b>Revenues</b>   |                |       |       |       |
| Telephony         | 1,751          | 2,009 | 7,232 | 8,268 |
| xDSL/Internet     | 536            | 466   | 2,039 | 1,753 |

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| (NOK in millions)  | Fourth quarter |              | Year          |               |
|--|----------------|--------------|---------------|---------------|
|  | 2005           | 2004         | 2005          | 2004          |
| Data services  | 238            | 249          | 963           | 1,022         |
| Other revenues   | 366            | 386          | 1,465         | 1,656         |
| <b>Total retail revenues</b>                                       | <b>2,891</b>   | <b>3,110</b> | <b>11,699</b> | <b>12,699</b> |
| Wholesale revenues   | 1,295          | 1,243        | 5,168         | 4,846         |
| <b>Total revenues <sup>1)</sup></b>                                | <b>4,186</b>   | <b>4,353</b> | <b>16,867</b> | <b>17,545</b> |
| <sup>1)</sup> Of which internal revenues                           | 623            | 522          | 2,190         | 1,842         |
| EBITDA   | 1,377          | 1,570        | 5,701         | 6,330         |
| Depreciation and amortization <sup>1)</sup>                        | 692            | 774          | 2,707         | 3,251         |
| Write-downs <sup>2)</sup>  | (1)            | 2            | (25)          | 2             |
| <b>Operating profit</b>  | <b>686</b>     | <b>794</b>   | <b>3,019</b>  | <b>3,077</b>  |
| <sup>1)</sup> Of which amortization of Telenor's net excess values |                | 1            |               | 2             |
| <sup>2)</sup> Of which write-downs of Telenor's net excess values  | (2)            | 2            | (36)          | 2             |
| EBITDA/Total revenues (%)  | 32.9           | 36.1         | 33.8          | 36.1          |
| Operating profit/Total revenues (%)                                | 16.4           | 18.2         | 17.9          | 17.5          |
| Capex  | 917            | 457          | 2,169         | 1,473         |
| Investments in businesses  |                | 1            | 44            | 2             |
| No. of PSTN subscriptions (in thousands)                           |                |              | 1,089         | 1,182         |
| No. of ISDN subscriptions (lines in thousands)                     |                |              | 1,227         | 1,449         |
| No. of xDSL subscriptions (in thousands)                           |                |              | 475           | 326           |

Compared to the third quarter of 2005 the trend from previous quarters continued in the fourth quarter, with an increase in the number of xDSL and broadband telephony (BBT) subscriptions and a decrease in the number of PSTN/ISDN subscriptions.

The number of xDSL subscriptions increased by 31,000 to 475,000 and the number of BBT subscriptions increased by 16,000 to 24,000, while the number of PSTN/ISDN subscriptions decreased by 52,000 to 1,604,000. Compared to the fourth quarter 2004 the number of PSTN/ISDN subscriptions decreased by 196,000.

Telenor's estimated market share for xDSL was 58% compared to 59% at the end of the third quarter of 2005. Measured in traffic minutes Telenor's estimated market share was 66%, in line with the end of the third quarter of 2005.

Total revenues decreased by 3.8%. The decrease in revenues from telephony and data services was partially offset by the increase in revenues from xDSL/Internet and wholesale.

Revenues from telephony decreased due to a reduction in the number of subscriptions and reduced traffic volumes. The number of subscriptions decreased primarily due to migration to BBT with other fixed network operators, as well as a decrease in the total market for fixed telephony subscriptions. The decrease in traffic volumes was due to a decrease in the number of voice minutes per subscription as a result of migration of voice traffic from fixed to mobile telephony.





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Revenues from xDSL/Internet increased due to growth in the number of xDSL subscriptions. This was partially offset by reduced revenues from Internet traffic and Internet subscriptions.

The decrease in revenues from data services was due to price reductions and a shift towards products with lower prices.

Other revenues were in line with the fourth quarter of 2004. Increased revenues from sale of other retail products and sale of services to other operations within Telenor offset the decrease in revenues from operation of telephony solutions.

Wholesale revenues were in line with the fourth quarter of 2004. Increased revenues from telephony, broadband, local loop unbundled subscriptions and contractor services, offset decreased revenues from transit traffic.

Adjusted for one-time items and accruals between the quarters in 2004 and 2005 there was a reduction in the EBITDA margin of approximately 3 percentage points due to operational challenges mainly related to increased speed for xDSL subscriptions and increased distribution of corporate costs.

The change in accounting treatment of prepaid costs in leases mentioned above had a positive effect on EBITDA of NOK 105 million for the full year and the fourth quarter of 2005. Operating profit was not affected. Capital expenditure increased by NOK 463 million. The fourth quarter of 2004 included one time items that affected the EBITDA margin positively by approximately 3 percentage points.

The decrease in depreciation and amortization was primarily due to a reduction in capital expenditure in recent years.

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## FIXED OTHER OPERATIONS

| (NOK in millions)  | Fourth quarter |              | Year         |              |
|--|----------------|--------------|--------------|--------------|
|  | 2005           | 2004         | 2005         | 2004         |
| <b>Revenues</b>  |                |              |              |              |
| Fixed Sweden   | 676            | 422          | 2,096        | 1,654        |
| Fixed Denmark  | 164            |              | 306          |              |
| Other countries/eliminations *)                                    | 47             | 45           | 179          | 175          |
| <b>Total revenues <sup>1)</sup></b>                                | <b>887</b>     | <b>467</b>   | <b>2,581</b> | <b>1,829</b> |
| <sup>1)</sup> Of which internal revenues                           | 27             | 23           | 118          | 99           |
| <b>EBITDA</b>  |                |              |              |              |
| Fixed Sweden   | 183            | (3)          | 158          | 9            |
| Fixed Denmark  | 49             |              | 97           |              |
| Other countries/eliminations *)                                    | (66)           | (4)          | (70)         | 6            |
| <b>Total EBITDA</b>  | <b>166</b>     | <b>(7)</b>   | <b>185</b>   | <b>15</b>    |
| Depreciation and amortization <sup>1)</sup>                        | 158            | 93           | 528          | 322          |
| Write-downs <sup>2)</sup>  | 614            | 38           | 617          | 38           |
| <b>Operating profit</b>  | <b>(606)</b>   | <b>(138)</b> | <b>(960)</b> | <b>(345)</b> |
| Of which:  |                |              |              |              |
| Fixed Sweden   | (549)          | (110)        | (866)        | (289)        |
| Fixed Denmark  | 27             |              | 29           |              |
| Other countries/eliminations *)                                    | (84)           | (28)         | (123)        | (56)         |
| <sup>1)</sup> Of which amortization of Telenor s net excess values | (6)            | 5            | 66           | 5            |
| <sup>2)</sup> Of which write-downs of Telenor s net excess values  | 12             | (24)         | 12           | (24)         |
| <b>Capex</b>   |                |              |              |              |
| Fixed Sweden   | 255            | 134          | 485          | 279          |
| Fixed Denmark  | 57             |              | 97           |              |
| Other countries *)   | 8              | 18           | 25           | 39           |

\*) Other countries include operations in the Czech Republic and Slovakia. In the fourth quarter of 2005, Fixed entered into an agreement to dispose of these operations.

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**Fixed Sweden**

Bredbandsbolaget's revenues and EBITDA amounted to NOK 358 million and NOK 90 million, respectively. Capital expenditure amounted to NOK 109 million. The number of xDSL and LAN subscriptions increased by 18,000 to 369,000, while the number of broadband telephony subscriptions increased by 13,000 to 104,000.

The decrease in revenues in Telenor AB was primarily related to data services as a result of price reductions and a shift in the product portfolio towards products with lower prices. The fourth quarter of 2004 included items that affected revenues positively by NOK 56 million.

The change in accounting treatment of prepaid lease payments mentioned above, had a positive effect on EBITDA in Telenor AB of NOK 107 million and increased amortization by NOK 29 million and capital expenditure by NOK 80 million for the full year and the fourth quarter of 2005.

The write-downs are mainly related to write-downs of fixed assets in Telenor AB due to loss of contracts and price reductions.

On 8 February 2006 Telenor acquired 13.5% of the shareholding in Glocalnet AB for a total consideration of SEK 136 million (NOK 118 million) to secure a 50.1% ownership interest. The acquisition triggers a mandatory offer for all outstanding shares in Glocalnet AB. Telenor's ownership interest as of 14 February 2006, was 84.4%.

**Fixed Denmark**

The number of xDSL subscriptions increased by 13,000 to 122,000, and the number of broadband telephony subscriptions rose by 8,000 to 26,000.

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**Table of Contents****BROADCAST**

| (NOK in millions)   | Fourth quarter |              | Year         |              |
|---|----------------|--------------|--------------|--------------|
|   | 2005           | 2004         | 2005         | 2004         |
| <b>Revenues</b>   |                |              |              |              |
| Distribution  | 1,190          | 1,112        | 4,615        | 4,309        |
| Transmission  | 313            | 295          | 1,207        | 1,211        |
| Other   | 109            | 139          | 355          | 461          |
| Eliminations  | (146)          | (171)        | (528)        | (635)        |
| <b>Total revenues <sup>1)</sup></b>   | <b>1,466</b>   | <b>1,375</b> | <b>5,649</b> | <b>5,346</b> |
| <sup>1)</sup> Of which internal revenues                                    | 35             | 34           | 131          | 135          |
| <b>EBITDA</b>   |                |              |              |              |
| Distribution  | 147            | 126          | 818          | 749          |
| Transmission  | 183            | 191          | 713          | 688          |
| Other/Eliminations  | 1              | 15           | (15)         | 61           |
| <b>Total EBITDA</b>   | <b>331</b>     | <b>332</b>   | <b>1,516</b> | <b>1,498</b> |
| Depreciation and amortization <sup>1)</sup>                                 | 144            | 170          | 554          | 704          |
| Write-downs <sup>2)</sup>   | (57)           | 44           | (53)         | 44           |
| <b>Operating profit</b>   | <b>244</b>     | <b>118</b>   | <b>1,015</b> | <b>750</b>   |
| Of which:   |                |              |              |              |
| Distribution  | 13             | (4)          | 494          | 302          |
| Transmission  | 240            | 118          | 564          | 409          |
| Other/Eliminations  | (9)            | 4            | (43)         | 39           |
| <sup>1)</sup> Of which amortization of Telenor s net excess values          | 14             | 16           | 56           | 63           |
| <sup>2)</sup> Of which write-downs of Telenor s net excess values           | 75             | 25           | 75           | 25           |
| EBITDA/Total revenues (%)   | 22.6           | 24.1         | 26.8         | 28.0         |
| Operating profit/<br>Total revenues (%)                                     | 16.6           | 8.6          | 18.0         | 14.0         |
| Capex   | 133            | 71           | 392          | 880          |
| Investments in businesses   | 25             |              | 42           |              |
| No. of DTH pay-TV subscribers (in thousands)                                |                |              | 906          | 824          |
| No. of Cable TV subscribers (in thousands)                                  |                |              | 681          | 624          |
| No. of households in satellite master antenna TV-networks<br>(in thousands) |                |              | 1,160        | 1,212        |
| No. of Cable TV Internet access (in thousands)                              |                |              | 73           | 44           |

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The number of DTH pay-TV subscribers increased by 30,000, compared to an increase of 24,000 in the fourth quarter of 2004. In the fourth quarter of 2005, the number of Cable TV (CATV) subscribers increased by 45,000 and the number of Cable TV Internet access subscribers increased by 20,000. This increase was mainly due to the acquisition of the cable TV operator OE Kabel TV in Denmark. At the date of acquisition, OE Kabel TV had 30,000 CATV subscribers and 12,000 Internet access subscribers. The remaining growth in Cable TV subscribers was largely a result of conversion of small antenna TV network households.

Total revenues increased primarily due to subscriber growth in Distribution and higher revenues from satellite- and terrestrial distribution in Transmission. This was partially offset by the effects of appreciation of the Norwegian Krone against the Swedish Krone and the Danish Krone.

The decrease in the EBITDA margin for Broadcast was primarily due to higher costs related to personnel and operations in Transmission, and higher content costs partially offset by lower acquisition costs per new DTH pay-TV subscriber in Distribution.

Depreciation and amortization decreased due to fully depreciated DTH decoders and fully depreciated fixed assets in the cable TV operation.

In the fourth quarter of 2005, Broadcast reversed a previous impairment loss of NOK 133 million in its satellite operation in 2001 to the recoverable amount. This was partially offset by write-down of goodwill of NOK 75 million due to recognition of not previously recognized deferred tax assets in a business combination. According to IFRS the acquirer shall write down the carrying amount of goodwill with the same amount as not previously recognised deferred tax assets are recognised as a tax income.

The increase in capital expenditure was mainly related to upgrades of the cable TV network in Norway.

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**Table of Contents****OTHER UNITS**

| (NOK in millions)  | Fourth quarter |              | Year         |              |
|--|----------------|--------------|--------------|--------------|
|  | 2005           | 2004         | 2005         | 2004         |
| <b>Revenues</b>  |                |              |              |              |
| EDB Business Partner   | 1,258          | 1,154        | 4,991        | 4,287        |
| Satellite Services   | 637            | 573          | 2,428        | 2,385        |
| Venture  | 126            | 226          | 490          | 901          |
| Corporate functions and Group activities                           | 564            | 558          | 2,266        | 2,154        |
| Other  | (1)            | 14           | 25           | 174          |
| Eliminations   | (46)           | (64)         | (233)        | (361)        |
| <b>Total revenues <sup>1)</sup></b>                                | <b>2,538</b>   | <b>2,461</b> | <b>9,967</b> | <b>9,540</b> |
| <sup>1)</sup> Of which internal revenues                           | 669            | 768          | 2,907        | 2,929        |
| <b>EBITDA</b>  |                |              |              |              |
| EDB Business Partner   | 197            | 196          | 785          | 978          |
| Satellite Services   | 120            | 97           | 393          | 409          |
| Venture  | (14)           | 70           | (2)          | 130          |
| Corporate functions and Group activities                           | (104)          | (168)        | (77)         | (417)        |
| Other/eliminations   | (5)            | 26           | (8)          | 14           |
| <b>Total EBITDA</b>  | <b>194</b>     | <b>221</b>   | <b>1,091</b> | <b>1,114</b> |
| Depreciation and amortization <sup>1)</sup>                        | 263            | 243          | 1,033        | 975          |
| Write-downs <sup>2)</sup>  | 10             | 2            | 10           | 43           |
| <b>Operating profit</b>  | <b>(79)</b>    | <b>(24)</b>  | <b>48</b>    | <b>96</b>    |
| Of which:  |                |              |              |              |
| EDB Business Partner   | 96             | 130          | 377          | 736          |
| Satellite Services   | 47             | 25           | 125          | 133          |
| Venture  | (22)           | 63           | (23)         | 97           |
| Corporate functions and Group activities                           | (192)          | (268)        | (420)        | (809)        |
| Other/eliminations   | (8)            | 26           | (11)         | (61)         |
| <sup>1)</sup> Of which amortization of Telenor's net excess values | 1              | 2            | 8            | 8            |
| <sup>2)</sup> Of which write-downs of Telenor's net excess values  | 5              | 1            | 5            | 3            |
| Capex  | 321            | 269          | 832          | 697          |
| Investments in businesses  | 47             | 762          | 332          | 1,329        |

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**EDB BUSINESS PARTNER**

Revenues increased by 9%. The growth was mainly related to acquisitions of operations from IBM and Capgemini, made at the end of the fourth quarter of 2004.

The EBITDA margin adjusted for other income and expenses in the fourth quarter of 2005 was in line with the fourth quarter of 2004.

In 2006, up until 15 February, EDB Business Partner had entered into agreements to acquire IT companies in Norway and Sweden for a total consideration of approximately NOK 660 million including interest-bearing debt assumed.

**SATELLITE SERVICES**

The increase in revenues and operating profit was primarily due to growth within satellite services and communication (VSAT) and the effect of acquired operations. Revenues and operating profit were positively affected by the stronger US Dollar against the Norwegian Krone in the fourth quarter of 2005 compared to the same period in 2004. Operating profit was also positively affected by a decrease in operating expenses. The volumes and prices within the Inmarsat division have been lower in 2005 compared to 2004. In the fourth quarter of 2004, revenues and operating profit were negatively affected by a downward adjustment of project revenues.

**VENTURE**

The decrease in revenues and operating profit was primarily due to the effects of disposal of operations in 2004.

In the fourth quarter of 2004, the operating profit included net gains on disposal of operations of NOK 72 million.

**CORPORATE FUNCTIONS AND GROUP ACTIVITIES**

The decrease in the EBITDA loss was mainly related to reduced pension costs due to a change in the accounting treatment of pensions in the Group in the fourth quarter of 2004. This was partially offset by increased costs related to international activities.

Depreciation and amortization decreased due to the disposal of certain buildings.

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**Table of Contents****OTHER PROFIT AND LOSS ITEMS FOR THE GROUP****Depreciation, amortization and write-downs**

| (NOK in millions)                                       | Fourth quarter |              | Year          |               |
|---|----------------|--------------|---------------|---------------|
|   | 2005           | 2004         | 2005          | 2004          |
| Depreciation *)   | 2,005          | 1,814        | 8,080         | 7,737         |
| Amortization **)  | 1,182          | 889          | 3,464         | 2,900         |
| <b>Total depreciation and amortization</b>              | <b>3,187</b>   | <b>2,703</b> | <b>11,544</b> | <b>10,637</b> |
| Write-downs of tangible assets                          | 453            | 274          | 488           | 282           |
| Write-downs of goodwill                                 | 80             | 3,127        | 46            | 3,129         |
| Write-downs of other intangible assets                  | 53             | 85           | 53            | 120           |
| <b>Total write-downs</b>                                | <b>586</b>     | <b>3,486</b> | <b>587</b>    | <b>3,531</b>  |
| <b>Total depreciation, amortization and write-downs</b> | <b>3,773</b>   | <b>6,189</b> | <b>12,131</b> | <b>14,168</b> |

\*) Tangible assets (property, plant and equipment).

\*\*\*) Other intangible assets and prepaid lease payments.

See page 20 for more specifications.

In general, depreciation and amortization is affected by changes in exchange rates and investment levels in the previous quarters.

The increase in total depreciation and amortization was primarily due to acquired businesses and increased capital expenditure, partially offset by fully depreciated assets.

In the fourth quarter of 2005, Telenor changed its accounting treatment under IFRS for transactions that provide the rights to use assets, such as local loop unbundling. Such transactions are now recognised as leases. Prepaid costs for such leases have been reclassified from operating costs to depreciation and amortization. This change increased depreciation and amortization in the fourth quarter of 2005 by NOK 175 million.

Write-downs of tangible and other intangible assets are mainly related to Telenor AB, partially offset by reversal of write-downs in the satellite operation in Broadcast. Write-downs of goodwill were due to recognition of deferred tax assets originated prior to the acquisition of Canal Digital.



**Table of Contents****Associated companies**

| (NOK in millions)                                 | Fourth quarter |            | Year         |            |
|---|----------------|------------|--------------|------------|
|   | 2005           | 2004       | 2005         | 2004       |
| <b>Telenor's share of<sup>1)</sup></b>            |                |            |              |            |
| Profit after taxes                                | 238            | 140        | 1,452        | 1,055      |
| Amortization of Telenor's net excess values       | (4)            | (15)       | (46)         | (101)      |
| Write-downs of Telenor's net excess values        | (172)          |            | (172)        |            |
| Gains (losses) on disposal of ownership interests | 3              | 15         | (1)          | 32         |
| <b>Net result from associated companies</b>       | <b>65</b>      | <b>140</b> | <b>1,233</b> | <b>986</b> |

- 1) 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 profit and loss statement contains only the line "Net result from associated companies". The preceding table includes Telenor's share of profit after taxes from Sonofon until 12 February 2004 and ProMonte GSM until 12 August 2004. Thereafter, these companies are consolidated as subsidiaries. DTAC and UCOM are included until 1 November 2005. Thereafter DTAC is consolidated, while UCOM is treated as a discontinued operation.
- At the end of 2005, Telenor's ownership interest in VimpelCom in Russia was 29.9%. The value of Telenor's share of the company based on the quoted share price as at 31 December 2005 was NOK 18.4 billion. According to telecom analysts, VimpelCom had approximately 45 million mobile subscriptions at the end of 2005. The write-downs were related to the listed company Golden Telecom Inc. to the quoted market price as of 31 December 2005.

**Financial items**

| (NOK in millions)                                | Fourth quarter |              | Year         |              |
|--|----------------|--------------|--------------|--------------|
|  | 2005           | 2004         | 2005         | 2004         |
| Financial income                                 | 148            | 161          | 447          | 496          |
| Financial expenses                               | (566)          | (337)        | (1,639)      | (1,561)      |
| Net foreign currency gains (losses)              | (118)          | (60)         | 84           | (87)         |
| Change in fair value of financial instruments *) | 157            |              | 243          |              |
| Net gains (losses) and write-downs               | 31             | 21           | 518          | 2,673        |
| <b>Net financial items</b>                       | <b>(348)</b>   | <b>(215)</b> | <b>(347)</b> | <b>1,521</b> |
| Gross interest expenses                          | (490)          | (360)        | (1,594)      | 1,665        |
| Net interest expenses                            | (396)          | (270)        | (1,309)      | 1,378        |

\*) The comparative figures for 2004 are not restated to the principles in IAS 39.

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Increased financial expenses were primarily due to the acquisition of DTAC.

Net foreign currency loss was primarily due to losses on an embedded derivative related to the acquisition of Vodafone Sweden.

Change in fair value of financial instruments was primarily related to interest rate derivatives used for economic hedge of interest-bearing liabilities that do not fulfil the requirements for hedge accounting.

### **Taxes**

The nominal Norwegian corporate income tax rate is 28%. The effective tax rate for the Telenor Group for the fiscal year 2005 is estimated at 33% of profit before taxes and minority interests. The estimated effective tax rate is affected by taxes related to companies outside Norway and non-deductible expenses.

During the regular tax assessment of Dansk Mobil Holding II AS in the fourth quarter of 2005, the tax authorities challenged the company's tax return for the fiscal year 2004 by disallowing a tax loss derived from the liquidation of its wholly owned subsidiary, Dansk Mobil Holding AS. The tax authorities disagreed with our position, that the loss is tax deductible according to the transition rules for the exemption tax rules ( Fritaksmodellen ) that were enacted in 2004. See note 13 to the annual report for 2004 for more information about this transaction and the transition rules. Telenor is of the opinion that we have a strong case and has appealed the decision. However, according to our accounting policies the related tax of approximately NOK 440 million was expensed in the fourth quarter of 2005.

Following a conversion of intercompany debt, Telenor ASA recognised a tax loss and corresponding reduced tax charges of approximately NOK 250 million in the fourth quarter of 2005. There are strong conditions to be met for such losses to be tax deductible.

On 21 December 2005 a Norwegian Court of Appeal ruled in favour of Telenor in respect of Telenor's intra group sale of its shares in Sonofon Holding A/S. This sale triggered a tax loss of approximately NOK 8.6 billion, with corresponding reduced tax charges of approximately NOK 2.4 billion for the fiscal year 2001. The taxes were paid in 2003. The tax authorities have appealed the decision to the Norwegian Supreme Court, and Telenor has consequently not taken the tax reduction to income.

The actual effective tax rate for 2005 may deviate from the estimated rate.

### **Balance sheet and cash flow**

Total assets as of 31 December 2005 increased by NOK 18.5 billion compared to 30 September 2005, primarily due to the acquisitions of UCOM and DTAC. See Business Combinations on page 22 for more information about net assets and goodwill related to these acquisitions.

Increased property, plant and equipment were primarily due to capital expenditure on mobile networks.

Net interest-bearing liabilities increased by NOK 9.3 billion in the quarter to NOK 31.1 billion as of 31 December 2005, of which the effect of the purchase and consolidation of UCOM and DTAC contributed with NOK 10.0 billion.

Changes in translation differences to equity in the fourth quarter of 2005 were primarily due to the depreciation of the Norwegian Krone as of 31 December compared to 30 September 2005.

During the fourth quarter of 2005, Telenor did not purchase any own shares in the market. For the year 2005 Telenor purchased own shares for NOK 2.3 billion. If Telenor's Annual General Meeting in 2006 approves redemption of shares owned by the Kingdom of Norway corresponding to Telenor's



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repurchase of own shares in the market in the second and third quarter of 2005, in such a way that the Kingdom of Norway's ownership interest remains unchanged, shareholders equity will be reduced by an additional NOK 0.9 billion at the time of the Annual General Meeting.

If Telenor's Annual General Meeting in 2006 approves the suggested dividend of NOK 2.00 per share, shareholders equity will be reduced by an additional NOK 3.4 billion at the time of the Annual General Meeting.

**US GAAP**

Net income and equity according to United States Generally Accepted Accounting Principles (US GAAP) will be published in the annual report for 2005.

**OUTLOOK FOR 2006**

The strong growth in mobile subscriptions during 2005 gives Telenor a solid foundation for further growth in revenues. We expect a growth in reported revenues in the range of 25% to 30%, based upon the current Group structure.

A continued high growth in EBITDA is expected, in particular driven by the international mobile operations. Telenor will continue previously introduced initiatives and identify new means of improving cost efficiency. Telenor expects an EBITDA margin before other income and expenses for 2006 of around 33%.

High capital expenditure is expected to continue, and capital expenditure as a proportion of revenues is expected to be above 20%. Capital expenditure is expected to continue to be driven by high subscription growth within Telenor's mobile operations in emerging markets.

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. We expect seasonal variations between the quarters.

*The accounts submitted with the report have not been audited. 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 2006 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. These factors include the risk factors relating to Telenor's activities described in Telenor's 2004 Annual Report on Form 20-F filed with the Securities and Exchange Commission in the USA under the headings Cautionary Statement Regarding Forward-Looking Statements and Risk Factors (available at [www.telenor.com/ir/](http://www.telenor.com/ir/)).*

Oslo, 15 February 2006

The Board of Directors of Telenor ASA

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**BUSINESS COMBINATIONS**

On 26 October 2005 Telenor increased its ownership/economic exposure in Total Access Communications PCL (DTAC) by 16.6% to 56.9% for a cash consideration of NOK 1.5 billion. As of 31 December 2005, after the tender offers for DTAC and UCOM shares expired, Telenor's ownership/economic exposure in DTAC increased by a further 12.4% to 69.3% for a total cash consideration of NOK 1.2 billion. As of 31 December 2005 net interest-bearing debt in the companies was NOK 7.3 billion. DTAC was consolidated from 1 November 2005, while the operations in UCOM were reported as a discontinued operation in the financial statements.

The result of operations has been included in the consolidated financial statements from 1 November 2005. DTAC is one of the leading mobile operators in Thailand and offers high quality GSM mobile services. The value was set both based on a fair value after negotiations between the parties and a mandatory offer.

The initial purchase price allocation has been determined only provisionally due to not completed valuation of the fair values of assets acquired and liabilities assumed. The preliminary net assets acquired in the transaction, and the goodwill arising, are as follows:

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| (NOK in millions)  | DTAC s<br>carrying<br>amount before<br>transaction | Estimated<br>fair value<br>adjustments | Estimated<br>fair value |
|--|--|--|-------------------------|
| Property, Plant & Equipment  | 740  | (14)                                   | 726                     |
| Software/Other intangible assets                                       | 10,980   | (3,968)                                | 7,012                   |
| Customer Base  |  | 1,259                                  | 1,259                   |
| Trademarks   |  | 1,015                                  | 1,015                   |
| Long-term financial assets   | 184  | (39)                                   | 145                     |
| Deferred tax assets  | 212  | 575                                    | 787                     |
| Currents Assets excl. Cash   | 2,138  |  | 2,138                   |
| Bank and cash balances   | 197  |  | 197                     |
| Deferred tax liability   | (42)   |  | (42)                    |
| Long-term liabilities  | (5,656)  | (10)                                   | (5,666)                 |
| Short term liabilities   | (3,702)  |  | (3,702)                 |
| <b>Net assets</b>  | <b>5,051</b>                                       | <b>(1,182)</b>                         | <b>3,869</b>            |
| <br>   |  |  |                         |
| Goodwill   |  |  | 2,210                   |
| <b>Total</b>   |  |  | <b>6,079</b>            |
| <br>   |  |  |                         |
| Total consideration, satisfied by cash                                 |  |  | 2,664                   |
| Book value as an associated company at the date of consolidation       |  |  | 884                     |
| Increased excess value in business combination recorded against equity |  |  | 1,258                   |
| Minority fair values   |  |  | 1,273                   |
| <b>Total</b>   |  |  | <b>6,079</b>            |

The goodwill arising on the acquisition of DTAC/UCOM is attributable to the anticipated profitability of its operations.

DTAC/UCOM contributed NOK 1,191 million in revenues and NOK 29 million to the Telenor Group's profit after tax and minority interest for the period between the date of consolidation and 31 December 2005. This includes the results from the company and amortization of fair value adjustments, but does not include Telenor's interest expenses related to the financing of the acquisition.

In the period 1 January to 1 November DTAC/UCOM contributed to a net profit after taxes from associate companies of NOK 94 million.

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**Vodafone, Sweden**

On 5 January 2006, Telenor acquired 100% of the issued share capital of Vodafone AB, Sweden for a cash consideration of NOK 7.5 billion. The value was set based on fair value after negotiations between the parties. The transaction is not included in the financial statement of 2005. The transaction will be accounted for by the acquisition method of accounting.

Vodafone offers high quality mobile services to residential and business customers in Sweden.

The initial purchase price allocation, which is performed by independent financial experts, has not been completed as of 15 February 2006 and it is impracticable to provide figures of the fair values of assets acquired and liabilities assumed.

**Glocalnet, Sweden**

In the period 8 - 14 February 2006, Telenor acquired 47.8% of the issued share capital of Glocalnet AB, Sweden for a cash consideration of approximately NOK 419 million. The total ownership as of 14 February was 84.4%. Telenor has made an offer for all remaining shares in the company. The offer will be closed 23 March 2006. The transaction is not included in the financial statement for 2005. The transaction will be accounted for by the acquisition method of accounting.

Glocalnet provides both fixed and mobile telephony in addition to Internet access through both broadband and dial-up.

The purchase price allocation will be performed by independent financial experts, but has not yet started.

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**IMPLEMENTATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**

Regulations of the European Union (EU) require that publicly listed companies within the EU prepare their consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) by 2005. Due to the European Economic Area (EEA) agreement, Norwegian listed companies will also be required to follow IFRS. Telenor's first IFRS financial statements will be for the year ending 31 December 2005 and will include the comparative period for 2004. Starting in the first quarter of 2005, Telenor provides unaudited financial information in accordance with IFRS including comparable figures for 2004.

Telenor has made an evaluation of the differences between Telenor's accounting principles according to Norwegian Generally Accepted Accounting Principles (N GAAP) and IFRS principles based on management's current understanding of these standards. There is inherent uncertainty around the interpretation and implementation of IFRS. Accordingly, new pronouncements and interpretations may be issued during 2005, which could affect the final IFRS figures for 2004 and the interim figures for 2005. Consequently, changes in the company's understanding of IFRS may result in revisions or other differences than those identified below. The figures are not audited. Audited figures will be reported in the financial statements for the year ended 31 December 2005.

The tables below show the estimated effects on net income and equity of implementing IFRS as from 1 January 2004. The accounting principles according to N GAAP are found in the annual report for 2004. The main changes in accounting principles when preparing Telenor's financial statements according to IFRS and Comments to the various effects on net income and equity are provided in Telenor's first quarter report for 2005.

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**Table of Contents****Profit and loss 2004**

| (NOK in millions)                           | First<br>quarter | Second<br>quarter | Third<br>quarter | Fourth<br>quarter | Year<br>2004 |
|---|------------------|-------------------|------------------|-------------------|--------------|
| Net income (loss) N GAAP                    | 2,801            | 1,410             | 1,399            | (252)             | 5,358        |
| Amortization of goodwill, negative goodwill | 213              | 245               | 247              | 234               | 939          |
| Depreciation and amortization other         | 13               | (7)               | 4                | 53                | 63           |
| Write-down of goodwill                      |                  |                   |                  | (935)             | (935)        |
| Pensions                                    | 24               | 24                | 23               | 24                | 95           |
| Asset Retirement Obligations                | (10)             | (11)              | (12)             | (13)              | (46)         |
| Share-based compensation                    | (4)              | (5)               | (5)              | (5)               | (19)         |
| Sale of software                            | 11               | 2                 | 23               | 15                | 51           |
| Associated companies                        | 92               | 79                | 39               | 58                | 268          |
| Adjusted gains                              | 20               | (6)               | 5                | 15                | 34           |
| MVNO *)                                     |                  |                   |                  | 578               | 578          |
| Tax on IFRS adjustments *)                  | (21)             | (6)               | (20)             | (170)             | (217)        |
| Minority interests                          | (9)              | (16)              | (20)             | (32)              | (76)         |
| <b>Total adjustments</b>                    | <b>330</b>       | <b>299</b>        | <b>284</b>       | <b>(178)</b>      | <b>735</b>   |
| <b>Net income (loss) IFRS</b>               | <b>3,131</b>     | <b>1,709</b>      | <b>1,683</b>     | <b>(430)</b>      | <b>6,093</b> |

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**Table of Contents****Equity**

| (NOK in millions)                           | 01.01.2004    | 31.03.2004    | 30.06.2004    | 30.09.2004    | 31.12.2004    |
|---|---------------|---------------|---------------|---------------|---------------|
| <b>Shareholders equity N GAAP</b>           | <b>37,237</b> | <b>40,083</b> | <b>40,130</b> | <b>41,248</b> | <b>37,594</b> |
| Amortization of goodwill, negative goodwill | 343           | 556           | 801           | 1,048         | 1,282         |
| Depreciation and amortization other         |               | 13            | 6             | 10            | 63            |
| Write-down of goodwill                      |               |               |               |               | (935)         |
| Business Combinations                       |               | 622           | 622           | 786           | 622           |
| Pensions                                    | (1,809)       | (1,785)       | (1,761)       | (1,738)       | (1,714)       |
| Asset Retirement Obligations                | (296)         | (306)         | (317)         | (329)         | (342)         |
| Share-based compensation                    |               |               |               |               |               |
| Sale of software                            | (267)         | (256)         | (254)         | (231)         | (216)         |
| Associated companies                        | (139)         | (47)          | 32            | 71            | 129           |
| Adjusted gains and translation differences  |               | (57)          | (49)          | (93)          | (66)          |
| MVNO *)                                     |               |               |               |               | 578           |
| Tax on IFRS adjustments *)                  | 592           | 571           | 565           | 545           | 375           |
| Dividends                                   | 1,776         | 1,776         |               |               | 2,602         |
| Minority interests                          | 226           | 218           | 202           | 182           | 150           |
| <b>Total adjustments *)</b>                 | <b>426</b>    | <b>1,305</b>  | <b>(153)</b>  | <b>251</b>    | <b>2,528</b>  |
| <b>Shareholders equity IFRS *)</b>          | <b>37,663</b> | <b>41,388</b> | <b>39,977</b> | <b>41,499</b> | <b>40,122</b> |

**Reconciliation of shareholders equity for the Telenor Group from 31 December 2004 to 1 January 2005 due to the implementation of IAS 39.**

IAS 39 Financial Instruments: Recognition and Measurement was implemented as of 1 January 2005. Up to and including 31 December 2004, Telenor accounted for Financial Instruments according to N GAAP.

(NOK in millions)

|   |               |
|---|---------------|
| <b>Shareholders equity 31 December 2004 *)</b>        | <b>40,122</b> |
| Derivative instruments at fair value                  |               |
| cash flow hedges                                      | 13            |
| derivatives not qualifying as hedges                  | (289)         |
| Shares available-for-sale at estimated fair value **) | 753           |
| Tax on the changes                                    | (16)          |
| Minority s share                                      | (8)           |
| <b>Total adjustments</b>                              | <b>453</b>    |
| <b>Shareholders equity 1 January 2005 **)</b>         | <b>40,575</b> |

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- \* ) Due to new interpretation of IFRS the figures for the full year and the fourth quarter of 2004 have been restated compared to the reconciliations presented in Telenor's first quarter report for 2005. This resulted in eliminations on group level of prepayments in the two MVNO agreements in Norway and Sweden.
  - \*\* ) Estimated fair value of shares available-for-sale is increased by NOK 295 million compared to the equity reconciliation presented in Telenor's first quarter report for 2005 due to new information about conditions as of 1 January 2005.
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**Table of Contents****PROFIT AND LOSS STATEMENT****Telenor Group**

| (NOK in millions except net income per share)        | <b>Fourth quarter</b> |                | <b>Year</b>   |              |
|--|-----------------------|----------------|---------------|--------------|
|  | <b>2005</b>           | <b>2004</b>    | <b>2005</b>   | <b>2004</b>  |
| Revenues   | 19,474                | 15,512         | 68,927        | 60,591       |
| Costs of materials and traffic charges               | 4,812                 | 4,173          | 17,724        | 15,924       |
| Own work capitalized                                 | (255)                 | (166)          | (704)         | (557)        |
| Salaries and personnel costs                         | 2,726                 | 2,738          | 10,236        | 9,970        |
| Other operating expenses                             | 5,360                 | 3,653          | 17,593        | 13,871       |
| Other (income) and expenses                          | 109                   | (20)           | 242           | (152)        |
| Depreciation and amortization                        | 3,187                 | 2,703          | 11,544        | 10,637       |
| Write-downs  | 586                   | 3,486          | 587           | 3,531        |
| <b>Operating profit</b>                              | <b>2,949</b>          | <b>(1,055)</b> | <b>11,705</b> | <b>7,367</b> |
| <b>Associated companies</b>                          | 65                    | 140            | 1,233         | 986          |
| Net financial items                                  | (348)                 | (215)          | (347)         | 1,521        |
| <b>Profit before taxes</b>                           | <b>2,666</b>          | <b>(1,130)</b> | <b>12,591</b> | <b>9,874</b> |
| Taxes  | (1,161)               | 986            | (4,139)       | (2,461)      |
| <b>Profit after taxes from continuing operations</b> | <b>1,505</b>          | <b>(144)</b>   | <b>8,452</b>  | <b>7,413</b> |
| Profit after taxes from discontinued operations      | (4)                   |                | (4)           |              |
| <b>Profit after taxes</b>                            | <b>1,501</b>          | <b>(144)</b>   | <b>8,448</b>  | <b>7,413</b> |
| <b>Attributable to:</b>                              |                       |                |               |              |
| Non-controlling interests (Minority interests)       | 500                   | 286            | 1,496         | 1,320        |
| Equity holders of the parent company                 | 1,001                 | (430)          | 6,952         | 6,093        |
| <b>Earnings per share in NOK</b>                     |                       |                |               |              |
| From continuing and discontinued operations:         |                       |                |               |              |
| Basic  | 0.59                  | (0.25)         | 4.06          | 3.49         |
| Diluted  | 0.59                  | (0.25)         | 4.06          | 3.48         |

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| OPERATIONS FOURTH QUARTER | Total         |               | of which      |               |               |               | Operating profit |                | Associated   |            | Net financial |              |
|---------------------------|---------------|---------------|---------------|---------------|---------------|---------------|------------------|----------------|--------------|------------|---------------|--------------|
|                           | revenues      |               | external      |               | EBITDA        |               | (loss)           |                | companies    |            | items         |              |
|                           | 2005          | 2004          | 2005          | 2004          | 2005          | 2004          | 2005             | 2004           | 2005         | 2004       | 2005          | 2004         |
|                           |               |               |               |               |               |               |                  |                |              |            |               |              |
| Norway                    | 3,235         | 2,963         | 2,954         | 2,674         | 1,186         | 1,119         | 962              | 827            | 13           | 7          | 19            | 13           |
| Denmark                   | 1,334         | 1,243         | 1,300         | 1,223         | 308           | 16            | 12               | (3,551)        | 1            |            | (50)          | (39)         |
| Sweden                    | 2,390         | 1,184         | 2,389         | 1,183         | 1,359         | 712           | 1,019            | 555            |              |            | (64)          | (25)         |
| Hungary                   | 1,565         | 1,510         | 1,561         | 1,507         | 534           | 420           | 245              | 87             |              |            | 48            | 32           |
| Malaysia                  | 1,452         | 1,004         | 1,450         | 1,004         | 632           | 443           | 356              | 228            |              |            | 5             | (19)         |
| Bangladesh                | 850           | 570           | 849           | 570           | 455           | 338           | 289              | 263            |              |            | (80)          | (1)          |
| Operations                | 1,491         | 179           | 1,458         | 153           | 50            | (618)         | (295)            | (767)          | 229          | 48         | (84)          | (22)         |
|                           | 5,025         | 4,781         | 4,423         | 4,274         | 1,543         | 1,560         | 84               | 653            | (167)        | 7          | (154)         | (48)         |
|                           | 1,466         | 1,375         | 1,431         | 1,341         | 331           | 332           | 244              | 118            | 13           | 9          | (20)          | (93)         |
|                           | 2,538         | 2,461         | 1,869         | 1,693         | 194           | 221           | (79)             | (24)           | (24)         | 69         | 33            | 566          |
|                           | (1,872)       | (1,758)       | (210)         | (110)         | 130           | 591           | 112              | 556            |              |            | (1)           | (579)        |
|                           | <b>19,474</b> | <b>15,512</b> | <b>19,474</b> | <b>15,512</b> | <b>6,722</b>  | <b>5,134</b>  | <b>2,949</b>     | <b>(1,055)</b> | <b>65</b>    | <b>140</b> | <b>(348)</b>  | <b>(215)</b> |
| <hr/>                     |               |               |               |               |               |               |                  |                |              |            |               |              |
| OPERATIONS FOR THE YEAR   | Total         |               | of which      |               |               |               | Operating profit |                | Associated   |            | Net financial |              |
|                           | revenues      |               | external      |               | EBITDA        |               | (loss)           |                | companies    |            | items         |              |
|                           | 2005          | 2004          | 2005          | 2004          | 2005          | 2004          | 2005             | 2004           | 2005         | 2004       | 2005          | 2004         |
|                           |               |               |               |               |               |               |                  |                |              |            |               |              |
| Norway                    | 12,243        | 11,730        | 11,072        | 10,504        | 4,471         | 4,305         | 3,566            | 3,228          | 32           | 10         | 65            | 64           |
| Denmark                   | 5,191         | 4,404         | 5,059         | 4,351         | 1,176         | 681           | (109)            | (3,799)        | 1            |            | (175)         | (164)        |
| Sweden                    | 7,272         | 4,219         | 7,266         | 4,217         | 4,050         | 2,581         | 2,826            | 2,026          |              |            | (144)         | (159)        |
| Hungary                   | 6,061         | 5,907         | 6,051         | 5,901         | 2,185         | 2,093         | 1,007            | 777            |              |            | 107           | 50           |
| Malaysia                  | 4,932         | 3,946         | 4,928         | 3,943         | 2,142         | 1,732         | 1,099            | 831            |              |            | (24)          | (110)        |
| Bangladesh                | 2,970         | 2,186         | 2,969         | 2,186         | 1,559         | 1,313         | 1,120            | 1,095          |              |            | (109)         | 1            |
| Operations                | 2,219         | 423           | 2,076         | 335           | (343)         | (712)         | (954)            | (903)          | 1,355        | 789        | (68)          | (61)         |
|                           | 19,313        | 19,256        | 17,140        | 17,433        | 5,885         | 6,338         | 2,062            | 2,725          | (142)        | 69         | (517)         | (442)        |
|                           | 5,649         | 5,346         | 5,518         | 5,211         | 1,516         | 1,498         | 1,015            | 750            | 73           | 46         | 190           | (475)        |
|                           | 9,967         | 9,540         | 7,060         | 6,611         | 1,091         | 1,114         | 48               | 96             | (87)         | 70         | 123           | 4,084        |
|                           | (6,890)       | (6,366)       | (212)         | (101)         | 104           | 592           | 25               | 541            | 1            | 2          | 205           | (1,267)      |
|                           | <b>68,927</b> | <b>60,591</b> | <b>68,927</b> | <b>60,591</b> | <b>23,836</b> | <b>21,535</b> | <b>11,705</b>    | <b>7,367</b>   | <b>1,233</b> | <b>986</b> | <b>(347)</b>  | <b>1,521</b> |

Table of Contents**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

|   | Attributable to equity holders of the parent company |                |                   |                                    | Total         | Minority interest | Total equity  |
|---|--|----------------|-------------------|------------------------------------|---------------|-------------------|---------------|
|   | Total paid capital                                   | Other reserves | Retained earnings | Cumulative translation differences |               |                   |               |
| (NOK in millions)   |  |                |                   |                                    |               |                   |               |
| <b>Balance as of 1 January 2004 - Restated according to IFRS</b>        | <b>29,311</b>  | <b>(732)</b>   | <b>9,084</b>      |                                    | <b>37,663</b> | <b>3,420</b>      | <b>41,083</b> |
| Translation differences   |  |                |                   | (768)                              | (768)         | (419)             | (1,187)       |
| Business combinations and increased ownership interests in subsidiaries |  | 618            |                   |                                    | 618           |                   | 618           |
| Equity adjustments in associated companies                              |  | 62             |                   |                                    | 62            |                   | 62            |
| Tax on items taken directly to or transferred from equity               |  |                |                   | 163                                | 163           |                   | 163           |
| <b>Net income (loss) recognized directly in equity</b>                  |  | <b>680</b>     |                   | <b>(605)</b>                       | <b>75</b>     | <b>(419)</b>      | <b>(344)</b>  |
| Profit for the year 2004  |  |                | 6,093             |                                    | 6,093         | 1,320             | 7,413         |
| <b>Total recognized income and expense for the period</b>               |  | <b>680</b>     | <b>6,093</b>      | <b>(605)</b>                       | <b>6,168</b>  | <b>901</b>        | <b>7,069</b>  |
| Dividends   |  |                | (1,764)           |                                    | (1,764)       | (373)             | (2,137)       |
| Share buy back  | (2,020)  |                |                   |                                    | (2,020)       |                   | (2,020)       |
| Sale of shares, share issue, and share options to employees             | 59   | 16             |                   |                                    | 75            | 3                 | 78            |
| Transactions with shareholders in subsidiaries                          |  |                |                   |                                    |               | (5)               | (5)           |
| <b>Balance as of 31 December 2004</b>                                   | <b>27,350</b>  | <b>(36)</b>    | <b>13,413</b>     | <b>(605)</b>                       | <b>40,122</b> | <b>3,946</b>      | <b>44,068</b> |
| Total changes in accounting policy (IAS 39)                             |  | 661            | (208)             |                                    | 453           | 8                 | 461           |
| <b>Adjusted equity as of 1 January 2005</b>                             | <b>27,350</b>  | <b>625</b>     | <b>13,205</b>     | <b>(605)</b>                       | <b>40,575</b> | <b>3,954</b>      | <b>44,529</b> |

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|   |               |              |               |              |               |               |
|---|---------------|--------------|---------------|--------------|---------------|---------------|
| Translation differences   |               |              | 547           | 547          | 441           | 988           |
| Business combinations and increased ownership interests in subsidiaries | 1,477         |              |               | 1,477        |               | 1,477         |
| Available-for-sale investments:   |               |              |               |              |               |               |
| - Valuation gains (losses) taken to equity                              | 1,440         |              |               | 1,440        | 20            | 1,460         |
| - Transferred to profit or loss on sale                                 | (388)         |              |               | (388)        | (24)          | (412)         |
| Cash flow hedges:   |               |              |               |              |               |               |
| - Valuation gains (losses) taken to equity                              | (172)         |              |               | (172)        | 2             | (170)         |
| - Transferred to profit or loss for the period                          | (13)          |              |               | (13)         |               | (13)          |
| - Transferred to initial carrying amount of hedged items                | 209           |              |               | 209          |               | 209           |
| Equity adjustments in associated companies                              | 1             |              |               | 1            |               | 1             |
| Tax on items taken directly to or transferred from equity               | (119)         |              | (22)          | (141)        |               | (141)         |
| <b>Net income (loss) recognized directly in equity</b>                  | <b>2,435</b>  |              | <b>525</b>    | <b>2,960</b> | <b>439</b>    | <b>3,399</b>  |
| Profit for the period   |               | 6,952        |               | 6,952        | 1,496         | 8,448         |
| <b>Total recognized income and expenses for the period</b>              | <b>27,350</b> | <b>3,060</b> | <b>20,157</b> | <b>(80)</b>  | <b>50,487</b> | <b>5,889</b>  |
| Dividends   |               |              | (2,595)       | (2,595)      | (171)         | (2,766)       |
| Share buy back  | (2,267)       |              |               | (2,267)      |               | (2,267)       |
| Sale of shares, share issue, and share options to employees             | 74            | 6            |               | 80           | 5             | 85            |
| Transactions with shareholders in subsidiaries                          |               |              |               |              | 1,419         | 1,419         |
| <b>Balance as of 31 December 2005</b>                                   | <b>25,157</b> | <b>3,066</b> | <b>17,562</b> | <b>(80)</b>  | <b>45,705</b> | <b>52,847</b> |

**Table of Contents****BALANCE SHEET****Telenor group**

| (NOK in millions)   | 12/31/2005     | 9/30/2005      | 31.12.2004    |
|---|----------------|----------------|---------------|
| Deferred tax assets   | 2,435          | 1,482          | 3,520         |
| Goodwill  | 20,722         | 18,273         | 13,355        |
| Intangible assets   | 21,264         | 11,389         | 11,076        |
| Tangible assets   | 43,757         | 40,688         | 37,543        |
| Associated companies  | 7,424          | 8,320          | 6,602         |
| Other financial assets                                      | 2,214          | 3,277          | 1,250         |
| <b>Total fixed assets</b>                                   | <b>97,816</b>  | <b>83,429</b>  | <b>73,346</b> |
| Accounts receivable   | 7,778          | 7,146          | 6,104         |
| Other current assets  | 10,833         | 8,780          | 7,288         |
| Assets held for sale  | 730            |                |               |
| Liquid assets   | 7,191          | 6,444          | 5,398         |
| <b>Total current assets</b>                                 | <b>26,532</b>  | <b>22,370</b>  | <b>18,790</b> |
| <b>Total assets</b>   | <b>124,348</b> | <b>105,799</b> | <b>92,136</b> |
| Shareholders equity   | 45,705         | 42,714         | 40,122        |
| Minority interests  | 7,142          | 5,198          | 3,946         |
| <b>Total equity and minority interests</b>                  | <b>52,847</b>  | <b>47,912</b>  | <b>44,068</b> |
| Pension obligations   | 2,440          | 2,403          | 2,297         |
| Deferred tax liabilities                                    | 2,744          | 2,452          | 2,454         |
| Other provisions  | 928            | 903            | 891           |
| <b>Provisions</b>   | <b>6,112</b>   | <b>5,758</b>   | <b>5,642</b>  |
| Long-term interest-bearing liabilities                      | 27,471         | 22,406         | 20,602        |
| Long-term non-interest-bearing liabilities                  | 1,088          | 542            | 573           |
| <b>Total long-term liabilities</b>                          | <b>28,559</b>  | <b>22,948</b>  | <b>21,175</b> |
| Short-term interest-bearing liabilities                     | 11,850         | 6,592          | 3,991         |
| Accounts payable  | 6,214          | 5,402          | 3,806         |
| Short-term non-interest-bearing liabilities                 | 18,479         | 17,187         | 13,454        |
| Short-term non interest-bearing liabilities (held for sale) | 287            |                |               |
| <b>Total short-term liabilities</b>                         | <b>36,830</b>  | <b>29,181</b>  | <b>21,251</b> |
| <b>Total equity and liabilities</b>                         | <b>124,348</b> | <b>105,799</b> | <b>92,136</b> |





Table of Contents**CASH FLOW STATEMENT****Telenor group**

| (NOK in millions)  | <b>4th quarter</b> |                | <b>Year</b>     | <b>Year</b>     |
|--|--------------------|----------------|-----------------|-----------------|
|  | <b>2005</b>        | <b>2004</b>    | <b>2005</b>     | <b>2004</b>     |
| Profit before taxes and minority interests   | 2,666              | (1,130)        | 12,591          | 9,874           |
| Taxes paid   | (641)              | (274)          | (1,369)         | (1,516)         |
| Net (gains) losses, including write-downs and change in fair value of financial items        | (191)              | (147)          | (929)           | (3,161)         |
| Depreciation, amortization and write-downs   | 3,773              | 6,189          | 12,131          | 14,168          |
| Associated companies   | (65)               | (140)          | (1,233)         | (986)           |
| Difference between expensed and paid pensions  | 8                  | (82)           | 211             | 267             |
| Currency (gains) losses not related to operating activities                                  | 185                | 34             | (18)            | 57              |
| Change in other accruals   | 424                | 542            | 956             | 288             |
| <b>Net cash flow from operating activities</b>   | <b>6,159</b>       | <b>4,992</b>   | <b>22,340</b>   | <b>18,991</b>   |
| Payments on purchase of tangible and intangible assets                                       | (5,135)            | (3,398)        | (14,213)        | (11,613)        |
| Payments on purchase of subsidiaries and associated companies, net of cash received          | (2,475)            | (1,046)        | (8,128)         | (6,281)         |
| Proceeds from sale of tangible and intangible assets and businesses, net of cash transferred | 118                | 395            | 1,279           | 1,112           |
| Proceeds from sale of and payments for other investments                                     | 64                 | 697            | 1,064           | 3,751           |
| <b>Net cash flow from investment activities</b>  | <b>(7,428)</b>     | <b>(3,352)</b> | <b>(19,998)</b> | <b>(13,031)</b> |
| Proceeds from and payments of interest-bearing liabilities                                   | 1,965              | (485)          | 4,175           | (4,311)         |
| Issuance of shares and repayment of equity   | 27                 | 7              | 74              | 33              |
| Share buy back   |                    |                | (2,267)         | (2,020)         |
| Dividends paid to minority interests   | (10)               | (4)            | (219)           | (193)           |
| Dividends paid to Telenor's shareholders   |                    |                | (2,595)         | (1,764)         |
| <b>Net cash flow from financing activities</b>   | <b>1,982</b>       | <b>(482)</b>   | <b>(832)</b>    | <b>(8,255)</b>  |
| Effect on cash and cash equivalents of changes in foreign exchange rates                     | 60                 | (174)          | 215             | (268)           |
| <b>Net change in cash and cash equivalents</b>   | <b>773</b>         | <b>984</b>     | <b>1,725</b>    | <b>(2,563)</b>  |
| Cash and cash equivalents at the beginning of the period                                     | 6,033              | 4,097          | 5,081           | 7,644           |
| <b>Cash and cash equivalents at the end of the period</b>                                    | <b>6,806</b>       | <b>5,081</b>   | <b>6,806</b>    | <b>5,081</b>    |

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**ANALYTICAL INFORMATION**

Revenues (NOK in millions)

EBITDA (NOK in millions)

Operating profit (loss) (NOK in millions)

Profit (loss) before taxes (NOK in millions)

Equity ratio including minority interests (%)

Net interest-bearing liabilities (NOK in millions)

Net interest-bearing liabilities/EBITDA before other income and losses last 12 months

Capex (NOK in millions)

Investments in businesses (NOK in millions)

No. of man-years

- of which outside Norway

**MOBILE OPERATIONS\*)**

**Telenor Mobil Norway**

No. of mobile subscriptions (NMT + GSM) (in thousands)

No. of GSM subscriptions (in thousands)

- of which prepaid

Average traffic minutes per subscription per month (AMPU) in the quarter

Average revenue per subscription per month (ARPU) in the quarter

- of which contract

- of which prepaid

No. of SMS/MMS and content messages (in millions)

**Sonofon Denmark**

No. of mobile subscriptions (in thousands)

- of which prepaid

Average traffic minutes per subscription per month (AMPU) in the quarter

Average revenue per subscription per month (ARPU) in the quarter

- of which contract

- of which prepaid

No. of SMS/MMS and content messages (in millions)

**Telenor Mobile Sweden**

No. of mobile subscriptions (in thousands)

- of which prepaid

Average traffic minutes per subscription per month (AMPU) in the quarter

Average revenue per subscription per month (ARPU) in the quarter

- of which contract

- of which prepaid

**Kyivstar Ukraine**

No. of mobile subscriptions (100% in thousands)

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- of which prepaid

Average traffic minutes per subscription per month (AMPU) in the quarter

Average revenue per subscription per month (ARPU) in the quarter

- of which contract

- of which prepaid

**Pannon Hungary**

No. of mobile subscriptions (in thousands)

- of which prepaid

Average traffic minutes per subscription per month (AMPU) in the quarter

Average revenue per subscription per month (ARPU) in the quarter

- of which contract

- of which prepaid

**DTAC Thailand**

No. of mobile subscriptions (100% in thousands)

- of which prepaid

Average traffic minutes per subscription per month (AMPU) in the quarter

Average revenue per subscription per month (ARPU) in the quarter

- of which contract

- of which prepaid

**DiGi.Com Malaysia**

No. of mobile subscriptions (100% in thousands)

- of which prepaid

Average traffic minutes per subscription per month (AMPU) in the quarter

Average revenue per subscription per month (ARPU) in the quarter

- of which contract

- of which prepaid

**GrameenPhone Bangladesh**

No. of mobile subscriptions (100% in thousands)

- of which prepaid

Average traffic minutes per subscription per month (AMPU) in the quarter

Average revenue per subscription per month (ARPU) in the quarter

- of which contract

- of which prepaid

**Telenor Pakistan**

No. of mobile subscriptions (in thousands)

**ProMonte GSM Montenegro**

No. of mobile subscriptions (in thousands)

- of which prepaid

Average traffic minutes per subscription per month (AMPU) in the quarter

Average revenue per subscription per month (ARPU) in the quarter

- of which contract

- of which prepaid

**Associated companies**

No. of mobile subscriptions (100% in thousands)

**FIXED Norway**

**Retail market**

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No. of PSTN subscriptions (in thousands)  
No. of ISDN subscriptions (lines in thousands)  
PSTN/ISDN/BBT generated traffic (million minutes)  
Market share of PSTN/ISDN/BBT generated traffic (%)  
No. of Online subscriptions residential market (in thousands)  
No. of xDSL subscriptions residential market (in thousands)  
No. of xDSL subscriptions business market Norway (in thousands)

**Wholesale market**

No. of PSTN subscriptions (in thousands)  
No. of ISDN subscriptions (lines in thousands)  
No. of xDSL subscriptions (in thousands)  
No. of LLUB (in thousands)

**BROADCAST**

No. of television subscribers in the Nordic region  
- DTH pay-TV subscribers (in thousands)  
- Cable TV subscribers (in thousands)  
- Households in satellite master antenna TV-networks (in thousands)  
- Cable TV Internet access (in thousands)

\*) ARPU for 2003 has not been restated to comply with IFRS

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|        | 2003   |        |        |        |        |  |
|--------|--------|--------|--------|--------|--------|--|
| Q1     | Q2     | Q3     | Q4     | Q1     | Q2     |  |
|        |        |        |        | 14,245 | 15,226 |  |
|        |        |        |        | 5,048  | 5,698  |  |
|        |        |        |        | 2,537  | 2,990  |  |
|        |        |        |        | 5,033  | 2,983  |  |
|        |        |        |        | 46.8   | 46.3   |  |
| 26,139 | 25,317 | 21,584 | 17,817 | 19,297 | 21,973 |  |
| 1.8    | 1.6    | 1.3    | 1.0    | 1.0    | 1.1    |  |
| 1,230  | 1,314  | 1,460  | 2,450  | 1,471  | 4,012  |  |
| 23     | 268    | 9      | 263    | 3,749  | 294    |  |
| 21,200 | 21,150 | 20,300 | 19,450 | 20,600 | 20,200 |  |
| 8,700  | 8,700  | 8,100  | 7,450  | 8,650  | 8,750  |  |
|        |        |        |        |        |        |  |
| 2,342  | 2,330  | 2,364  | 2,364  | 2,378  | 2,451  |  |
| 2,294  | 2,285  | 2,324  | 2,327  | 2,346  | 2,422  |  |
| 1,093  | 1,091  | 1,120  | 1,099  | 1,091  | 1,118  |  |
| 168    | 179    | 182    | 176    | 179    | 187    |  |
| 317    | 330    | 335    | 310    | 315    | 332    |  |
| 459    | 476    | 489    | 452    | 464    | 491    |  |
| 158    | 166    | 167    | 155    | 147    | 146    |  |
| 566    | 594    | 619    | 630    | 611    | 656    |  |
|        |        |        |        |        |        |  |
|        |        |        |        | 987    | 1,203  |  |
|        |        |        |        | 250    | 451    |  |
|        |        |        |        | 147    | 157    |  |
|        |        |        |        | 250    | 233    |  |
|        |        |        |        | 287    | 291    |  |
|        |        |        |        | 135    | 111    |  |
|        |        |        |        | 479    | 545    |  |
|        |        |        |        |        |        |  |
| 52     | 59     | 65     | 81     | 84     | 92     |  |
| 26     | 23     | 28     | 44     | 48     | 55     |  |
| 28     | 38     | 49     | 69     | 73     | 96     |  |
| 120    | 155    | 172    | 175    | 169    | 181    |  |
| 195    | 239    | 252    | 248    | 252    | 262    |  |
| 45     | 49     | 56     | 103    | 106    | 122    |  |
|        |        |        |        |        |        |  |
| 2,012  | 2,205  | 2,512  | 3,037  | 3,221  | 3,610  |  |

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|        | 2003   |        |        |        |        |
|--------|--------|--------|--------|--------|--------|
| Q1     | Q2     | Q3     | Q4     | Q1     | Q2     |
| 1,614  | 1,768  | 2,037  | 2,503  | 2,675  | 3,031  |
| 42     | 51     | 57     | 72     | 68     | 74     |
| 77     | 87     | 98     | 93     | 84     | 93     |
| 168    | 176    | 203    | 200    | 191    | 213    |
| 55     | 65     | 73     | 70     | 62     | 69     |
| 2,514  | 2,514  | 2,564  | 2,618  | 2,596  | 2,588  |
| 1,989  | 1,981  | 2,019  | 2,023  | 1,977  | 1,935  |
| 104    | 110    | 113    | 116    | 111    | 121    |
| 151    | 161    | 165    | 170    | 165    | 170    |
| 388    | 414    | 416    | 412    | 399    | 389    |
| 86     | 92     | 97     | 99     | 92     | 96     |
| 1,802  | 1,944  | 2,053  | 2,205  | 2,413  | 2,583  |
| 1,709  | 1,850  | 1,953  | 2,101  | 2,301  | 2,453  |
| 174    | 173    | 177    | 175    | 167    | 164    |
| 121    | 110    | 115    | 115    | 113    | 107    |
| 294    | 309    | 326    | 318    | 312    | 312    |
| 111    | 99     | 105    | 105    | 104    | 97     |
| 835    | 928    | 1,047  | 1,141  | 1,520  | 1,795  |
| 631    | 725    | 820    | 899    | 1,258  | 1,501  |
| 221    | 225    | 233    | 230    | 239    | 246    |
| 133    | 132    | 141    | 128    | 120    | 106    |
| 274    | 282    | 332    | 319    | 331    | 287    |
| 86     | 87     | 88     | 76     | 71     | 69     |
| 17,158 | 15,105 | 17,035 | 19,478 | 21,028 | 24,594 |





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|       | 2003  |       |       |       |       |  |
|-------|-------|-------|-------|-------|-------|--|
| Q1    | Q2    | Q3    | Q4    | Q1    | Q2    |  |
| 1,449 | 1,427 | 1,381 | 1,308 | 1,248 | 1,219 |  |
| 1,816 | 1,800 | 1,755 | 1,682 | 1,600 | 1,548 |  |
| 4,268 | 3,876 | 3,454 | 3,787 | 3,725 | 3,279 |  |
| 68    | 68    | 68    | 68    | 67    | 68    |  |
| 315   | 304   | 301   | 294   | 286   | 276   |  |
| 114   | 124   | 139   | 163   | 191   | 214   |  |
| 7     | 10    | 11    | 14    | 17    | 21    |  |
| 11    | 12    | 42    | 104   | 151   | 170   |  |
| 14    | 17    | 52    | 126   | 188   | 215   |  |
| 21    | 31    | 41    | 56    | 76    | 86    |  |
| 53    | 59    | 68    | 80    | 96    | 108   |  |
| 713   | 708   | 726   | 763   | 778   | 782   |  |
| 575   | 590   | 594   | 604   | 605   | 611   |  |
| 1,130 | 1,049 | 1,100 | 1,098 | 1,132 | 1,161 |  |
| 24    | 26    | 28    | 31    | 34    | 35    |  |

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|  | 2004   |         | 2005   |        |        |        |
|--|--------|---------|--------|--------|--------|--------|
|  | Q3     | Q4      | Q1     | Q2     | Q3     | Q4     |
|  | 15,608 | 15,512  | 15,270 | 16,542 | 17,641 | 19,474 |
|  | 5,655  | 5,134   | 5,106  | 5,630  | 6,378  | 6,722  |
|  | 2,895  | (1,055) | 2,425  | 2,859  | 3,472  | 2,949  |
|  | 2,988  | (1,130) | 2,815  | 3,325  | 3,785  | 2,666  |
|  | 48.8   | 47.8    | 47.2   | 44.5   | 45.3   | 42.3   |
|  | 20,596 | 19,195  | 15,933 | 17,814 | 21,838 | 31,133 |
|  | 1.0    | 0.9     | 0.8    | 0.9    | 1.0    | 1.3    |
|  | 3,140  | 4,122   | 3,360  | 2,923  | 3,720  | 6,436  |
|  | 644    | 1,122   | 50     | 264    | 5,824  | 2,720  |
|  | 20,700 | 20,900  | 21,900 | 22,400 | 23,400 | 27,600 |
|  | 9,450  | 9,500   | 10,600 | 11,100 | 12,400 | 16,700 |
|  |        |         |        |        |        |        |
|  | 2,562  | 2,645   | 2,635  | 2,687  | 2,736  | 2,731  |
|  | 2,536  | 2,623   | 2,635  | 2,687  | 2,736  | 2,731  |
|  | 1,178  | 1,228   | 1,218  | 1,267  | 1,285  | 1,222  |
|  | 187    | 182     | 175    | 191    | 186    | 184    |
|  | 328    | 318     | 297    | 308    | 314    | 317    |
|  | 499    | 491     | 453    | 465    | 475    | 472    |
|  | 129    | 119     | 117    | 129    | 133    | 136    |
|  | 726    | 792     | 818    | 838    | 881    | 922    |
|  |        |         |        |        |        |        |
|  | 1,253  | 1,275   | 1,232  | 1,250  | 1,261  | 1,284  |
|  | 485    | 462     | 413    | 420    | 420    | 425    |
|  | 139    | 151     | 153    | 182    | 183    | 195    |
|  | 219    | 207     | 229    | 253    | 243    | 246    |
|  | 281    | 267     | 284    | 306    | 292    | 285    |
|  | 120    | 111     | 126    | 146    | 146    | 166    |
|  | 588    | 687     | 722    | 716    | 747    | 875    |
|  |        |         |        |        |        |        |
|  | 96     | 105     | 107    | 99     | 97     | 95     |
|  | 56     | 57      | 56     | 51     | 50     | 48     |
|  | 104    | 108     | 113    | 141    | 144    | 129    |
|  | 182    | 169     | 164    | 167    | 164    | 136    |
|  | 265    | 241     | 215    | 216    | 215    | 183    |
|  | 125    | 117     | 121    | 121    | 115    | 90     |
|  |        |         |        |        |        |        |
|  | 4,856  | 6,252   | 7,662  | 9,335  | 10,943 | 13,925 |

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|           | <b>2004</b> |           |           |           | <b>2005</b> |
|-----------|-------------|-----------|-----------|-----------|-------------|
| <b>Q3</b> | <b>Q4</b>   | <b>Q1</b> | <b>Q2</b> | <b>Q3</b> | <b>Q4</b>   |
| 4,211     | 5,532       | 6,892     | 8,500     | 10,021    | 12,901      |
| 95        | 95          | 91        | 90        | 103       | 108         |
| 95        | 68          | 53        | 62        | 66        | 64          |
| 223       | 184         | 165       | 187       | 200       | 197         |
| 72        | 52          | 40        | 49        | 53        | 53          |
| 2,595     | 2,770       | 2,792     | 2,824     | 2,856     | 2,929       |
| 1,886     | 1,991       | 1,955     | 1,915     | 1,894     | 1,904       |
| 127       | 131         | 125       | 143       | 145       | 149         |
| 184       | 171         | 157       | 162       | 166       | 162         |
| 400       | 356         | 327       | 316       | 314       | 299         |
| 103       | 96          | 84        | 89        | 89        | 86          |
|           |             |           |           |           | 8,677       |
|           |             |           |           |           | 7,212       |
|           |             |           |           |           | 231         |
|           |             |           |           |           | 71          |
|           |             |           |           |           | 161         |
|           |             |           |           |           | 54          |
| 2,804     | 3,239       | 3,461     | 3,765     | 4,187     | 4,795       |
| 2,653     | 3,067       | 3,259     | 3,525     | 3,880     | 4,441       |
| 170       | 165         | 163       | 170       | 175       | 169         |
| 110       | 98          | 92        | 99        | 100       | 102         |
| 297       | 238         | 233       | 216       | 192       | 174         |
| 100       | 90          | 84        | 93        | 93        | 97          |
| 2,024     | 2,388       | 2,928     | 3,704     | 4,215     | 5,542       |
| 1,730     | 2,092       | 2,625     | 3,375     | 3,860     | 5,159       |
| 249       | 241         | 237       | 223       | 223       | 250         |
| 103       | 87          | 81        | 69        | 65        | 56          |
| 302       | 257         | 288       | 284       | 282       | 258         |
| 67        | 60          | 54        | 47        | 45        | 39          |
|           |             | 344       | 836       | 1,200     | 1,868       |
| 340       | 279         | 279       | 303       | 394       | 310         |
| 297       | 234         | 235       | 263       | 352       | 265         |
| 113       | 87          | 91        | 105       | 109       | 92          |
| 139       | 107         | 115       | 129       | 126       | 95          |
| 309       | 284         | 288       | 338       | 339       | 269         |
| 111       | 79          | 82        | 97        | 103       | 71          |
| 28,662    | 33,763      | 38,645    | 42,328    | 46,615    | 40,593      |



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|           | <b>2004</b> |           |           |           | <b>2005</b> |
|-----------|-------------|-----------|-----------|-----------|-------------|
| <b>Q3</b> | <b>Q4</b>   | <b>Q1</b> | <b>Q2</b> | <b>Q3</b> | <b>Q4</b>   |
| 1,196     | 1,182       | 1,165     | 1,139     | 1,118     | 1,089       |
| 1,498     | 1,449       | 1,394     | 1,335     | 1,276     | 1,227       |
| 2,851     | 3,171       | 2,848     | 2,644     | 2,289     | 2,502       |
| 67        | 67          | 67        | 67        | 66        | 66          |
| 263       | 241         | 215       | 197       | 182       | 165         |
| 245       | 286         | 339       | 364       | 388       | 414         |
| 25        | 40          | 46        | 51        | 56        | 61          |
| 180       | 188         | 192       | 200       | 202       | 202         |
| 234       | 250         | 256       | 259       | 256       | 251         |
| 90        | 91          | 77        | 87        | 97        | 109         |
| 123       | 145         | 172       | 192       | 209       | 235         |
| 800       | 824         | 851       | 853       | 876       | 906         |
| 614       | 624         | 616       | 619       | 636       | 681         |
| 1,190     | 1,212       | 1,197     | 1,205     | 1,184     | 1,160       |
| 38        | 44          | 48        | 50        | 53        | 73          |