

GENERAL ELECTRIC CAPITAL CORP
Form 10-Q
April 26, 2006

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

**FORM
10-Q**

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2006

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____ to ____

Commission file number 1-6461

GENERAL ELECTRIC CAPITAL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

13-1500700

(I.R.S. Employer Identification No.)

260 Long Ridge Road, Stamford, CT

(Address of principal executive offices)

06927

(Zip Code)

(Registrant's telephone number, including area code) **(203) 357-4000**

(Former name, former address and former fiscal year,
if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

At April 25, 2006, 3,985,403 shares of voting common stock, which constitute all of the outstanding common equity, with a par value of \$14 per share were outstanding.

REGISTRANT MEETS THE CONDITIONS SET FORTH IN GENERAL INSTRUCTION H(1)(a) AND (b) OF FORM 10-Q AND IS THEREFORE FILING THIS FORM 10-Q WITH THE REDUCED DISCLOSURE FORMAT.

(1)

General Electric Capital Corporation

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Forward-Looking Statements

This document contains “forward-looking statements” - that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance, and often contain words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” or “will.” Forward-looking statements of this nature address matters that are, to different degrees, uncertain. For us, particular uncertainties which could adversely or positively affect our future results include: the behavior of financial markets, including fluctuations in interest rates and commodity prices; strategic actions, including dispositions; future integration of acquired businesses; future financial performance of major industries which we serve, including, without limitation, the air and rail transportation, energy generation, media, real estate and healthcare industries; and numerous other matters of national, regional and global scale, including those of a political, economic, business, competitive and regulatory nature. These uncertainties may cause our actual future results to be materially different than those expressed in our forward-looking statements. We do not undertake to update our forward-looking statements.

(2)

Part I. Financial Information**Item 1. Financial Statements****General Electric Capital Corporation and consolidated affiliates
Condensed Statement of Current and Retained Earnings
(Unaudited)**

<i>(In millions)</i>	Three months ended	
	March 31	
	2006	2005
Revenues		
Revenues from services (note 3)	\$ 13,248	\$ 12,120
Sales of goods	555	674
Total revenues	13,803	12,794
Costs and expenses		
Interest	4,024	3,358
Operating and administrative	4,166	4,051
Cost of goods sold	513	635
Investment contracts, insurance losses and insurance annuity benefits	148	202
Provision for losses on financing receivables	825	928
Depreciation and amortization	1,486	1,621
Minority interest in net earnings of consolidated affiliates	94	21
Total costs and expenses	11,256	10,816
Earnings from continuing operations before income taxes		
Provision for income taxes	2,547	1,978
	(321)	(150)
Earnings from continuing operations		
Earnings from discontinued operations, net of taxes (note 2)	2,226	1,828
	128	249
Net earnings		
Dividends	2,354	2,077
	(4,749)	(239)
Retained earnings at beginning of period	35,927	34,947
Retained earnings at end of period	\$ 33,532	\$ 36,785

The notes to condensed, consolidated financial statements are an integral part of this statement.

(3)

General Electric Capital Corporation and consolidated affiliates
Condensed Statement of Financial Position

<i>(In millions)</i>	March 31, 2006 (Unaudited)	December 31, 2005
Assets		
Cash and equivalents	\$ 5,892	\$ 5,996
Investment securities	21,491	18,467
Inventories	161	159
Financing receivables - net (note 4)	282,556	284,567
Other receivables	26,475	25,250
Buildings and equipment, less accumulated amortization of \$21,454 and \$21,271	51,220	50,936
Intangible assets - net (note 5)	23,119	23,086
Other assets	52,021	49,521
Assets of discontinued operations (note 2)	14,520	17,291
Total assets	\$ 477,455	\$ 475,273
Liabilities and equity		
Borrowings (note 6)	\$ 359,920	\$ 355,885
Accounts payable	13,941	14,345
Investment contracts, insurance liabilities and insurance annuity benefits	12,638	12,094
Other liabilities	15,221	16,269
Deferred income taxes	11,963	11,085
Liabilities of discontinued operations (note 2)	13,753	13,195
Total liabilities	427,436	422,873
Minority interest in equity of consolidated affiliates	2,260	2,212
Capital stock	56	56
Accumulated gains (losses) - net		
Investment securities	581	744
Currency translation adjustments	2,044	2,343
Cash flow hedges	(491)	(790)
Minimum pension liabilities	(157)	(147)
Additional paid-in capital	12,194	12,055
Retained earnings	33,532	35,927
Total shareowner's equity	47,759	50,188
Total liabilities and equity	\$ 477,455	\$ 475,273

The sum of accumulated gains (losses) on investment securities, currency translation adjustments, cash flow hedges and minimum pension liabilities constitutes "Accumulated nonowner changes other than earnings," and was \$1,977 million and \$2,150 million at March 31, 2006 and December 31, 2005, respectively.

The notes to condensed, consolidated financial statements are an integral part of this statement.

(4)

General Electric Capital Corporation and consolidated affiliates
Condensed Statement of Cash Flows
(Unaudited)

<i>(In millions)</i>	Three months ended			
	March 31			
	2006	2005		
Cash flows - operating activities				
Net earnings	\$ 2,354	\$ 2,077		
Earnings from discontinued operations	(128)	(249)		
Adjustments to reconcile net earnings to cash provided from operating activities				
Depreciation and amortization of buildings and equipment	1,486	1,621		
Decrease in accounts payable	(153)	(210)		
Provision for losses on financing receivables	825	928		
All other operating activities	(1,115)	1,555		
Cash from operating activities - continuing operations	2)	385	220	1 413 220
Operating profit	410	225	1 531	225
2) Of which amortization of Telenor's net excess values	53	35	205	35
EBITDA/Total revenues (%)	36.8	37.4	36.2	37.4
Operating profit/Total revenues (%)	19.0	18.9	18.8	18.9
Capex	737	146	2 450	146
Investments in businesses		2 664	116	2 664
ARPU monthly (NOK)	59	66	61	66
No. of subscriptions (100% in thousands)			11 869	8 677

At the end of the fourth quarter of 2006, Telenor's economic stake in DTAC was 73.2%. Compared to the third quarter of 2006, the Norwegian Krone depreciated against the Thai Baht by approximately 5% in the fourth quarter of 2006. The preceding table shows figures for DTAC from the time of consolidation, 26 October 2005.

The following comments are made against the third quarter of 2006.

DTAC increased the number of its subscriptions by 628,000 and is estimated to have maintained its market share at around 31%.

Despite a high increase in average usage, ARPU in local currency declined by 4%, due to lower average prices. Total revenues in local currency increased by 1%, which was primarily driven by the increase in total number of subscriptions.

EBITDA margin increased by 1 percentage point. The revenue share, which DTAC is required to pay to the Communications Authorities of Thailand (CAT Telecom) on a material part of its services, increased as scheduled from 20% to 25% from 16 September 2006. The full impact of this increase in the fourth quarter was more than offset by the amendment of access charge payments with interconnection costs (interconnection and transit) to the fixed line operator TOT.

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Capital expenditure increased following continuous investments in network capacity and network expansion to accommodate the increasing subscription base and usage.

The National Telecommunications Commission (NTC) in Thailand has approved DTAC's Reference Interconnect Offer and, on 4 October 2006, DTAC requested bilateral negotiations with the other fixed and mobile operators in Thailand. On 17 November 2006, DTAC signed an interconnection agreement with the mobile operator True Move, on 30 November 2006 with AIS and on 22 December with the broadband operator Triple T. The interconnection rates between DTAC and AIS / True Move have been set at THB 1 per minute and the companies expect to start billing for traffic in the first quarter of 2007.

On 17 November 2006, DTAC informed TOT that the terms in respect to the Access Charge Agreement are no longer enforceable as they are contrary to the law. From 18 November 2006, the access charge agreement has been amended to reflect the new NTC approved Reference Interconnect Offer rates.

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DiGi Malaysia

(NOK in millions)	4th quarter		Year	
	2006	2005	2006	2005
Subscription and traffic	1 488	1 198	5 453	3 949
Interconnection revenues	144	159	575	594
Mobile revenues company s subscriptions	1 632	1 357	6 028	4 543
Other mobile revenues	8	18	82	65
Total mobile revenues	1 640	1 375	6 110	4 608
Non-mobile revenues	59	77	263	324
Total revenues ¹⁾	1 699	1 452	6 373	4 932
¹⁾ Of which internal revenues	1	2	6	4
EBITDA	824	632	2 945	2 142
Depreciation and amortization ²⁾	328	273	1 103	1 038
Write-downs	(1)	3	7	5
Operating profit	497	356	1 835	1 099
²⁾ Of which amortization of Telenor s net excess values	4	4	15	51
EBITDA/Total revenues (%)	48.5	43.5	46.2	43.4
Operating profit/Total revenues (%)	29.3	24.5	28.8	22.3
Capex	513	574	1 309	1 170
ARPU monthly (NOK)	96	102	94	98
No. of subscriptions (100% in thousands)			5 312	4 795

At the end of the fourth quarter of 2006, Telenor s ownership interest in DiGi was 61.0%. Compared to the fourth quarter of 2005, the Norwegian Krone remained stable against the Malaysian Ringgit in the fourth quarter of 2006.

Adjusted for the termination of around 500,000 subscriptions following the mandatory prepaid registration in Malaysia, the number of subscriptions increased by 230,000 during the fourth quarter of 2006.

ARPU measured in local currency declined by 6% primarily due to lower incoming traffic combined with a reduction in interconnect access prices.

Total revenues measured in local currency increased by 17% driven by an 11% increase in the subscription base.

EBITDA margin improved by 5 percentage points primarily contributed by higher revenues. A reduction in provision for licence fees for 2006 affected the EBITDA margin positively by approximately 2 percentage points. Measured in local currency, EBITDA increased by 30%.

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Depreciation and amortization increased primarily due to accelerated depreciation resulting from the re-assessment of assets useful lives with effect from 1 July 2006.

Capital expenditure declined mainly due to a higher roll-out volume and completion of capacity upgrades in the fourth quarter of 2005.

Table of Contents**Grameenphone Bangladesh**

(NOK in millions)	4th quarter		Year	
	2006	2005	2006	2005
Subscription and traffic	1 106	769	3 920	2 741
Interconnection revenues	114	63	359	188
Mobile revenues company s subscriptions	1 220	832	4 279	2 929
Other mobile revenues	4	6	18	22
Total mobile revenues	1 224	838	4 297	2 951
Non-mobile revenues	5	12	17	19
Total revenues ¹⁾	1 229	850	4 314	2 970
¹⁾ Of which internal revenues		1	1	1
EBITDA	724	455	2 516	1 559
Depreciation and amortization	204	166	680	439
Operating profit	520	289	1 836	1 120
EBITDA/Total revenues (%)	58.9	53.5	58.3	52.5
Operating profit/Total revenues (%)	42.3	34.0	42.6	37.7
Capex	683	1 153	2 023	2 596
ARPU monthly (NOK)	41	56	44	68
No. of subscriptions (100% in thousands)			10 759	5 542

At the end of the fourth quarter of 2006, Telenor s ownership interest in Grameenphone was 62.0%. Compared to the fourth quarter of 2005, the Norwegian Krone appreciated against the Bangladeshi Taka by approximately 6% in the fourth quarter of 2006.

The number of subscriptions increased by almost 1.4 million in the fourth quarter of 2006 and by 5.2 million from the fourth quarter of 2005.

Grameenphone s estimated market share remained stable at 63%.

ARPU in local currency decreased by 22% primarily due to decreasing average prices.

Measured in local currency, total revenues increased by 57% mainly due to the subscription growth. This was partially offset by reduction in ARPU.

The EBITDA margin increased by 5 percentage points due to higher revenues and reversal of provisions. The fourth quarter of 2005 was positively affected by a change in accounting treatment of operating lease. The normalized EBITDA margin is estimated at 52%.

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Depreciation and amortization increased as a result of increased capital expenditure, as well as a reduction in useful life for certain assets.

Capital expenditure decreased primarily due to the change in accounting treatment of operating lease in the fourth quarter of 2005.

From January 2007, the inter-operator mobile call termination price in Bangladesh changed from Taka 0.90 peak time and Taka 0.50 off peak time to a flat rate of Taka 0.66.

Telenor Pakistan

(NOK in millions)	4th quarter		Year	
	2006	2005	2006	2005
Subscription and traffic	394	91	1 002	167
Interconnection revenues	83	45	275	93
Mobile revenues company s subscriptions	477	136	1 277	260
Other mobile revenues	3		7	
Total mobile revenues	480	136	1 284	260
Non-mobile revenues	6	4	15	5
Total revenues ¹⁾	486	140	1 299	265
¹⁾ Of which internal revenues	4	3	11	11
EBITDA	(47)	(133)	(328)	(572)
Depreciation and amortization	136	85	449	226
Operating loss	(183)	(218)	(777)	(798)
Capex	847	496	2 653	1 843
ARPU monthly (NOK)	28	30	29	19
No. of subscriptions (100% in thousands)			6 661	1 868

Compared to the fourth quarter of 2005, the Norwegian Krone appreciated against the Pakistani Rupi by approximately 6% in the fourth-quarter of 2006. Telenor Pakistan is part of Other mobile operations in the table on page 17.

Telenor Pakistan experienced a significant growth in the number of subscriptions with net additions of 2.1 million during this quarter alone and an increase of almost 5 million compared to the fourth quarter of 2005.

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Telenor Pakistan's estimated market share increased significantly by 3 percentage points to 14% from the previous quarter.

Despite the high subscription growth, ARPU in local currency increased by 3% compared to the third quarter of 2006.

Compared to the third quarter of 2006, total revenues in local-currency increased by 46% mainly due to the subscription growth. EBITDA improved further, mainly due to higher revenues.

Capital expenditure was related to the roll-out of the mobile network.

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Fixed

(NOK in millions)	4th quarter		Year	
	2006	2005	2006	2005
Revenues				
Norway	3 867	4 186	15 824	16 867
Other operations	1 145	887	4 167	2 581
Eliminations	(45)	(48)	(117)	(135)
Total revenues ¹⁾	4 967	5 025	19 874	19 313
¹⁾ Of which internal revenues	460	602	1 919	2 173
EBITDA	1 269	1 543	6 066	5 885
Depreciation and amortization ²⁾	821	850	3 084	3 236
Write-downs ³⁾	57	609	81	587
Operating profit	391	84	2 901	2 062
²⁾ Of which amortization of Telenor s net excess values	73	(6)	191	66
³⁾ Of which write-downs of Telenor s net excess values		10		(24)
EBITDA/Total revenues (%)	25.5	30.7	30.5	30.5
Operating profit/Total revenues (%)	7.9	1.7	14.6	10.7
Capex	702	1 237	2 523	2 776
Investments in businesses	90	(20)	628	5 816

Table of Contents**Fixed Norway**

(NOK in millions)	4th quarter		Year	
	2006	2005	2006	2005
Revenues				
Telephony	1 477	1 751	6 308	7 232
xDSL/Internet	611	536	2 339	2 039
Data services	209	238	827	963
Other revenues	323	366	1 280	1 465
Total retail revenues	2 620	2 891	10 754	11 699
Wholesale revenues	1 247	1 295	5 070	5 168
Total revenues ¹⁾	3 867	4 186	15 824	16 867
¹⁾ Of which internal revenues	508	623	2 080	2 190
EBITDA	1 150	1 377	5 417	5 701
Depreciation and amortization ²⁾	559	692	2 262	2 707
Write-downs ³⁾		(1)	13	(25)
Operating profit	591	686	3 142	3 019
²⁾ Of which amortization of Telenor's net excess values	4		4	
³⁾ Of which write-downs of Telenor's net excess values		(2)		(36)
EBITDA/Total revenues (%)	29.7	32.9	34.2	33.8
Operating profit/Total revenues (%)	15.3	16.4	19.9	17.9
Capex	528	917	1 732	2 169
Investments in businesses	87		88	44
No. of subscriptions (in thousands):				
Telephony			1 480	1 622
of which PSTN			965	1 089
of which ISDN			413	509
of which VoIP			102	24
xDSL subscriptions			572	475

Measured in traffic minutes, Telenor's estimated market share was 65%, while the estimated market share for xDSL in the retail market was 57%, both in line with the previous quarter.

Total revenues decreased by 7.6%. Adjusted for the outsourcing of contractor activities from 1 April 2006, total revenues decreased by 5.5%. Adjusted total revenues for the full year 2006 decreased by 4.6% compared to the full year 2005.

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Revenues from telephony decreased due to a reduction in the-number of subscriptions, lower traffic volumes and price reductions implemented from 1 September 2006. The number of PSTN/ISDN subscriptions decreased primarily due to migration to VoIP telephony with other fixed network operators, as well as a decrease in the total market. Lower traffic volumes were due to the decrease in the-number of telephony subscriptions and the number of minutes per subscription. The latter was mainly due to migration of traffic from fixed to mobile telephony.

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

The decrease in Other revenues was mainly related to lower intra-group sales and lower revenues from large installation contracts.

Wholesale revenues, adjusted for the outsourcing of contractor activities from 1 April 2006, increased mainly as a result of growth in the number of subscriptions partially offset by price reductions.

The decrease in EBITDA margin was primarily due to decreased gross margin and high costs related to operational conditions in the network, partially offset by lower operating expenses. Total operating expenses declined mainly due to reduction in the number of man-years.

The decrease in depreciation and amortization was primarily due to lower capital expenditure in recent years. This was partially offset by increased amortization for expenses associated with transactions that provide the rights to use assets, such as local loop unbundling, and decreased estimated useful life for some IT-systems.

Capital expenditure decreased primarily due to the change in accounting treatment of prepaid costs in leases in the fourth quarter of 2005, which increased capital expenditure by NOK 463 million.

Table of Contents**Fixed Other operations**

(NOK in millions)	4th quarter		Year	
	2006	2005	2006	2005
Revenues				
Fixed Sweden	926	676	3 376	2 096
Fixed Denmark	219	164	773	306
Other countries/eliminations		47	18	179
Total revenues ¹⁾	1 145	887	4 167	2 581
¹⁾ Of which internal revenues	(4)	27	(44)	118
EBITDA				
Fixed Sweden	63	183	400	158
Fixed Denmark	62	49	237	97
Other countries/eliminations	3	(66)	12	(70)
Total EBITDA	128	166	649	185
Depreciation and amortization ²⁾	262	158	822	528
Write-downs ³⁾	57	614	68	617
Operating loss	(191)	(606)	(241)	(960)
Of which:				
Fixed Sweden	(145)	(549)	(219)	(866)
Fixed Denmark	(49)	27	(30)	29
Other countries/eliminations	3	(84)	8	(123)
²⁾ Of which amortization of Telenor s net excess values	69	(6)	187	66
³⁾ Of which write-downs of Telenor s net excess values		12		12
Capex				
Fixed Sweden	114	255	582	485
Fixed Denmark	60	57	209	97
Other countries		8		25

Bredbandsbolaget and Glocalnet are consolidated with effect from 8 July 2005 and 1 March 2006, respectively. As of 31 December 2006 Telenor s ownership interest in Glocalnet was 98.8%. Cybercity is consolidated in Fixed Denmark with effect from 5 July 2005. Compared to the fourth quarter of 2005, the Norwegian Krone depreciated against the Swedish Krone by approximately 8% and against the Danish Krone by approximately 4% in the third quarter of 2006. Operations in Other countries were sold with effect from 30 January 2006.

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Fixed Sweden

Revenues, adjusted for the acquisition of Glocalnet, increased due to growth in the number of subscriptions. In the fourth quarter of 2006, the number of xDSL subscriptions increased by 20,000 to 403,000, while the number of LAN subscriptions increased by 7,000 to 172,000.

EBITDA, adjusted for the acquisition of Glocalnet, decreased due to positive effects in the fourth quarter of 2005 related to the change in accounting treatment of transactions that provide the rights to use assets, such as local loop unbundling. In the fourth quarter of 2006 EBITDA was negatively affected by a loss on a rental contract of NOK 65 million.

Write-downs in the fourth quarter of 2005 were mainly related to fixed assets in Telenor AB.

On 1 January 2007 Spray Telecom AB was acquired for SEK 172-million.

Fixed Denmark

Revenues increased due to growth in the number of xDSL and VoIP subscriptions, partially offset by lower prices on xDSL subscriptions.

EBITDA increased mainly due to higher revenues.

The number of xDSL subscriptions increased by 10,000 to 174,000 and the number of VoIP subscriptions increased by 11,000 to 63,000.

Write-downs in the fourth quarter of 2006 were related to goodwill due to recognition of not previously recognised deferred taxes in the business combination of Cybercity. 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.

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Broadcast

(NOK in millions)	4th quarter		Year	
	2006	2005	2006	2005
Revenues				
Distribution	1 356	1 190	5 197	4 615
Transmission	332	313	1 280	1 207
Other/Eliminations	(33)	(37)	(168)	(173)
Total revenues ¹⁾	1 655	1 466	6 309	5 649
¹⁾ Of which internal revenues	52	35	164	131
EBITDA				
Distribution	57	147	810	818
Transmission	183	183	748	713
Other/Eliminations	20	1	32	(15)
Total EBITDA	260	331	1 590	1 516
Depreciation and amortization ²⁾	152	144	606	554
Write-downs ³⁾	15	(57)	18	(53)
Operating profit	93	244	966	1 015
Of which:				
Distribution	(12)	13	563	494
Transmission	97	240	413	564
Other/Eliminations	8	(9)	(10)	(43)
²⁾ Of which amortization of Telenor s net excess values	2	14	27	56
³⁾ Of which write-downs of Telenor s net excess values		75		75
EBITDA/Total revenues (%)	15.7	22.6	25.2	26.8
Operating profit/Total revenues (%)	5.6	16.6	15.3	18.0
Capex	260	133	615	392
Investments in businesses	71	25	219	42
No. of subscribers (in thousands):				
DTH pay TV			943	906
Cable TV			696	681
Households in satellite master antenna TV networks			1 155	1 177
Cable TV Internet access			91	73

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In the fourth quarter of 2006 the number of DTH pay TV subscribers increased by 14,000, the number of Cable TV subscribers increased by 5,000, and the number of Cable TV internet access subscribers increased by 7,000.

Total revenues increased primarily due to higher number of subscribers, and higher revenues from the sale of cards and services related to Pay TV access control.

The decrease in EBITDA and EBITDA margin was partially driven by free installation and hardware campaigns on DTH and Cable-TV, and the introduction of HDTV in Sweden. Furthermore, the decrease was partially due to higher content costs as a result of renegotiation of the contract with SBS Broadcasting Group/Canal+ with effect from 1 January 2006.

Capital expenditure increased due to start up of the construction of the Norwegian digital terrestrial TV (DTT) network in the third quarter of 2006.

Telenor, together with TV2 in Norway and Denmark and TV4 in Sweden, acquired the Scandinavian TV distribution rights to UEFA EURO 2008.

Telenor, together with Canal+, secured the Nordic TV distribution rights to English F.A. Premier League for three more seasons.

Write-downs in the fourth quarter of 2005 were related to reversal of an impairment loss previously recognised.

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Other Units

(NOK in millions)	4th quarter		Year	
	2006	2005	2006	2005
Revenues				
EDB Business Partner	1 599	1 258	5 733	4 991
Venture	149	126	568	490
Corporate functions and Group activities	433	564	2 030	2 266
Other/eliminations	(1)	(24)	(57)	(141)
Total revenues ¹⁾	2 180	1 924	8 274	7 606
¹⁾ Of which internal revenues	555	669	2 463	2 907
EBITDA				
EDB Business Partner	249	197	620	785
Venture	153	(14)	142	(2)
Corporate functions and Group activities	(251)	(104)	(549)	(77)
Other/eliminations	(137)	(32)	(262)	(149)
Total EBITDA	14	47	(49)	557
Depreciation and amortization ²⁾	216	195	822	770
Write-downs	19	6	19	6
Operating loss	(221)	(154)	(890)	(219)
Of which				
EDB Business Partner	153	96	222	377
Venture	144	(22)	109	(23)
Corporate functions and Group activities	(371)	(192)	(943)	(420)
Other/eliminations	(147)	(36)	(278)	(153)
²⁾ Of which amortization of Telenor's net excess values	2		5	
Capex from continuing operations	200	252	738	650
Capex from discontinued operations	74	69	186	182
Investments in businesses	99	47	1 674	332

In the fourth quarter of 2006, operating profit included gains on-disposal of operations in Venture of NOK 79 million and gains on-disposal of properties of NOK 33 million.

Investments in businesses in the fourth quarter of 2006 were mainly related to the acquisitions within EDB Business Partner and the acquisition of the joint venture company AeroMobile Ltd.

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EDB Business Partner

Revenues and EBITDA increased mainly due to acquisition of operations in the fourth quarter of 2005 and the first half year of 2006.

EDB Business Partner has entered into an agreement to purchase 60% of the shares in Infopulse Ukraine, with an option to acquire the remaining shares.

Satellite Services

On 25 October 2006, Telenor entered into an agreement with Apax Partners France for the sale of Telenor Satellite Services (TSS) to funds managed by Apax Partners for a cash consideration of USD 400 million. The agreement is expected to be closed during the first half year of 2007. The post tax results from external transactions in TSS are excluded from Continuing Operations and reported separately as results from Discontinued Operations. Prior periods profit and loss statements have been reclassified to be comparable. The gain will be recognised when the agreement is closed. Please refer to page 9 for further details about discontinued operations.

Venture

Revenues increased mainly due to acquired business.

Corporate Functions and Group Activities

The increased EBITDA loss was largely due to lower intra-group revenues.

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Other Profit and Loss Items for the Group

Depreciation, amortization and write-downs

(NOK in millions)	4th quarter		Year	
	2006	2005	2006	2005
Depreciation ¹⁾	2 432	1 948	8 938	7 854
Amortization ²⁾	1 644	1 171	5 783	3 427
Total depreciation and amortization	4 076	3 119	14 721	11 281
Write-downs ¹⁾	46	451	150	486
Write-downs of goodwill	67	78	67	44
Write-downs ²⁾	25	53	41	53
Total write-downs	138	582	258	583
Total depreciation, amortization and write-downs	4 214	3 701	14 979	11 864

¹⁾ Tangible assets
(property, plant
and equipment)

²⁾ Other intangible
assets and
prepaid lease
payments.

See page 19 for more specifications.

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

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

Write-downs of tangible assets in the fourth quarter of 2005 were mainly related to Telenor AB.

Write-downs of goodwill in the fourth quarter of 2006 were due to recognition of not previously recognised deferred taxes in business combinations. 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.

Associated companies

(NOK in millions)	4th quarter		Year	
	2006	2005	2006	2005
Telenor's share of ^Ø				
Profit after taxes	595	236	1 839	1 446
Amortization of Telenor's net excess values	(6)	(4)	(16)	(46)
Write-downs of Telenor's net excess values	169	(172)	158	(172)
Gains (losses) on disposal of ownership interests	366	3	372	(1)
Net result from associated companies	1 124	63	2 353	1 227

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- 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 DTAC and UCOM until 26 October 2005. Thereafter DTAC is

consolidated,
while UCOM is
treated as a
discontinued
operation.

Glocalnet is
included until
28

February 2006.

Thereafter

Glocalnet is
consolidated as
a subsidiary.

At the end of the fourth quarter of 2006, 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 of 31 December 2006, was NOK 30 billion. According to telecom analysts, VimpelCom had approximately 55 million mobile subscriptions at the end of the fourth quarter of 2006.

On 30 October 2006, Telenor entered into an agreement to sell its 46.9% ownership interest in Bravida ASA, which has resulted in a gain of NOK 351 million, recognised in the fourth quarter of 2006.

Financial items

(NOK in millions)	4th quarter		Year	
	2006	2005	2006	2005
Financial income	526	172	903	440
Financial expenses	(442)	(566)	(2 306)	(1 637)
Net foreign currency gains (losses)	16	(116)	(301)	90
Change in fair value of financial instruments	624	157	1 293	243
Net gains (losses) and write-downs	74	51	1 878	518
Net financial items	798	(302)	1 467	(346)
Gross interest expenses	(701)	(490)	(2 555)	(1 594)
Net interest expenses	(243)	(396)	(1 811)	(1 309)

Increased financial income was mainly due to interest income of NOK 280 million related to the tax settlement in the Sonofon case against the Kingdom of Norway.

Decreased financial expenses were mainly related to reversal of provision for interest expenses of NOK 304 million related to the Sonofon case, partially offset by increased financial expenses due to increased long-term interest-bearing liabilities following the acquisition of businesses.

The change in fair value of financial instruments was primarily related to the total return swap agreement in the underlying VimpelCom share and to derivatives used for economic hedge of interest-bearing liabilities that do not fulfil the requirements for hedge accounting.

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Taxes

The nominal Norwegian corporate income tax rate is 28%. Taxes in the fourth quarter of 2006 were positively impacted by a tax income of NOK 2,414 million related to the Sonofon case. In the fourth quarter of 2006, the Telenor Group reported a tax income of NOK 1,016 million.

The estimated effective tax rate for the Telenor Group for the fiscal year 2006 is approximately 15% of profit before taxes. The low effective tax rate for the full year was mainly due to the tax free gain on the sale of shares in Inmarsat of NOK 1.8 billion in the first quarter and the tax income of NOK 2.4 billion related to the Sonofon case that was recognised in the fourth quarter.

Adjusted for these effects, the effective tax rate for 2006 is approximately 30%. The effective tax rate is also affected by taxes related to companies outside Norway and non-deductible expenses.

The actual effective tax rate for 2006 may deviate from the estimated rate.

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Balance sheet

Total assets as of 31 December 2006 decreased by NOK 4.8 billion compared to 30 September 2006, primarily due to down payment of debt in the fourth quarter.

Net interest-bearing liabilities decreased by NOK 4.1 billion in the quarter to NOK 43.2 billion as of 31 December 2006.

Assets and liabilities directly associated with those assets that will be transferred in connection with the sale of Telenor Satellite Services (TSS) are presented separately as held for sale in the balance sheet. As a consequence of this, non-current assets of NOK 1,194 million and current assets of NOK 925 million were reclassified to Assets held for sale in the fourth quarter of 2006. Correspondingly, NOK 718 million in current and non-current liabilities related to TSS were reclassified to Liabilities held for sale. For more information regarding Discontinued Operations, see further explanation under Discontinued Operations below.

The provisionally purchase price allocation of Mobile Sweden and Telenor Serbia has been revised during the fourth quarter of 2006, and resulted in a reduction of goodwill by NOK 545 million in the fourth quarter of 2006. The increase in intangible assets was mainly related to the same adjustment. The provisionally purchase price allocation is still due for adjustments.

Translation differences increased equity in the fourth quarter of 2006 by NOK 1.0 billion, due to the depreciation of the Norwegian Krone compared to most of the functional currencies of Telenor's foreign subsidiaries and associated companies as of 31 December 2006, compared to 30 September 2006.

Discontinued Operations

Discontinued operations remain consolidated in the Group's financial statements, which means that any internal transactions between continuing and discontinued operations are eliminated as usual in the consolidation. As a consequence, the amounts ascribed to continuing and discontinued operations are revenues and expenses only from external transactions. Prior period's profit and loss statements have been reclassified to be comparable. This means that the results presented for continuing and discontinued operations do not indicate the profit of these operations, as if they were stand-alone entities, for past or future periods. External assets and liabilities are presented separately as held for sale in the balance sheet with effect from the time Telenor entered into the agreement. However, internal assets and liabilities have not been reclassified. The balance sheet has not been reclassified for prior periods.

US GAAP

Net income and equity according to United States Generally Accepted Accounting Principles (US GAAP) will be published in Form 20-F for 2006.

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Outlook for 2007

Based upon the current group structure:

In 2007 we expect a growth in reported revenues of between 15% and 20%.

The EBITDA margin before other income and expenses is expected to be around 35%.

We expect capital expenditure as a proportion of revenues to be around 20% in 2007, mainly driven by high subscription growth within our mobile operations in emerging markets.

The effects from the introduction of an interconnect regime in Thailand, both when it comes to timing as well as magnitude, represents the main uncertain factor related to Telenor's outlook for 2007.

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.

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

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) IAS34 Interim Financial Reporting. They do not include all of the information required for full annual consolidated-financial statements, and should be read in conjunction with consolidated financial statements of the Group as at and for the year ended 31 December 2005. These condensed consolidated interim financial-statements are unaudited.

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 2007 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 2005 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/).

Barcelona, 15 February 2007

The Board of Directors of Telenor ASA

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Definitions

Underlying growth is defined as revenue growth adjusted for the effects of acquisition and disposal of operations and currency effects.

For reconciliation of EBITDA before other income and expenses and adjusted operating profit, see the table Reconciliations on page 19.

Capital expenditure (Capex) is investments in tangible and-intangible assets.

Investments in businesses comprise acquisitions of shares and-participations, including acquisitions of subsidiaries and businesses not organised as separate companies.

Operating cash flow is defined as EBITDA Capex.

Mobile Operations

Revenues

Subscription and traffic

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

Interconnection revenues

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

Other mobile revenues

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

Non-mobile revenues

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

Key Figures

Subscriptions

Contract subscriptions are counted until the-subscription is terminated.

Prepaid subscriptions are counted as active if there has been outgoing or incoming traffic or if the SIM-card has been reloaded during the last three months. Service provider and MVNO subscriptions are not included. Data only SIM-cards are

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included, but SIM-cards used for telemetric applications are excluded. Telemetric is defined as machine-to-machine SIM-cards (M2M), for example, vending machines and meter readings.

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

Average revenue per subscription per month (ARPU) ARPU is calculated based on mobile revenues from the company's own subscriptions, divided by the average number of subscriptions for the relevant period.

Mobile revenues company's subscriptions consist of Subscription and traffic and Interconnection revenues and do not include revenues from inbound roaming, national roaming, service providers, MVNOs, sale of-customer equipment and incoming traffic related to service provider-subscriptions.

Fixed Norway

Revenues

Telephony

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

xDSL/Internet

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

Data services

consist of Nordicom, Frame relay and IP-VPN.

Other revenue

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

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Wholesale revenues

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

Broadcast

Revenues

Distribution

consist of revenues from Pay TV subscribers and basic tier households on DTH (direct to home), cable TV subscribers, households in SMATV networks and DTT (Digital terrestrial TV) Pay TV subscribers.

Transmission

consist of revenues from satellite services from satellite position 1-degree west and revenue from-terrestrial radio and TV transmission in Norway.

Other

consist of revenues from conditional access systems and revenue not directly related to Distribution and Transmission services

Table of Contents**Telenor Mobile Norway**

	2004				2005				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
ny s subscriptions	1 846	1 968	2 044	2 021	1 927	2 003	2 098	2 120	2 023
	378	402	403	430	407	452	441	454	446
	2 224	2 370	2 447	2 451	2 334	2 455	2 539	2 574	2 469
	304	405	434	370	362	453	484	526	532
	2 528	2 775	2 881	2 821	2 696	2 908	3 023	3 100	3 001
	276	179	128	142	142	141	98	135	104
	2 804	2 954	3 009	2 963	2 838	3 049	3 121	3 235	3 105
venues	311	315	311	289	278	313	299	281	266
ation ¹⁾	1 002	1 081	1 103	1 119	1 001	1 066	1 218	1 186	1 323
	239	275	267	281	213	230	224	222	216
		1	3	11	- 2	12	4	2	
	763	805	833	827	790	824	990	962	1 107
of Telenor s net excess values				1	1	1	1	1	1
of Telenor s net excess values									
(%)	35.7	36.6	36.7	37.8	35.3	35.0	39.0	36.7	42.6
venues (%)	27.2	27.3	27.7	27.9	27.8	27.0	31.7	29.7	35.7
	214	255	332	172	194	343	220	461	129
s				52					
ons (in thousands)	2 378	2 451	2 562	2 645	2 635	2 687	2 736	2 731	2 722
	1 091	1 118	1 178	1 228	1 218	1 267	1 285	1 222	1 185
per subscription per month (AMPU) in the quarter	179	187	187	182	175	191	186	184	186
scription per month (ARPU) in the quarter	315	332	328	318	297	308	314	317	305
	464	491	499	491	453	465	475	472	446
	147	146	129	119	117	129	133	136	126

Table of Contents**Sonofon Denmark**

	2004				2005				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
ny s subscriptions	274	496	541	502	571	595	600	595	622
	140	280	274	292	300	328	325	347	348
	414	776	815	794	871	923	925	942	970
	97	161	170	143	143	158	181	156	145
	511	937	985	937	1 014	1 081	1 106	1 098	1 115
	159	288	281	306	179	227	250	236	238
	670	1 225	1 266	1 243	1 193	1 308	1 356	1 334	1 353
ues	4	8	21	20	20	35	43	34	30
ation ¹⁾	167	238	260	16	253	308	307	308	305
	189	355	369	277	353	328	308	296	286
				3 290					
	- 22	- 117	- 109	- 3,551	- 100	- 20	- 1	12	19
of Telenor s net excess values	75	160	160	156	157	134	131	133	137
of Telenor s net excess values				3 075					
(%)	24.9	19.4	20.5	1.3	21.2	23.5	22.6	23.1	22.5
venues (%)	nm	nm	nm	nm	nm	nm	nm	0.9	1.4
	66	144	102	76	28	140	137	757	109
	3 641	145						4	
ns (in thousands)	987	1 203	1 253	1 275	1 232	1 250	1 261	1 284	1 299
	250	451	485	462	413	420	420	425	429
er subscription per month (AMPU) in the quarter	147	157	139	151	153	182	183	195	200
scription per month (ARPU) in the quarter	250	233	219	207	229	253	243	246	250
	287	291	281	267	284	306	292	285	292
	135	111	120	111	126	146	146	166	164

Table of Contents**Telenor Mobile Sweden**

	2004				2005				2006	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
traffic	32	34	37	38	37	33	34	26	902	972
revenues	9	15	13	15	15	18	15	12	206	235
company s subscriptions	41	49	50	53	52	51	49	38	1 108	1 207
revenues	5	6	11	8	11	14	19	10	89	96
revenues	46	55	61	61	63	65	68	48	1 197	1 303
revenues									104	127
	46	55	61	61	63	65	68	48	1 301	1 430
nal revenues	14	21	27	25	28	33	39	24	48	27
amortization ¹⁾	-25	-36	-45	-619	-10	-18	-139	-309	170	241
	8	7	8	26	0	0	0	0	358	395
	0	0	0	75	0	0	0	0	0	0
t / (loss)	-33	-43	-53	-720	-10	-18	-139	-309	-188	-154
rtization of Telenor s net excess values	0	0	0	0	0	0	0	0	52	64
e-downs of Telenor s net excess values										
revenues (%)	nm	nm	nm	nm	nm	nm	nm	nm	13.1	16.9
Total revenues (%)	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
	4	4	3	6					135	137
usinesses									7 739	8
subscriptions (in thousands)	84	92	96	105	107	99	97	95	1 660	1 676
d	48	55	56	57	56	51	50	48	575	571
minutes per subscription per month (AMPU) in the quarter	73	96	104	108	113	141	144	129	160	185
per subscription per month (ARPU) in the quarter	169	181	182	169	164	167	164	136	229	242
ct	252	262	265	241	215	216	215	183	330	340
d	106	122	125	117	121	121	115	90	49	54

Table of Contents**Kyivstar Ukraine**

	2004				2005				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Mobile subscriptions	610	703	838	810	807	1 158	1 437	1 720	1 749
Fixed-line subscriptions	186	236	319	327	313	428	541	606	528
Total subscriptions	796	939	1 157	1 137	1 120	1 586	1 978	2 326	2 277
Revenue	16	27	54	25	23	30	72	33	36
Total revenue	812	966	1 211	1 162	1 143	1 616	2 050	2 359	2 313
Operating expenses	13	15	18	22	20	27	26	31	16
Total operating expenses	825	981	1 229	1 184	1 163	1 643	2 076	2 390	2 329
Depreciation and amortization			1	1	1	2	2	1	
Goodwill impairment	505	592	772	712	632	911	1 148	1 359	1 432
Other non-recurring expenses	125	128	145	157	231	331	322	325	379
Total non-recurring expenses	380	464	627	555	401	580	826	1 019	1 053
Goodwill impairment								15	
Other non-recurring expenses	24	24	24	21	22	23	24	24	24
Total non-recurring expenses	24	24	24	21	22	23	24	24	24
Operating income	61.2	60.3	62.8	60.1	54.3	55.4	55.3	56.9	61.5
Operating margin (%)	46.1	47.3	51.0	46.9	34.5	35.3	39.8	42.6	45.2
Operating expenses	331	566	687	1 024	735	919	1 106	890	830
Operating expenses		35							
Operating income	3 221	3 610	4 856	6 252	7 662	9 335	10 943	13 925	14 965
Operating margin	2 675	3 031	4 211	5 532	6 892	8 500	10 021	12 901	13 895
Operating margin per subscription per month (AMPU) in the quarter	68	74	95	95	91	90	103	108	110
Operating margin per subscription per month (ARPU) in the quarter	84	93	95	68	53	62	66	64	53
Operating margin per subscription per month (AMPU) in the quarter	191	213	223	184	165	187	200	197	175
Operating margin per subscription per month (ARPU) in the quarter	62	69	72	52	40	49	53	53	43

Table of Contents**Pannon Hungary**

	2004				2005				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
	872	872	1 005	920	880	903	1 025	960	926
	423	443	423	442	430	458	416	431	400
ny s subscriptions	1 295	1 315	1 428	1 362	1 310	1 361	1 441	1 391	1 326
	25	39	46	32	28	44	52	20	23
	1 320	1 354	1 474	1 394	1 338	1 405	1 493	1 411	1 349
	81	90	78	116	77	93	90	154	64
	1 401	1 444	1 552	1 510	1 415	1 498	1 583	1 565	1 413
nues	1	2		3	2	2	2	4	3
	556	556	561	420	517	484	650	534	540
ization ¹⁾	331	326	326	312	316	276	294	285	279
				21		2	1	4	
	225	230	235	87	201	206	355	245	261
of Telenor s net excess values	89	89	91	89	90	85	86	84	84
of Telenor s net excess values									
(%)	39.7	38.5	36.1	27.8	36.5	32.3	41.1	34.1	38.2
venues (%)	16.1	15.9	15.1	5.8	14.2	13.8	22.4	15.7	18.5
	104	121	121	820	109	243	150	261	71
s									
ons (in thousands)	2 596	2 588	2 595	2 770	2 792	2 824	2 856	2 929	2 939
	1 977	1 935	1 886	1 991	1 955	1 915	1 894	1 904	1 878
er subscription per month (AMPU) in the quarter	111	121	127	131	125	143	145	149	143
scription per month (ARPU) in the quarter	165	170	184	171	157	162	166	162	150
	399	389	400	356	327	316	314	299	272
	92	96	103	96	84	89	89	86	80

Table of Contents**Telenor Serbia**

	2004				2005				2006	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q3	Q4
(NOK in millions)										
Total revenues									175	551
EBITDA									103	206
Operating profit ¹⁾²⁾									86	46
¹⁾ Of which amortization of Telenor's net excess values									5	32
²⁾ Of which write-downs of Telenor's net excess values										
Capex									49	114
Investments in businesses									11,980	1
No. of mobile subscriptions (in thousands)									2,284	2,464
- of which prepaid									1,862	2,003
Average traffic minutes per subscription per month (AMPU) in the quarter										87
Average revenue per subscription per month (ARPU) in the quarter										75
- of which contract										166
- of which prepaid										53

Table of Contents**Promonte Montenegro**

	2004				2005				2006		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
(in millions)											
Revenues			82	118	104	123	180	112	114	139	211
Adjusted Earnings			45	46	55	60	98	47	55	65	122
Operating profit ¹⁾²⁾			26	(2)	12	18	58	7	16	27	84
Goodwill amortization of Telenor's net excess values			7	25	20	20	20	20	20	20	20
Goodwill write-downs of Telenor's net excess values											
Investments in businesses			3	13	5	4	8	21	4	7	24
			540	1							
Mobile subscriptions (in thousands)			340	279	279	303	394	310	324	363	479
Prepaid			297	234	235	263	352	265	276	309	424
Average traffic minutes per subscription per month (AMPUM) in the quarter			113	87	91	105	109	92	104	121	120
Average revenue per subscription per month (ARPU) in the quarter			139	107	115	129	126	95	111	120	125
Prepaid contract			309	284	288	338	339	269	284	297	303
Prepaid			111	79	82	97	103	71	81	90	100

Table of Contents**DTAC Thailand**

	2004				2005				2006			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
(in millions)												
Subscription and traffic								1 074	1 852	1 760	1 887	
Connection revenues								25	33	33	41	
Wireline revenues company's subscriptions								1 099	1 885	1 793	1 928	
Mobile revenues								74	131	85	93	
Mobile revenues								1 173	2 016	1 878	2 021	
Mobile revenues								18	16	15	20	
Mobile revenues¹⁾								1 191	2 032	1 893	2 041	
of which internal revenues								6	11	8	6	
Depreciation and amortization¹⁾								445	719	698	732	
of which write-downs ²⁾								220	337	335	356	
Operating profit								225	382	363	376	
of which amortization of Telenor's net excess values								35	51	50	51	
of which write-downs of Telenor's net excess values												
Operating profit/Total revenues (%)								37.4	35.4	36.9	35.9	
Operating profit/Total revenues (%)								18.9	18.8	19.2	18.4	
Investments in businesses								146	605	543	565	
Investments in businesses								2 664	85	31		
Mobile subscriptions (100% in thousands)								8 677	9 823	10 622	11 241	11 241
of which prepaid								7 212	8 185	8 806	9 274	9 274
Average traffic minutes per subscription per month (AMPU) in the quarter								231	295	327	314	
Average revenue per subscription per month (ARPU) in the quarter								66	69	59	58	
of which contract								141	150	126	123	
of which prepaid								51	53	45	44	

Table of Contents**DiGi Malaysia**

	2004				2005				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
ic	642	662	751	739	792	924	1 035	1 198	1 279
ues	147	137	144	143	137	143	155	159	166
pany s subscriptions	789	799	895	882	929	1 067	1 190	1 357	1 445
s	17	18	17	13	14	15	18	18	21
es	806	817	912	895	943	1 082	1 208	1 375	1 466
	130	141	136	109	91	79	77	77	80
	936	958	1 048	1 004	1 034	1 161	1 285	1 452	1 546
venues	1	1	1		1		1	2	2
	426	410	453	443	451	499	560	632	700
rtization ¹⁾	229	226	231	215	257	253	255	273	252
					1		1	3	
	197	184	222	228	193	246	304	356	448
on of Telenor s net excess values	19	18	18	17	17	17	13	4	4
ns of Telenor s net excess values									
es (%)	45.5	42.8	43.2	44.1	43.6	43.0	43.6	43.5	45.3
revenues (%)	21.0	19.2	21.2	22.7	18.7	21.2	23.7	24.5	29.0
	103	162	228	427	108	178	310	574	226
sses									
ptions (100% in thousands)	2 413	2 583	2 804	3 239	3 461	3 765	4 187	4 795	5 086
	2 301	2 453	2 653	3 067	3 259	3 525	3 880	4 441	4 704
es per subscription per month (AMPU) in the quarter	167	164	170	165	163	170	175	169	162
subscription per month (ARPU) in the quarter	113	107	110	98	92	99	100	102	97
	312	312	297	238	233	216	192	174	172
	104	97	100	90	84	93	93	97	92

Table of Contents**Grameenphone Bangladesh**

	2004				2005				Q1
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Company's subscriptions	470	500	565	529	598	659	715	769	871
	9	20	26	35	34	39	52	63	73
	479	520	591	564	632	698	767	832	944
	7	6	5	6	5	5	6	6	6
	486	526	596	570	637	703	773	838	950
	3	3	2		3	2	2	12	5
	489	529	598	570	640	705	775	850	955
Revenues								1	
Utilization ¹⁾	283	309	383	338	329	334	441	455	659
	34	51	58	72	77	89	107	166	159
				3					
	249	258	325	263	252	245	334	289	500
Contribution of Telenor's net excess values									
Contribution of Telenor's net excess values									
Revenues (%)	57.9	58.4	64.0	59.3	51.4	47.4	56.9	53.5	69.0
Revenues (%)	50.9	48.8	54.3	46.1	39.4	34.8	43.1	34.0	52.4
Revenues	160	258	418	482	496	357	590	1 153	389
Revenues				298					
Subscriptions (100% in thousands)	1 520	1 795	2 024	2 388	2 928	3 704	4 215	5 542	6 427
	1 258	1 501	1 730	2 092	2 625	3 375	3 860	5 159	6 030
Revenue per subscription per month (AMPU) in the quarter	239	246	249	241	237	223	223	250	196
Revenue per subscription per month (ARPU) in the quarter	120	106	103	87	81	69	65	56	51
	331	287	302	257	288	284	282	258	258
	71	69	67	60	54	47	45	39	37

Table of Contents**Telenor Pakistan**

	2004				2005				2006	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
traffic					1	25	50	91	149	193
revenues						23	25	45	62	70
company's subscriptions					1	48	75	136	211	263
revenues										1
revenues					1	48	75	136	211	264
revenues							1	4	4	1
revenues					1	48	76	140	215	265
total revenues						6	2	3	2	1
amortization ¹⁾		(13)	(20)	(45)	(133)	(172)	(134)	(133)	(77)	(117)
					14	60	67	85	98	103
/(loss)		(13)	(20)	(45)	(147)	(232)	(201)	(218)	(175)	(220)
ization of Telenor's net excess values										
downs of Telenor's net excess values										
revenues (%)						nm	nm	nm	nm	nm
total revenues (%)						nm	nm	nm	nm	nm
businesses	1,821	19	153	1,139		(91)	299	496	351	754
subscriptions (in thousands)					344	836	1,200	1,868	2,527	3,205
					342	829	1,183	1,836	2,495	3,165
minutes per subscription per month (AMPU) in the quarter						74	93	131	136	146
per subscription per month (ARPU) in the quarter						22	25	30	32	30
t						154	99	72	59	59
l						21	24	29	31	30

Table of Contents**FIXED**

	2004				2005				2006	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
ions)	4,483	4,427	4,282	4,353	4,163	4,367	4,151	4,186	4,178	3,983
ons	469	474	419	467	436	418	840	887	919	1,047
	(29)	(24)	(26)	(39)	(28)	(32)	(27)	(48)	(30)	(31)
es ¹⁾	4,923	4,877	4,675	4,781	4,571	4,753	4,964	5,025	5,067	4,999
Internal revenues										
	1,632	1,631	1,515	1,560	1,408	1,504	1,430	1,543	1,559	1,567
and amortization ¹⁾	954	897	855	867	783	729	874	850	761	733
²⁾				40	(22)	2	(2)	609		15
Profit	678	734	660	653	647	773	558	84	798	819
Amortization of Telenor's net excess values			1	6	1	2	69	(6)	33	41
Write-downs of Telenor's net excess values				(22)	(31)		(3)	10		
al revenues (%)	33.2	33.4	32.4	32.6	30.8	31.6	28.8	30.7	30.8	31.3
Profit/Total revenues (%)	13.8	15.1	14.1	13.7	14.2	16.3	11.2	1.7	15.7	16.4
	378	385	419	609	381	556	602	1,237	617	643
n businesses	86	10		9	43	1	5,792	(20)	461	75

Table of Contents**Fixed Norway**

(Millions)	2004				2005				2006			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
Net revenues	2,183	2,117	1,959	2,009	1,871	1,867	1,743	1,751	1,703	1,627	1,545	
Net operating revenues	426	417	444	466	461	508	534	536	568	581	595	
Net operating revenues - Telenor	247	267	259	249	232	243	250	238	215	199	202	
Net operating revenues - Telenor's net excess values	456	386	428	386	342	400	357	366	357	315	295	
Net operating revenues	3,312	3,187	3,090	3,110	2,906	3,018	2,884	2,891	2,843	2,722	2,545	
Net operating revenues - Telenor's net excess values	1,171	1,240	1,192	1,243	1,257	1,349	1,267	1,295	1,335	1,261	1,202	
Net operating revenues - Telenor's net excess values ¹⁾	4,483	4,427	4,282	4,353	4,163	4,367	4,151	4,186	4,178	3,983	3,747	
Net operating revenues - Telenor's net excess values	438	454	428	522	463	522	582	623	545	510	505	
Net operating revenues - Telenor's net excess values and amortization ¹⁾	1,631	1,606	1,523	1,570	1,438	1,532	1,354	1,377	1,390	1,417	1,407	
Net operating revenues - Telenor's net excess values ²⁾	880	819	778	774	705	658	652	692	602	561	555	
Net operating profit	751	787	745	794	755	874	704	686	788	843	905	
Amortization of Telenor's net excess values			1	1								
Write-downs of Telenor's net excess values				2	(31)		(3)	(2)				
Total revenues (%)	36.4	36.3	35.6	36.1	34.5	35.1	32.6	32.9	33.3	35.6	33.3	
Profit/Total revenues (%)	16.8	17.8	17.4	18.2	18.1	20.0	17.0	16.4	18.9	21.2	20.2	
Net operating revenues in businesses	355	315	346	457	337	503	412	917	479	371	395	
Net operating revenues in businesses		1		1	43	1			1			
Market												
Mobile phone subscriptions (in thousands)	1,932	1,886	1,838	1,800	1,757	1,705	1,664	1,622	1,577	1,545	1,515	
Fixed STN subscriptions (in thousands)	1,248	1,219	1,196	1,182	1,165	1,139	1,118	1,089	1,054	1,017	995	
Fixed SDN subscriptions (in thousands)	684	667	642	618	592	562	538	509	479	454	445	
VoIP subscriptions (in thousands)						4	8	24	44	74		
Landline subscriptions (in thousands)	208	235	270	326	385	415	444	475	511	527	535	
Generated traffic (million minutes)	3,725	3,279	2,851	3,171	2,848	2,644	2,289	2,502	2,277	1,997	1,745	
Market												
Mobile phone subscriptions (in thousands)	227	266	285	301	309	316	316	314	316	308	295	
Fixed STN subscriptions (in thousands)	151	170	180	188	192	200	202	202	203	201	195	
Fixed SDN subscriptions (in thousands)	76	96	105	113	117	116	114	112	113	107	105	
Landline subscriptions (in thousands)	76	86	90	91	77	87	97	109	117	123	125	
Generated traffic (in thousands)	96	108	123	145	172	192	209	235	254	265	275	

Table of Contents**Fixed Sweden**

	2004				2005				2006		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
(K in millions)											
Internal revenues	403	404	350	400	367	342	622	650	724	876	893
External revenues	23	26	26	22	25	32	32	26	3	(10)	(36)
Total revenues	426	430	376	422	392	374	654	676	727	866	857
Operating expenses	(3)	24	(9)	(3)	(29)	(27)	31	183	109	100	128
Depreciation and amortization ¹⁾	61	65	65	71	64	63	165	124	113	115	172
Write-downs ²⁾				36				608		2	9
Operating profit / (loss)	(64)	(41)	(74)	(110)	(93)	(90)	(134)	(549)	(4)	(17)	(53)
Operating profit, which amortization of Telenor's net excess values				5	1	2	69	(25)	23	32	35
Operating profit, which write-downs of Telenor's net excess values				(24)				12			
Operating profit/Total revenues (%)	nm	5.6	nm	nm	nm	nm	4.7	27.1	15.0	11.5	14.9
Operating profit/Total revenues (%)	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
Operating profit/Total revenues	15	72	58	134	40	48	142	255	83	230	155
Operating profit/Total revenues in businesses	78	9		6			4,479	(27)	460	75	2
Telefonaktiebolaget Lantmetersbolaget											
Number of xDSL subscriptions (in thousands)							200	214	229	242	264
Number of LAN subscriptions (in thousands)							156	155	156	158	165
Number of VoIP subscriptions (in thousands)							91	104	119	134	147
Telefonaktiebolaget Lantmetersbolaget											
Number of xDSL subscriptions (in thousands)									113	117	119
Number of PSTN subscriptions (in thousands)									285	284	273

Table of Contents**Fixed Denmark**

(NOK in millions)	2004				2005		2006					
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
External revenues					142	164	174	180	197	217		
Internal revenues								1	2	2		
Tota revenues					142	164	174	181	199	219		
EBITDA					48	49	55	59	61	62		
Depreciation and amortization ¹⁾					46	22	43	57	56	55		
Write-downs ²⁾												56
Operating profit					2	27	12	2	5	(49)		
¹⁾ Of which amortization of Telenor s net excess values						19	10	9	9	10		
²⁾ Of which write-downs of Telenor s net excess values												
EBITDA/Total revenues (%)					33.8	29.9	31.6	32.6	30.7	28.3		
Operating profit/Total revenues (%)					1.4	16.5	6.9	1.1	2.5	nm		
Capex					40	57	55	42	52	60		
Investments in businesses					1,313	7						
No. of xDSL subscriptions (in thousands)					109	122	138	152	164	174		
No. of VoIP subscriptions (in thousands)					18	26	37	41	52	63		

Table of Contents**BROADCAST**

	2004				2005				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
	1,061	1,064	1,072	1,112	1,139	1,147	1,139	1,190	1,251
	303	310	303	295	297	298	299	313	312
	(58)	(39)	(45)	(32)	(46)	(44)	(46)	(37)	(46)
	1,306	1,335	1,330	1,375	1,390	1,401	1,392	1,466	1,517
venues	35	33	33	34	28	35	33	35	35
	192	218	213	126	213	242	216	147	234
	153	161	183	191	174	175	181	183	175
	4	13	29	15	(7)	(6)	(3)	1	(1)
	349	392	425	332	380	411	394	331	408
utilization ¹⁾	187	174	173	170	144	133	133	144	154
				44		4		(57)	3
	162	218	252	118	236	274	261	244	251
	74	115	117	(4)	143	179	159	13	172
	87	94	110	118	106	107	111	240	89
	1	9	25	4	(13)	(12)	(9)	(9)	(10)
on of Telenor s net excess values	14	17	16	16	14	14	14	14	11
ns of Telenor s net excess values				25				75	
es (%)	26.7	29.4	32.0	24.1	27.3	29.3	28.3	22.6	26.9
revenues (%)	12.4	16.3	18.9	8.6	17.0	19.6	18.8	16.6	16.5
	23	70	716	71	47	96	116	133	92
ses							17	25	
bsubscribers (in thousands)	778	782	800	824	851	853	876	906	918
scribers (in thousands)	605	611	614	624	616	619	636	681	684
atellite master antenna TV networks (in thousands)	1,132	1,161	1,190	1,212	1,197	1,205	1,184	1,177	1,120
net access (in thousands)	34	35	38	44	48	50	53	73	78

Table of Contents**OTHER UNITS**

	2004				2005				2006	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Investments										
Investments Partner	1,047	1,044	1,042	1,154	1,231	1,285	1,217	1,258	1,335	1,449
Investments	217	245	213	226	116	125	123	126	133	146
Dispositions and Group activities	529	552	515	558	582	603	517	564	522	568
Dispositions	(6)	(29)	(56)	(37)	(39)	(46)	(32)	(24)	(26)	(24)
Investments¹⁾	1,787	1,812	1,714	1,901	1,890	1,967	1,825	1,924	1,964	2,139
Internal revenues	734	710	717	768	788	803	647	669	638	657
Investments Partner	138	456	188	196	177	187	224	197	191	141
Investments	(3)	1	62	70	6	(1)	7	(14)	(17)	(4)
Dispositions and Group activities	(95)	(75)	(79)	(168)	(6)	(34)	67	(104)	(104)	(131)
Dispositions	(24)	(13)	(94)	(14)	(43)	(47)	(27)	(32)	(41)	(37)
DA	16	369	77	84	134	105	271	47	29	(31)
Depreciation and amortization ¹⁾	163	193	172	176	186	198	191	195	178	213
Dispositions ²⁾	2	1	37	(1)				6		
Profit / (loss)	(149)	175	(132)	(91)	(52)	(93)	80	(154)	(149)	(244)
Investments Partner	89	396	121	130	81	80	120	96	99	37
Investments	(14)	(7)	55	63	2	(6)	3	(22)	(25)	(13)
Dispositions and Group activities	(181)	(182)	(178)	(268)	(92)	(120)	(16)	(192)	(182)	(229)
Dispositions	(43)	(32)	(130)	(16)	(43)	(47)	(27)	(36)	(41)	(39)
Amortization of Telenor's net excess values										1
Write-downs of Telenor's net excess values										
Investments	53	204	74	208	96	146	156	252	135	152
Investments in businesses	22	441	104	762	7	263	15	47	658	616

The tables include investments from discontinued operation prior to their disposal

Table of Contents**PROFIT AND LOSS STATEMENT**

	2004				2005				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Earnings per share)	13,663	14,625	15,025	14,952	14,694	15,966	17,046	18,860	21,284
Expenses	3,338	3,634	3,848	3,890	3,680	4,036	4,249	4,467	5,275
Provision for doubtful accounts	(124)	(164)	(103)	(166)	(122)	(186)	(141)	(255)	(175)
Depreciation and amortization	2,436	2,428	2,139	2,656	2,453	2,479	2,337	2,648	2,990
Other non-recurring expenses	3,112	3,339	3,596	3,597	3,706	4,199	4,164	5,322	5,384
Other	18	(172)	18	(22)	(21)	(66)	213	102	61
	4,883	5,560	5,527	4,997	4,998	5,504	6,224	6,576	7,749
Income before income taxes	2,439	2,640	2,650	2,637	2,640	2,687	2,835	3,119	3,482
Income tax expense	2	2	41	3,482	(23)	20	4	582	3
	2,442	2,918	2,836	(1,122)	2,381	2,797	3,385	2,875	4,264
Income before minority interests	221	288	328	138	238	492	434	63	311
Minority interests	2,268	(296)	(234)	(252)	149	(69)	(124)	(302)	1,202
	4,931	2,910	2,930	(1,236)	2,768	3,220	3,695	2,636	5,777
Income before discontinued operations	(1,583)	(892)	(911)	1,015	(830)	(966)	(1,109)	(465)	(1,560)
Income from discontinued operations	3,348	2,018	2,019	(221)	1,938	2,254	2,586	2,171	4,217
Income from continuing operations	75	54	43	77	32	74	63	16	13
Income from discontinued operations	3,423	2,072	2,062	(144)	1,970	2,328	2,649	2,187	4,230
Income before minority interests	292	363	379	286	260	287	449	492	580
Minority interests	3,131	1,709	1,683	(430)	1,710	2,041	2,200	1,695	3,650
Income before minority interests	1.72	0.94	0.94	(0.29)	0.97	1.15	1.26	0.99	2.15
Minority interests	1.73	0.94	0.95	(0.29)	0.97	1.14	1.26	0.99	2.15
Income before minority interests	1.77	0.97	0.97	(0.25)	0.99	1.19	1.30	1.00	2.15
Minority interests	1.77	0.97	0.97	(0.25)	0.99	1.19	1.29	1.00	2.15
Income before minority interests	2,991	1,569	1,649	(570)	1,625	1,904	2,225	1,673	3,621
Minority interests	1.69	0.89	0.95	(0.33)	0.94	1.11	1.31	0.99	2.14
Income before minority interests	1.69	0.89	0.95	(0.33)	0.94	1.11	1.31	0.99	2.14

Table of Contents**BALANCE SHEET**

Telenor group (NOK in millions)	2005				2006			
	31 Mar	30 Jun	30 Sep	31 Dec	31 Mar	30 Jun	30 Sep	31 Dec
Deferred tax assets	2,890	1,951	1,317	3,052	2,501	1,908	1,481	1,934
Goodwill	13,378	12,816	18,273	20,700	22,648	22,969	31,415	30,870
Intangible assets	10,809	10,229	11,389	21,245	23,178	22,735	27,613	29,076
Tangible assets	38,952	39,292	40,688	43,958	49,132	48,767	52,994	53,712
Associated companies	6,980	7,832	8,320	7,424	7,501	7,616	8,303	8,826
Other financial assets	2,679	3,388	3,161	2,129	2,407	2,337	3,119	3,068
Total non-current assets	75,688	75,508	83,148	98,508	107,367	106,332	124,925	127,486
Accounts receivable	6,078	6,523	7,146	6,921	7,404	8,191	9,160	9,129
Other current assets	6,957	7,168	8,071	9,118	10,126	10,273	10,708	10,247
Assets held for sale				667				2,119
Other liquid assets	410	420	545	2,237	130	567	585	510
Cash and cash equivalents	7,870	10,541	6,033	6,806	9,683	7,534	16,799	7,849
Total current assets	21,315	24,652	21,795	25,749	27,343	26,565	37,252	29,854
Total assets	97,003	100,160	104,943	124,257	134,710	132,897	162,177	157,340
Shareholders equity	41,936	40,309	42,714	46,399	47,583	44,359	50,940	57,974
Minority interests	4,289	4,630	5,198	7,134	7,621	7,457	8,082	8,351
Total equity and minority interests	46,225	44,939	47,912	53,533	55,204	51,816	59,022	66,325
Pension obligations	2,443	2,286	2,403	2,440	2,645	2,543	2,461	2,350
Deferred tax liabilities	2,293	2,050	2,290	2,669	3,611	3,336	4,036	4,460
Other provisions	748	748	787	790	811	873	1,074	1,028
Provisions	5,484	5,084	5,480	5,899	7,067	6,752	7,571	7,838
Non-current interest-bearing liabilities	21,492	22,359	22,406	27,139	25,397	26,654	52,201	42,683
Non-current non-interest-bearing liabilities	572	556	542	580	590	583	568	702
	22,064	22,915	22,948	27,719	25,987	27,237	52,769	43,385

Total non-current liabilities

Current interest-bearing liabilities	3,681	7,269	6,592	11,908	20,024	20,069	13,418	9,952
Accounts payable	4,900	4,471	5,402	6,215	6,448	6,572	7,404	7,358
Current non-interest-bearing liabilities	14,649	15,482	16,609	18,696	19,980	20,451	21,993	21,764
Current non-interest-bearing liabilities (held for sale)				287				718
Total current liabilities	23,230	27,222	28,603	37,106	46,452	47,092	42,815	39,792
Total equity and liabilities	97,003	100,160	104,943	124,257	134,710	132,897	162,177	157,340
Equity ratio including minority interests (%)	47.7	44.9	45.7	43.1	41.0	39.0	36.4	42.2
USGAAP								
Shareholders equity	43,930	42,670	44,900	47,457	48,536	45,669	52,093	

Table of Contents**CASH FLOW STATEMENT**

Telenor group (NOK in millions)	2005				2006			
	31 Mar	30 Jun	30 Sep	31 Dec	31 Mar	30 Jun	30 Sep	31 Dec
Profit before taxes and minority interests	2,815	6,140	9,925	12,591	5,825	9,762	15,812	21,764
Income taxes paid	(231)	(434)	(728)	(1,369)	(638)	(1,162)	(1,708)	(357)
Net (gains) losses, including write-downs and change in fair value of financial items	(466)	(584)	(738)	(929)	(1,817)	(1,605)	(2,486)	(3,277)
Depreciation, amortization and write-downs	2,681	5,452	8,358	12,131	3,549	7,180	10,958	15,241
Associated companies	(239)	(733)	(1,168)	(1,233)	(312)	(674)	(1,236)	(2,362)
Difference between expensed and paid pensions	169	42	203	211	156	52	(65)	(166)
Currency (gains) losses not related to operating activities	25	(162)	(203)	(18)	109	95	278	219
Change in other accruals	453	4	532	956	(100)	(561)	11	(421)
Net cash flows from operating activities	5,207	9,725	16,181	22,340	6,772	13,087	21,564	30,641
Purchases of property, plant and equipment (PPE) and intangible assets	(2,271)	(5,538)	(9,078)	(14,213)	(4,097)	(8,562)	(13,473)	(19,224)
Purchases of subsidiaries and associated companies, net of cash acquired	(3)	(109)	(5,653)	(8,128)	(8,578)	(9,425)	(21,761)	(21,964)
Sales of PPE, intangible assets and businesses, net of cash transferred	59	741	1,161	1,279	438	472	589	1,171
Sales and purchases of other investments	768	1,078	1,000	1,064	2,196	1,707	2,131	3,522
Net cash flows from investing activities	(1,447)	(3,828)	(12,570)	(19,998)	(10,041)	(15,808)	(32,514)	(36,495)
Proceeds from and repayments of interest-bearing liabilities	(686)	2,735	2,210	4,175	6,185	7,399	25,759	12,578
Proceeds from issuance of shares, including from minorities in subsidiaries	22	24	47	74	61	86	91	110
Share buy-back	(329)	(657)	(2,267)	(2,267)		(87)	(864)	(953)
Dividends paid and repayment of equity to minority interests in	(25)	(209)	(209)	(219)		(426)	(665)	(976)

subsidiaries								
Dividends paid to Telenor s shareholders		(2,460)	(2,595)	(2,595)		(3,202)	(3,389)	(3,389)
Net cash flows from financing activities	(1,018)	(567)	(2,814)	(832)	6,246	3,770	20,932	7,370
Effects of exchange rate changes on cash and cash equivalents	47	130	155	215	(100)	(321)	11	(179)
Net change in cash and cash equivalents	2,789	5,460	952	1,725	2,877	728	9,993	1,337
Cash and cash equivalents at the beginning of the period	5,081	5,081	5,081	5,081	6,806	6,806	6,806	6,806
Cash and cash equivalents at the end of the period	7,870	10,541	6,033	6,806	9,683	7,534	16,799	8,143
- Of which cash and cash equivalents in discontinued operations at the end of the period								294
Cash and cash equivalents at the end of the period as per balance sheet	7,870	10,541	6,033	6,806	9,683	7,534	16,799	7,849

The table includes cash flows from discontinued operations prior to their disposal.

**Cash Flows from
discontinued operations**

Net cash flows from operating activities	52	228	380	583	59	153	265	485
Net cash flows from investing activities	(25)	262	240	176	(25)	(86)	(125)	(197)
Net cash flows from financing activities			(1)	10				(3)

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

Table of Contents**SPECIAL ITEMS**

Telenor group (NOK in millions)	2004				2005				2006			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Gains on disposal of fixed assets and operations												
Telenor Mobile Norway												
Sonofon Denmark							1					4
Telenor Mobile Sweden												
Kyivstar Ukraine												
Pannon Hungary	1		2	2	5	1	4		4	1	1	1
DTAC Thailand											1	1
DiGi Malaysia												
Grameenphone Bangladesh										1		
Other mobile operations												
Fixed			1	9	3	50	(2)	37	5			1
Broadcast	1	(1)		1	1					4		1
EDB Business Partner		300		3			25	6				
Other business units	3	1	69	72		12	8		17	21	(1)	79
Corporate functions and Group activities	2	59	3	35	22	57	58	26	5	12	3	33
Eliminations								4				
Total gains on disposal of fixed assets and operations	7	359	75	122	31	120	94	73	31	39	4	120
Losses on disposal of fixed assets and operations												
Telenor Mobile Norway					4	3	6	3				1
Sonofon Denmark		1	1	(2)								2
Telenor Mobile Sweden									2	2	(4)	
Kyivstar Ukraine										1		13
Pannon Hungary			3		4	1	17	(3)	2	2	2	1
DTAC Thailand												1
DiGi Malaysia							5					1
Grameenphone Bangladesh			4	4			10			1	19	5
Other mobile operations								1				
Fixed		2	24	(1)				65	(12)	1	4	2
Broadcast				1			1		2			3
EDB Business Partner												
Other business units			31	(12)								
Corporate functions and Group activities	1	23	2	5		28	1	4	9	30	1	(1)
Eliminations			(16)	1			(1)	2				
Total losses on disposal of fixed assets and operations	1	26	49	(4)	8	32	39	72	3	37	22	28

**Expenses for workforce
reductions and loss
contracts**

Telenor Mobile Norway	4	(4)		24	(1)			(1)	9	3	1	2
Sonofon Denmark				28		3		9	3	2	37	
Telenor Mobile Sweden				562			123	291	48	(8)		(22)
Kyivstar Ukraine												
Pannon Hungary		11	4	1				10				2
DTAC Thailand												
DiGi Malaysia												
Grameenphone Bangladesh												
Other mobile operations												
Fixed	18	24	5	39	7	9	135	8	25	22	17	88
Broadcast		1	1	3								
EDB Business Partner		27	16	(10)		5		13			144	
Other business units			16	7	(1)	1			3	2		1
Corporate functions and Group activities	2	103	1	10	(3)	5	11	16	1	9	6	14
Eliminations		(1)	2	(561)		(1)	(1)	(243)			1	(1)
Total workforce reductions and loss contracts	24	161	45	103	2	22	268	103	89	30	206	84
Total other (income) and expenses	18	(172)	19	(23)	(21)	(66)	213	102	61	28	224	(8)

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Group (Millions)	2004				2005				Q1	2005 Q2
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Mobile Norway		1	3	11	(2)	12	4	2		33
Denmark				3,290						
Mobile Sweden				75						
Ukraine								15		
Hungary				21		2	1	4		33
Thailand										
Malaysia					1		1	3		7
Operations Bangladesh				3						
Other operations				40	(22)	2	(2)	609		15
				44		4		(57)	3	
Business Partner										
Business units	2		36	(1)				4		
Functions and Group activities			2					2		
Write-downs	2	1	41	3,483	(23)	20	4	582	3	88
Losses associated companies										
Losses on disposal of ownership interests		(9)	(8)	(15)		(3)	7	(3)		(6)
Losses associated companies								172		11
Losses on disposal and write-downs of associated companies		(9)	(8)	(15)		(3)	7	169		5
Losses and write-downs financial items	(2,613)	(18)	(21)	(21)	(417)	(49)	(1)	(51)	(1,815)	15

Table of Contents**RECONCILIATIONS**

	2004				2005					
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Continued operations	3,423	2,072	2,062	(144)	1,970	2,328	2,649	2,187	4,230	2,328
Discontinued operations	75	54	43	77	32	74	63	16	13	75
Operating operations	3,348	2,018	2,019	(221)	1,938	2,254	2,586	2,171	4,217	2,328
Goodwill impairment	(1,583)	(892)	(911)	1,015	(830)	(966)	(1,109)	(465)	(1,560)	(1,583)
Other adjustments	4,931	2,910	2,930	(1,236)	2,768	3,220	3,695	2,636	5,777	3,695
Depreciation and amortization	2,268	(296)	(234)	(252)	149	(69)	(124)	(302)	1,202	(296)
Provision for doubtful accounts	221	288	328	138	238	492	434	63	311	221
Other adjustments	2,439	2,640	2,650	2,637	2,640	2,687	2,835	3,119	3,482	2,439
Income tax expense	2	2	41	3,482	(23)	20	4	582	3	2
Other adjustments	4,883	5,560	5,527	4,997	4,998	5,504	6,224	6,576	7,749	4,883
Income before taxes	4,883	5,560	5,527	4,997	4,998	5,504	6,224	6,576	7,749	4,883
Income tax expense	18	(172)	19	(23)	(21)	(66)	213	102	61	18
Other adjustments	4,901	5,388	5,546	4,974	4,977	5,438	6,437	6,678	7,810	4,901
Income before taxes	2,442	2,918	2,836	(1,122)	2,381	2,797	3,385	2,875	4,264	2,442
Income tax expense	2	1	41	3,483	(23)	20	4	582	3	2
Other adjustments	18	(172)	19	(23)	(21)	(66)	213	102	61	18
Income before taxes	2,462	2,747	2,896	2,338	2,337	2,751	3,602	3,559	4,328	2,462
Income tax expense	4,931	2,910	2,930	(1,236)	2,768	3,220	3,695	2,636	5,777	4,931
Other adjustments	(2,613)	(18)	(21)	(21)	(417)	(49)	(1)	(51)	(1,815)	(2,613)
Income before taxes	2	1	41	3,483	(23)	20	4	582	3	2
Income tax expense	18	(172)	19	(23)	(21)	(66)	213	102	61	18
Other adjustments	2,338	2,712	2,961	2,188	2,307	3,122	3,918	3,438	4,026	2,338

Table of Contents**Capex**

Telenor group (NOK in millions)	2004				2005				2006			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Telenor Mobile Norway	214	255	332	172	194	343	220	461	129	143	220	272
Sonofon Denmark	66	144	102	76	28	140	137	757	109	170	168	251
Telenor Mobile Sweden	4	4	3	6					135	137	112	224
Kyivstar Ukraine	331	566	687	1,024	735	919	1,106	890	830	770	992	1,039
Pannon Hungary	104	121	121	820	109	243	150	261	71	235	168	145
Telenor Serbia											49	114
Promonte Montenegro			3	13	5	4	8	21	4	7	24	41
DTAC Thailand								146	605	543	565	737
DiGi Malaysia	103	162	228	427	108	178	310	574	226	199	371	513
Grameenphone Bangladesh	160	258	418	482	496	357	590	1,153	389	516	435	683
Telenor Pakistan		1,821	19	153	1,139	(91)	299	496	351	754	701	847
Fixed Norway	355	315	346	457	337	503	412	917	479	371	354	528
Fixed Sweden	15	72	58	134	40	48	142	255	83	230	155	114
Fixed Denmark							40	57	55	42	52	60
Fixed Other/Fixed Eliminations	8	(2)	15	18	4	5	8	8				
Broadcast	23	70	716	71	47	96	116	133	92	106	157	260
Other units	88	241	99	269	125	193	193	321	156	203	291	274
Eliminations		(15)	(7)		(7)	(15)	(11)	(14)	(11)	(4)	2	(7)
Total capex	1,471	4,012	3,140	4,122	3,360	2,923	3,720	6,436	3,703	4,422	4,816	6,095

Investments in businesses

Telenor group (NOK in millions)	2004				2005				2006			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Telenor Mobile Norway				52								
Sonofon Danmark	3,641	145						4				
Telenor Mobile Sweden									7,739	8		(241)
Kyivstar Ukraine		35										
Pannon Hungary												
Telenor Serbia											11,980	1
Promonte Montenegro			540	1								
DTAC Thailand								2,664	85	31		
DiGi Malaysia												
Grameenphone Bangladesh				298								
Telenor Pakistan												
Fixed Norway			1	1	43	1			1			87
Fixed Sweden	78	9		6			4,479	(27)	460	75	2	3
Fixed Denmark							1,313	7				
Fixed Other/Fixed Eliminations	8			2								
Broadcast							17	25		98	50	71
Other units	22	441	104	762	7	263	15	47	658	616	301	99
Eliminations		(337)										
Total investments in businesses	3,749	294	644	1,122	50	264	5,824	2,720	8,943	828	12,333	20

