

TELENOR ASA  
Form 6-K  
July 26, 2004

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**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 6-K**

**REPORT OF FOREIGN PRIVATE ISSUER**

**PURSUANT TO RULE 13a-16 OR 15d-16 OF  
THE SECURITIES EXCHANGE ACT OF 1934**

**Date: 23rd July 2004, for 2<sup>nd</sup> Quarter results 2004**

**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 SECOND  
TEL QUARTER 2004 RESULTS**

Telenor's revenues excluding gains increased by 16.1% to NOK 15,258 million. EBITDA margin adjusted for special items increased from 34.4% to 36.1%. EBITDA increased by NOK 1,331 million to NOK 5,681 million. Operating profit increased by NOK 1,127 million to NOK 2,739 million. Profit before taxes and minority interests increased by NOK 172 million to NOK 2,662 million. CAPEX was NOK 4,012 million. Net interest-bearing liabilities were NOK 22.0 billion.

Telenor's revenues excluding gains increased by 16.1% to NOK 15,258 million, mainly due to the growth in the mobile operations and the consolidation of Sonofon. Adjusted for the effects of acquisitions and disposals of operations and currency fluctuations, the growth in revenues was just above 8%.

Telenor's EBITDA margin adjusted for special items increased from 34.4% to 36.1%, primarily due to the results in Mobile constituting a larger part of the Group's results. EBITDA increased by NOK 1,331 million to NOK 5,681 million.

Telenor's operating profit increased by NOK 1,127 million to NOK 2,739 million. Profit before taxes and minority interests increased by NOK 172 million to NOK 2,662 million. The second quarter of 2003 included gain on disposal of 9% of the shares in Cosmote of NOK 1.5 billion.

In Mobile, EBITDA increased by NOK 774 million to NOK 3,051 million. The EBITDA margin in Mobile decreased to 37.2%, mainly due to the consolidation of Sonofon and costs associated with a strong customer growth in Telenor Mobil Norway.

The EBITDA margin in Fixed was 32.9%, in line with the second quarter of 2003.

In Broadcast, EBITDA increased by NOK 63 million to NOK 390 million.

In the second quarter of 2004, Telenor Mobil Norway increased the number of subscriptions by 73,000 at the same time as ARPU increased. Telenor's estimated market share for mobile services in Norway was 56% measured in number of subscriptions. The market share for fixed line telephony in Norway measured in traffic minutes was 69%, in line with the end of the first quarter.

Capital expenditure was NOK 4,012 million compared to NOK 1,314 million in the second quarter of 2003, and included NOK 1.8 billion investment in a licence for mobile telephony in Pakistan.

Net interest-bearing liabilities were NOK 22.0 billion. The

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increase of NOK 2.7 billion from the end of the first quarter of 2004 was influenced by the payment of dividends and the repurchase of own shares.

In the second quarter of 2004, Telenor purchased 11,939,900 own shares in the market in accordance with the authority granted by Telenor's general meeting of 6 May 2004.

In its decision of 14 June 2004, the Oslo District Court ruled in favour of Telenor, stating that Telenor's intragroup sale of its shares in Sonofon Holding A/S triggered a tax loss of approximately NOK 8.6 billion corresponding to a reduced tax charge of approximately NOK 2.4 billion. The tax authorities have appealed the decision, and Telenor has consequently not recorded any tax income related to this ruling in the second quarter of 2004.

**Outlook:**

Telenor in general confirms its expectations for 2004 as presented in Telenor's report for the first quarter of 2004. Overall, excluding special items, we expect a positive development in Telenor's results compared to 2003.

Continued growth in revenues is expected, in particular driven by the international mobile operations, where we experience a strong growth in the customer base in several markets.

The EBITDA margin is expected to be in line with 2003, excluding special items. This includes the consolidation of Sonofon and the establishment of mobile operations in Pakistan. This expectation is based on, among other factors, the effects of increased marketing efforts to secure growth in several of our mobile operations.

The increase in the customer base in the Ukraine and in Bangladesh contributes to increased network investments. In addition, capital expenditure is expected to increase due to the new operation in Pakistan, including license costs, the purchase of satellite capacity, the consolidation of Sonofon and investments in new technology in Telenor Mobil Norway. In total, capital expenditure is expected to be substantially higher than in 2003.

The sale of the Operating service division from the business area Fixed to EDB Business Partner is for Fixed- Norway expected to have a positive effect on operating profit excluding special items and a negative effect on revenues.

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**TEL CORRECTION IN PRESS RELEASE**

Changed Revenues increased by NOK 1,127 million to

Operating profit increased by NOK 1,127 million

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**SECOND QUARTER OF 2004**

The second quarter of 2004 showed a growth in revenues excluding gains for the Telenor Group of 16.1% to NOK 15.3 billion compared to the second quarter of 2003. Profit before taxes and minority interests increased to NOK 2.7 billion.



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Telenor ASA second quarter of 2004

**KEY POINTS FROM THE SECOND QUARTER OF 2004 COMPARED TO THE SECOND QUARTER OF 2003**

Telenor's revenues excluding gains increased by 16.1% to NOK 15,258 million, mainly due to the growth in the mobile operations and the consolidation of Sonofon. Adjusted for the effects of acquisitions and disposals of operations and currency fluctuations, the growth in revenues was just above 8%.

Telenor's EBITDA margin adjusted for special items increased from 34.4% to 36.1%, primarily due to the results in Mobile constituting a larger part of the Group's results. EBITDA increased by NOK 1,331 million to NOK 5,681 million.

Telenor's operating profit increased by NOK 1,127 million to NOK 2,739 million. Profit before taxes and minority interests increased by NOK 172 million to NOK 2,662 million. The second quarter of 2003 included gain on disposal of 9% of the shares in Cosmote of NOK 1.5 billion.

In Mobile, EBITDA increased by NOK 774 million to NOK 3,051 million. The EBITDA margin in Mobile decreased to 37.2%, mainly due to the consolidation of Sonofon and costs associated with a strong customer growth in Telenor Mobil Norway.

The EBITDA margin in Fixed was 32.9%, in line with the second quarter of 2003.

In Broadcast, EBITDA increased by NOK 63 million to NOK 390 million.

In the second quarter of 2004, Telenor Mobil-Norway increased the number of subscriptions by 73,000 at the same time as ARPU increased. Telenor's estimated market share for mobile services in Norway was 56% measured in number of subscriptions. The market share for fixed line telephony in Norway measured in traffic minutes was 69%, in line with the end of the first quarter.

Capital expenditure was NOK 4,012 million compared to NOK 1,314 million in the second quarter of 2003, and included NOK 1.8 billion investment in a licence for mobile telephony in Pakistan.

Net interest-bearing liabilities were NOK 22.0 billion. The increase of NOK 2.7 billion from the end of the first quarter of 2004 was influenced by the payment of dividends and the repurchase of own shares.

In the second quarter of 2004, Telenor purchased 11,939,900 own shares in the market in accordance with the authority granted by Telenor's general meeting of 6 May 2004.

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In its decision of 14 June 2004, the Oslo District Court ruled in favour of Telenor, stating that Telenor's intragroup sale of its shares in Sonofon Holding A/S triggered a tax loss of approximately NOK 8.6 billion corresponding to a reduced tax charge of approximately NOK 2.4 billion. The tax authorities have appealed the decision, and Telenor has consequently not recorded any tax income related to this ruling in the second quarter of 2004.

**KEY FIGURES**

| (NOK in millions)                          | 2nd quarter |        | 1st half-year |        | Year   |
|--|-------------|--------|---------------|--------|--------|
|  | 2004        | 2003   | 2004          | 2003   | 2003   |
| Revenues                                   | 15,624      | 13,223 | 29,908        | 25,829 | 53,121 |
| Revenues excluding gains                   | 15,258      | 13,147 | 29,534        | 25,749 | 52,889 |
| Revenues excluding gains - growth (%)      | 16.1        | 10.1   | 14.7          | 9.8    | 8.7    |
| EBITDA 1)                                  | 5,681       | 4,350  | 10,697        | 8,527  | 18,302 |
| EBITDA/Revenues (%)                        | 36.4        | 32.9   | 35.8          | 33.0   | 34.5   |
| EBITDA excluding gains and losses 2)       | 5,342       | 4,448  | 10,352        | 8,632  | 18,299 |
| Operating profit                           | 2,739       | 1,612  | 5,021         | 3,087  | 7,560  |
| Operating profit/Revenues (%)              | 17.5        | 12.2   | 16.8          | 12.0   | 14.2   |
| Associated companies                       | 211         | 1,382  | 344           | 1,348  | 1,231  |
| Profit before taxes and minority interests | 2,662       | 2,490  | 7,336         | 3,537  | 7,426  |
| Net income                                 | 1,410       | 1,683  | 4,211         | 2,280  | 4,560  |
| Net interest-bearing liabilities           |             |        | 21,973        | 25,317 | 17,817 |
| <b>Investments:</b>                        |             |        |               |        |        |
| - Capex 3)                                 | 4,012       | 1,314  | 5,483         | 2,544  | 6,454  |
| - Investments in businesses 4)             | 294         | 268    | 4,043         | 291    | 563    |

- 1) For a definition and reconciliation of EBITDA, see table at the end of this report.
- 2) See table "special items" at the end of this report for further details.
- 3) Capex is investments in tangible and intangible assets.
- 4) Consists of acquisition of shares and participations including acquisition of subsidiaries and businesses not organized as separate companies.

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The table below shows key figures adjusted for special items (gains and losses on disposal, expenses for workforce reductions, loss contracts, exit from activities and write-downs)<sup>1)</sup>

| (NOK in millions)                          | 2nd quarter |        |        | 1st half-year |        |        | Year   |        |
|--|-------------|--------|--------|---------------|--------|--------|--------|--------|
|  | 2004        | 2003   | Growth | 2004          | 2003   | Growth | 2003   | Growth |
| Driftsinntekter                            | 15.258      | 13.147 | 16,1%  | 29.534        | 25.749 | 14,7%  | 52.889 | 8,7%   |
| EBITDA                                     | 5.505       | 4.529  | 21,6%  | 10.540        | 8.718  | 20,9%  | 18.586 | 28,1%  |
| EBITDA/Driftsinntekter (%)                 | 36,1        | 34,4   |        | 35,7          | 33,9   |        | 35,1   |        |
| Driftsresultat                             | 2.564       | 1.838  | 39,5%  | 4.868         | 3.341  | 45,7%  | 7.989  | 87,1%  |
| Driftsresultat/Driftsinntekter (%)         | 16,8        | 14,0   |        | 16,5          | 13,0   |        | 15,1   |        |
| Tilknyttede selskaper                      | 202         | (49)   | nm     | 335           | (149)  | nm     | (251)  | nm     |
| Resultat før skatt og minoritetsinteresser | 2.460       | 1.289  | 90,9%  | 4.565         | 2.384  | 91,5%  | 6.300  | 153,2% |

1) See table special items at the end of this report for further details.

**KEY FIGURES FOR THE BUSINESS AREAS****Revenues**

| (NOK in millions)     | 2nd quarter   |               |              | 1st half-year |               |              | Year          |             |
|-----------------------|---------------|---------------|--------------|---------------|---------------|--------------|---------------|-------------|
|                       | 2004          | 2003          | Growth       | 2004          | 2003          | Growth       | 2003          | Growth      |
| Mobile                | 8,202         | 5,789         | 41.7%        | 15,416        | 11,177        | 37.9%        | 23,810        | 17.0%       |
| Fixed                 | 4,868         | 5,150         | (5.5%)       | 9,808         | 10,182        | (3.7%)       | 20,509        | 2.4%        |
| Broadcast             | 1,336         | 1,169         | 14.3%        | 2,642         | 2,307         | 14.5%        | 4,820         | 33.7%       |
| Other activities      | 2,870         | 2,841         | 1.0%         | 5,324         | 5,519         | (3.5%)       | 10,811        | (7.1%)      |
| Eliminations          | (1,652)       | (1,726)       | (4.3%)       | (3,282)       | (3,356)       | (2.2%)       | (6,829)       | 0.6%        |
| <b>Total revenues</b> | <b>15,624</b> | <b>13,223</b> | <b>18.2%</b> | <b>29,908</b> | <b>25,829</b> | <b>15.8%</b> | <b>53,121</b> | <b>8.8%</b> |

**Table of Contents****EBITDA**

| (NOK in millions)                               | 2004         | 2nd quarter  |              | Margin<br>1) | 2004          | 1st half-year |              | Margin<br>1) | Year          |              |
|---|--------------|--------------|--------------|--------------|---------------|---------------|--------------|--------------|---------------|--------------|
|   |              | Margin<br>1) | 2003         |              |               | Margin<br>1)  | 2003         |              | Margin<br>1)  |              |
| Mobile  | 3,051        | 37.2%        | 2,277        | 39.3%        | 5,867         | 38.1%         | 4,472        | 40.0%        | 9,567         | 40.2%        |
| Fixed   | 1,601        | 32.9%        | 1,690        | 32.8%        | 3,221         | 32.8%         | 3,282        | 32.2%        | 6,665         | 32.5%        |
| Broadcast                                       | 390          | 29.2%        | 327          | 28.0%        | 738           | 27.9%         | 531          | 23.0%        | 1,229         | 25.5%        |
| Other activities                                | 582          | 20.3%        | 73           | 2.6%         | 844           | 15.9%         | 267          | 4.8%         | 830           | 7.7%         |
| Eliminations                                    | 57           | nm           | (17)         | nm           | 27            | nm            | (25)         | nm           | 11            | nm           |
| <b>Total EBITDA</b>                             | <b>5,681</b> | <b>36.4%</b> | <b>4,350</b> | <b>32.9%</b> | <b>10,697</b> | <b>35.8%</b>  | <b>8,527</b> | <b>33.0%</b> | <b>18,302</b> | <b>34.5%</b> |
| Special items 2)                                | (176)        | nm           | 179          | nm           | (157)         | nm            | 191          | nm           | 284           | nm           |
| <b>EBITDA adjusted<br/>for special items 3)</b> | <b>5,505</b> | <b>36.1%</b> | <b>4,529</b> | <b>34.4%</b> | <b>10,540</b> | <b>35.7%</b>  | <b>8,718</b> | <b>33.9%</b> | <b>18,586</b> | <b>35.1%</b> |

- 1) EBITDA as a percentage of total revenues.
- 2) Gains, losses, expenses for workforce reductions, loss contracts and exit from activities. See table special items at the end of the report for further details.
- 3) Margin is EBITDA adjusted for special items as a percentage of revenues excluding gains.

**Operating profit (loss)**

| (NOK in millions)                 | 2004         | 2nd quarter  |              | Margin<br>1) | 2004         | 1st half-year |              | Margin<br>1) | Year         |              |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|
|                                   |              | Margin<br>1) | 2003         |              |              | Margin<br>1)  | 2003         |              | Margin<br>1) |              |
| Mobile                            | 1,508        | 18.4%        | 1,173        | 20.3%        | 3,014        | 19.6%         | 2,285        | 20.4%        | 5,224        | 21.9%        |
| Fixed                             | 729          | 15.0%        | 629          | 12.2%        | 1,421        | 14.5%         | 1,171        | 11.5%        | 2,531        | 12.3%        |
| Broadcast                         | 173          | 12.9%        | 59           | 5.0%         | 283          | 10.7%         | (14)         | nm           | 181          | 3.8%         |
| Other activities                  | 277          | 9.7%         | (249)        | nm           | 260          | 4.9%          | (361)        | nm           | (488)        | nm           |
| Eliminations                      | 52           | nm           |              | nm           | 43           | nm            | 6            | nm           | 112          | nm           |
| <b>Total operating<br/>profit</b> | <b>2,739</b> | <b>17.5%</b> | <b>1,612</b> | <b>12.2%</b> | <b>5,021</b> | <b>16.8%</b>  | <b>3,087</b> | <b>12.0%</b> | <b>7,560</b> | <b>14.2%</b> |

- 1) Operating profit as a percentage of total revenues

**Table of Contents****BUSINESS AREAS****MOBILE**

| (NOK in millions)                    | 2nd quarter  |              | 1st half-year |               | Year          |
|--------------------------------------|--------------|--------------|---------------|---------------|---------------|
|                                      | 2004         | 2003         | 2004          | 2003          | 2003          |
| External revenues                    |              |              |               |               |               |
| Telenor Mobil Norway                 | 2,635        | 2,475        | 5,124         | 4,777         | 9,639         |
| Sonofon Denmark                      | 1,239        | 1,911        |               |               |               |
| Telenor Mobile Sweden                | 34           | 27           | 66            | 47            | 109           |
| Pannon GSM Hungary                   | 1,443        | 1,291        | 2,846         | 2,496         | 5,368         |
| DiGi.Com Malaysia                    | 962          | 733          | 1,902         | 1,465         | 3,170         |
| Kyivstar Ukraine                     | 996          | 590          | 1,830         | 1,073         | 2,634         |
| GrameenPhone Bangladesh              | 535          | 352          | 1,028         | 678           | 1,535         |
| Other                                | 5            | 4            | 8             | 18            | 28            |
| <b>Total external revenues</b>       | <b>7,849</b> | <b>5,472</b> | <b>14,715</b> | <b>10,554</b> | <b>22,483</b> |
| Internal revenues                    | 353          | 317          | 700           | 623           | 1,327         |
| Gains on disposal                    |              |              | 1             |               |               |
| <b>Total revenues</b>                | <b>8,202</b> | <b>5,789</b> | <b>15,416</b> | <b>11,177</b> | <b>23,810</b> |
| EBITDA                               | 3,051        | 2,277        | 5,867         | 4,472         | 9,567         |
| Depreciation and amortization        | 1,542        | 1,085        | 2,852         | 2,160         | 4,308         |
| Write-downs                          | 1            | 19           | 1             | 27            | 35            |
| <b>Operating profit</b>              | <b>1,508</b> | <b>1,173</b> | <b>3,014</b>  | <b>2,285</b>  | <b>5,224</b>  |
| EBITDA/Total revenues (%)            | 37.2         | 39.3         | 38.1          | 40.0          | 40.2          |
| Operating profit/ Total revenues (%) | 18.4         | 20.3         | 19.6          | 20.4          | 21.9          |
| <b>Investments:</b>                  |              |              |               |               |               |
| - Capex                              | 3,331        | 678          | 4,315         | 1,365         | 3,667         |
| - Investments in businesses          | 183          | 1            | 3,844         | 5             | 95            |

Revenues increased by 41.7% compared to the second quarter of 2003 due to underlying growth and the consolidation of Sonofon.

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EBITDA increased by 34.0% for the same reasons. However, the EBITDA margin decreased compared to the first quarter of 2003, mainly due to the consolidation of Sonofon and costs associated with a strong customer growth in Telenor Mobil Norway.

Investments in businesses in the second quarter of 2004 consisted of the acquisition of CBB Mobile A/S in Denmark and the purchase of additional shares in Kyivstar, which increased Telenor's ownership interest from 55.35% to 56.51%.

In the second quarter of 2004, capital expenditure included NOK 1.8 billion for a licence for mobile telephony in Pakistan. NOK 1.0 billion was paid in the second quarter of 2004 and the remainder is to be paid in annual instalments over 10 years.

**Table of Contents****TELENOR MOBIL NORWAY**

| (NOK in millions)                               | 2nd quarter  |              | 1st half-year |              | Year          |
|---|--------------|--------------|---------------|--------------|---------------|
|   | 2004         | 2003         | 2004          | 2003         | 2003          |
| Subscriptions and connections                   | 369          | 292          | 719           | 622          | 1,216         |
| Traffic   | 1,405        | 1,391        | 2,695         | 2,637        | 5,329         |
| SMS and content services                        | 393          | 402          | 777           | 813          | 1,599         |
| Customer equipment, service providers and other | 468          | 390          | 933           | 705          | 1,495         |
| <b>Total external revenues</b>                  | <b>2,635</b> | <b>2,475</b> | <b>5,124</b>  | <b>4,777</b> | <b>9,639</b>  |
| Internal revenues                               | 315          | 321          | 626           | 629          | 1,270         |
| Gains on disposal                               |              |              |               |              |               |
| <b>Total revenues</b>                           | <b>2,950</b> | <b>2,796</b> | <b>5,750</b>  | <b>5,406</b> | <b>10,909</b> |
| EBITDA  | 1,076        | 1,040        | 2,074         | 2,123        | 4,262         |
| Depreciation and amortization                   | 272          | 294          | 510           | 587          | 1,147         |
| Write-downs                                     | 1            |              | 1             |              |               |
| <b>Operating profit</b>                         | <b>803</b>   | <b>746</b>   | <b>1,563</b>  | <b>1,536</b> | <b>3,115</b>  |
| EBITDA/Total revenues (%)                       | 36.5         | 37.2         | 36.1          | 39.3         | 39.1          |
| Operating profit/ Total revenues (%)            | 27.2         | 26.7         | 27.2          | 28.4         | 28.6          |
| Capex   | 255          | 108          | 469           | 185          | 500           |
| ARPU (GSM) monthly (NOK)                        | 348          | 346          | 340           | 338          | 339           |
| No. of subscriptions (in thousand)              |              |              | 2,451         | 2,330        | 2,364         |

Compared to previously reported external revenues SMS services from abroad (roaming) have been reclassified from Traffic to SMS and content services for all periods.

In a market affected by strong competition the number of GSM subscriptions in Telenor Mobil increased by 73,000 in the second quarter compared to the end of the first quarter of 2004, and by 121,000, primarily GSM contract subscriptions, compared to the end of the second quarter of 2003.

The estimated market share for GSM measured in number of subscriptions had a positive development in the quarter and was approximately 56% at the end of the second quarter of 2004. Mobile penetration was estimated to have increased to approximately 94%, up from 87% in the second quarter of 2003 and up from 91% in the first quarter of 2004.

Compared to the second quarter of 2003 revenues increased primarily as a result of higher sales of traffic on a wholesale basis. External traffic revenues increased due to increased traffic per subscription and an increase in the number of subscriptions, partially offset by price reductions. External subscription revenues

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increased compared to the second quarter of 2003 due to the growth in the number of subscriptions. Reduced external revenues from SMS and content services were due to reduced prices in Norway.

The reduced EBITDA margin compared to the second quarter of 2003 was primarily due to increased costs connected with sales and marketing activities, higher costs of materials and traffic charges due to increased traffic to other mobile networks and price reductions. These effects were partially offset by an increased number of subscriptions and higher average usage per subscription together with a continued strong focus on cost control.

Depreciation and amortization decreased compared to the second quarter of 2003, primarily due to reduced capital expenditure in recent years.

Increased capital expenditure compared to the second quarter of 2003 was primarily due to investments in new technology and increased coverage and capacity in the GSM network.



**Table of Contents****SONOFON DENMARK**

| (NOK in millions)                    | 2nd quarter  |      | 1st half-year |      | Year |
|--------------------------------------|--------------|------|---------------|------|------|
|                                      | 2004         | 2003 | 2004          | 2003 | 2003 |
| Mobile related revenues              | 924          |      | 1,435         |      |      |
| Other revenues                       | 323          |      | 488           |      |      |
| <b>Total revenues</b>                | <b>1,247</b> | -    | <b>1,923</b>  | -    | -    |
| EBITDA                               | 236          |      | 402           |      |      |
| Depreciation and amortization        | 196          |      | 310           |      |      |
| Write-downs                          |              |      |               |      |      |
| <b>Operating profit</b>              | <b>40</b>    | -    | <b>92</b>     | -    | -    |
| EBITDA/Total revenues (%)            | 18.9         |      | 20.9          |      |      |
| Operating profit/ Total revenues (%) | 3.2          |      | 4.8           |      |      |
| Capex                                | 144          |      | 210           |      |      |
| ARPU (GSM) monthly (NOK)             | 255          |      | 262           |      |      |
| No. of subscriptions (in thousand)   |              |      | 1,212         |      |      |

Telenor's ownership interest in Sonofon was 100% at the end of the second quarter of 2004. The Norwegian Krone depreciated against the Danish Krone by approximately 4% in the second quarter of 2004 compared to the first quarter of 2004. The preceding table shows figures included in the accounts for Telenor from 12 February 2004, the date of consolidation of Sonofon. Accumulated ARPU in the table is for the period 1 January – 30 June 2004.

On 30 April 2004, Sonofon acquired CBB Mobil A/S (CBB) for DKK 130 million. CBB was previously a service provider on Sonofon's network.

Sonofon's estimated market share was 26% at the end of the second quarter of 2004, an increase of 4 percentage points from the previous quarter. The number of subscriptions in Sonofon increased by 216,000 from the first quarter. The increase in market share and number of subscriptions was primarily due to the acquisition of CBB, which had 181,000 subscriptions at the time of the acquisition. The estimated mobile penetration in Denmark was in line with the previous quarter and was 89% at the end of the second quarter of 2004.

ARPU decreased compared to the end of the first quarter when measured in Danish Kroner, primarily as a result of the consolidation of CBB and price reductions.

Revenues and the EBITDA margin for the first six months of 2004 were 2,457 million and 21.5%, respectively. The EBITDA margin was negatively affected by reduced prices and increased costs in connection with sales and marketing activities, partially offset by reductions in other operating expenses.

As from 1 July 2004 Sonofon reduced the interconnection charges by 10% on average.

**Table of Contents****TELENOR MOBILE SWEDEN**

| (NOK in millions)                  | 2nd quarter |             | 1st half-year |             | Year         |
|------------------------------------|-------------|-------------|---------------|-------------|--------------|
|                                    | 2004        | 2003        | 2004          | 2003        | 2003         |
| <b>Total revenues</b>              | <b>55</b>   | <b>27</b>   | <b>101</b>    | <b>47</b>   | <b>127</b>   |
| EBITDA                             | (37)        | (36)        | (62)          | (44)        | (114)        |
| Depreciation and amortization      | 7           | 6           | 15            | 10          | 24           |
| Write-downs                        |             |             |               |             |              |
| <b>Operating (loss)</b>            | <b>(44)</b> | <b>(42)</b> | <b>(77)</b>   | <b>(54)</b> | <b>(138)</b> |
| Capex                              | 4           | 7           | 8             | 65          | 79           |
| ARPU (GSM) monthly (NOK)           | 202         | 160         | 210           | 140         | 171          |
| No. of subscriptions (in thousand) |             |             | 92            | 59          | 81           |

The Norwegian Krone depreciated against the Swedish Krone by approximately 5% in the second quarter of 2004 compared to the second quarter of 2003.

Revenues increased due to more subscriptions and increased ARPU.

The increase in ARPU was due to changes in subscription composition, with 73,000 MVNO subscriptions at the end of the second quarter of 2004. These subscriptions have a higher ARPU than service provider subscriptions, partly due to termination revenues being included in the revenue basis.

EBITDA was in line with the second quarter of 2003 due to increased costs of materials and traffic charges.

Table of Contents**PANNON GSM HUNGARY**

| (NOK in millions)                    | 2nd quarter  |              | 1st half-year |              | Year         |
|--------------------------------------|--------------|--------------|---------------|--------------|--------------|
|                                      | 2004         | 2003         | 2004          | 2003         | 2003         |
| Mobile related revenues              | 1,353        | 1,233        | 2,676         | 2,371        | 5,005        |
| Other revenues                       | 92           | 59           | 174           | 126          | 365          |
| <b>Total revenues</b>                | <b>1,445</b> | <b>1,292</b> | <b>2,850</b>  | <b>2,497</b> | <b>5,370</b> |
| EBITDA                               | 556          | 512          | 1,112         | 981          | 1,924        |
| Depreciation and amortization        | 238          | 216          | 479           | 428          | 889          |
| Write-downs                          |              | 6            |               | 6            | 10           |
| <b>Operating profit</b>              | <b>318</b>   | <b>290</b>   | <b>633</b>    | <b>547</b>   | <b>1,025</b> |
| EBITDA/Total revenues (%)            | 38.5         | 39.6         | 39.0          | 39.3         | 35.8         |
| Operating profit/ Total revenues (%) | 22.0         | 22.4         | 22.2          | 21.9         | 19.1         |
| Capex                                | 121          | 136          | 225           | 249          | 644          |
| ARPU (GSM) - monthly (NOK)           | 176          | 165          | 172           | 159          | 165          |
| No. of subscriptions (in thousand)   |              |              | 2,588         | 2,514        | 2,618        |

Telenor's ownership interest in Pannon GSM is 100%. The Norwegian Krone depreciated against the Hungarian Forint by approximately 5% in the second quarter of 2004 compared to the second quarter of 2003.

Pannon GSM's estimated market share decreased by 1 percentage point from the previous quarter, to approximately 34% at the end of the second quarter of 2004, compared to 37% at the end of the second quarter of 2003. Compared to the end of the second quarter of 2003, the estimated mobile penetration in Hungary increased from 73% to 81%.

In a market affected by strong competition Pannon GSM increased the number of contract subscriptions by 33,000 from the first quarter of 2004, and by 119,000 compared to the second quarter of 2003.

ARPU measured in local currency increased by 2% compared to the second quarter of 2003, mainly due to an increased number of contract subscriptions and an increased usage per subscription. The increased number of subscriptions, increased ARPU and increased sales of handsets contributed to a 7% increase in revenues measured in local currency compared to the second quarter of 2003.

Reduced EBITDA margin compared to the second quarter of 2003 was due to increased costs in connection with sales and marketing activities as a result of higher gross sales and higher average commissions. This was partially offset by reduced costs due to more efficient operations.

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In 2003, Pannon GSM was considered as having a significant market position in the national interconnection market in Hungary for 2002 and 2003. Pannon GSM has appealed these decisions. It is not yet known when a final decision will be issued by the Hungarian courts. In the meantime, however, because the company was considered as having a significant market position Pannon GSM reduced its interconnection prices by an average of 9% from 15 June 2004.

**Table of Contents****DIGI.COM MALAYSIA**

| (NOK in millions)                       | 2nd quarter |            | 1st half-year |              | Year         |
|---|-------------|------------|---------------|--------------|--------------|
|   | 2004        | 2003       | 2004          | 2003         | 2003         |
| Mobile related revenues                 | 820         | 621        | 1,631         | 1,254        | 2,713        |
| Other revenues                          | 143         | 113        | 273           | 214          | 463          |
| <b>Total revenues</b>                   | <b>963</b>  | <b>734</b> | <b>1,904</b>  | <b>1,468</b> | <b>3,176</b> |
| EBITDA                                  | 410         | 283        | 836           | 590          | 1,295        |
| Depreciation and amortization           | 208         | 189        | 418           | 377          | 780          |
| Write-downs                             |             | 4          |               | 10           | 18           |
| <b>Operating profit</b>                 | <b>202</b>  | <b>90</b>  | <b>418</b>    | <b>203</b>   | <b>497</b>   |
| EBITDA/Total revenues (%)               | 42.6        | 38.6       | 43.9          | 40.2         | 40.8         |
| Operating profit/ Total revenues (%)    | 21.0        | 12.3       | 22.0          | 13.8         | 15.6         |
| Capex                                   | 162         | 129        | 265           | 273          | 1043         |
| ARPU (GSM) monthly (NOK)                | 110         | 111        | 114           | 117          | 117          |
| No. of subscriptions (100% in thousand) |             |            | 2,585         | 1,946        | 2,207        |

Telenor's ownership interest in DiGi.Com was 61.0% at the end of the second quarter of 2004. The Norwegian Krone appreciated against the Malayan Ringgit by approximately 3% in the first quarter of 2004 compared to the second quarter of 2003.

At the end of the second quarter of 2004, DiGi.Com's estimated market share was unchanged from the previous quarter at 21%, compared to 19% at the end of the second quarter of 2003. The estimated mobile penetration in Malaysia was 49% at the end of the second quarter of 2004, an increase from 42% at the end of the second quarter of 2003.

Revenues increased by 34% compared to the second quarter of 2003, when measured in local currency, mainly due to an increase in the number of subscriptions of 169,000. ARPU measured in local currency was in line with that of the second quarter of 2003.

The increase in EBITDA margin was due to increased revenues without corresponding increases in costs of materials and traffic charges. Measured in local currency, EBITDA increased by 47% compared to the second quarter of 2003.

Compared to the second quarter of 2003, depreciation and amortization increased as a result of high capital expenditure in the intervening periods.

Increased capital expenditure compared to the second quarter of 2003 was related to investments in networks resulting from increased coverage and a larger customer base.

**Table of Contents****KYIVSTAR UKRAINE**

| (NOK in millions)                       | 2nd quarter |            | 1st half-year |              | Year         |
|---|-------------|------------|---------------|--------------|--------------|
|   | 2004        | 2003       | 2004          | 2003         | 2003         |
| Mobile related revenues                 | 981         | 575        | 1,803         | 1,039        | 2,569        |
| Other revenues                          | 15          | 15         | 27            | 34           | 65           |
| <b>Total revenues</b>                   | <b>996</b>  | <b>590</b> | <b>1,830</b>  | <b>1,073</b> | <b>2,634</b> |
| EBITDA                                  | 591         | 338        | 1,096         | 601          | 1,573        |
| Depreciation and amortization           | 103         | 81         | 205           | 158          | 343          |
| Write-downs                             |             |            |               |              |              |
| <b>Operating profit</b>                 | <b>488</b>  | <b>257</b> | <b>891</b>    | <b>443</b>   | <b>1,230</b> |
| EBITDA/Total revenues (%)               | 59.3        | 57.3       | 59.9          | 56.0         | 59.7         |
| Operating profit/ Total revenues (%)    | 49.0        | 43.6       | 48.7          | 41.3         | 46.7         |
| Capex                                   | 566         | 212        | 897           | 430          | 979          |
| ARPU (GSM) - monthly (NOK)              | 97          | 92         | 92            | 87           | 94           |
| No. of subscriptions (100% in thousand) |             |            | 3,610         | 2,205        | 3,037        |

Telenor's ownership interest at the end of the second quarter of 2004 was 56.51%. The functional currency for Kyivstar is the US dollar. The Norwegian Krone appreciated against the US dollar by approximately 3% in the second quarter of 2004 compared to the second quarter of 2003.

Kyivstar's estimated market share decreased by 2 percentage points from the previous quarter and was 43% at the end of the second quarter of 2004, compared to 50% at the end of the second quarter of 2003. The reduction was due to increased competition in the prepaid segment. Compared to the second quarter of 2003, the estimated mobile penetration in the Ukraine increased from 9% to 18%.

ARPU measured in US dollars increased by 8% compared to the second quarter of 2003. This was largely due to the average traffic minutes per subscription increasing by 42%, primarily due to the introduction of a calling party pays regime from 19 September 2003.

A significant increase in the number of subscriptions and ARPU contributed to a revenue increase of 72% measured in US dollars compared to the second quarter of 2003.

Measured in US dollars, EBITDA increased by 79% compared to the second quarter of 2003, mainly due to increased revenues. Increased EBITDA margin reflected cost effective operations and limited costs in connection with sales and marketing activities.

Compared to the second quarter of 2003, depreciation and amortization increased as a result of increased capital expenditure in the subsequent quarters.

Increased capital expenditure compared to the second quarter of 2003 was due to investments in networks resulting from a larger customer base.

**Table of Contents****GRAMEENPHONE BANGLADESH**

| (NOK in millions)                      | 2nd quarter |            | 1st half-year |            | Year         |
|--|-------------|------------|---------------|------------|--------------|
|  | 2004        | 2003       | 2004          | 2003       | 2003         |
| Mobile related revenues                | 532         | 352        | 1,022         | 673        | 1,529        |
| Other revenues 1)                      | 3           | 1          | 6             | 6          | 7            |
| <b>Total revenues</b>                  | <b>535</b>  | <b>353</b> | <b>1,028</b>  | <b>679</b> | <b>1,536</b> |
| EBITDA                                 | 309         | 221        | 592           | 418        | 1,001        |
| Depreciation and amortization          | 51          | 38         | 85            | 74         | 158          |
| Write-downs                            |             |            |               |            |              |
| <b>Operating profit</b>                | <b>258</b>  | <b>183</b> | <b>507</b>    | <b>344</b> | <b>843</b>   |
| EBITDA/Total revenues (%)              | 57.8        | 62.6       | 57.6          | 61.6       | 65.2         |
| Operating profit/ Total revenues (%)   | 48.2        | 51.8       | 49.3          | 50.7       | 54.9         |
| Capex                                  | 258         | 86         | 418           | 163        | 429          |
| ARPU (GSM) - monthly (NOK)             | 108         | 136        | 116           | 135        | 136          |
| No. of subscriptions (100 in thousand) |             |            | 1,795         | 928        | 1,141        |

Telenor's ownership interest at the end of the second quarter of 2004 was 51.0%. The Norwegian Krone appreciated against the Bangladeshi Takka by approximately 5% in the second quarter of 2004 compared to the second quarter of 2003.

GrameenPhone's estimated market share decreased by 1 percentage point from the previous quarter to 62% at the end of the second quarter of 2004, and 69% at the end of the second quarter of 2003. The reduction was due to increased competition, especially since the third quarter of 2003. The estimated mobile penetration in Bangladesh doubled from the second quarter of 2003 to 2% in the second quarter of 2004.

Compared to the end of the first quarter of 2004 the number of subscriptions in GrameenPhone increased by 18% to approximately 1.8 million. The increase from the second quarter of 2003 was 93%. The increase in the number of subscriptions contributed to an increase in revenues of 58% measured in local currency compared to the second quarter of 2003.

Measured in local currency, ARPU declined by 17% compared to the second quarter of 2003. This was mainly due to a higher portion of prepaid subscriptions and price reductions, including free call time.

Measured in local currency, EBITDA increased by 46% compared to the second quarter of 2003, primarily due to increased revenues. However, the EBITDA margin declined compared to the second quarter of 2003 due to increased costs in connection with sales and marketing activities related to the significant increase in the sale of new subscriptions.

Compared to the second quarter of 2003, depreciation and amortization increased as a result of increased capital expenditure in the subsequent quarters.

Compared to the second quarter of 2003, capital expenditure increased as a result of increased need for network investment due to the significant growth in the number of subscriptions.





**Table of Contents****OTHER UNITS IN MOBILE****(including eliminations and amortization and write-downs of net excess values)**

| (NOK in millions)   | 2nd quarter  |              | 1st half-year  |              | Year           |
|---|--------------|--------------|----------------|--------------|----------------|
|   | 2004         | 2003         | 2004           | 2003         | 2003           |
| EBITDA  | (90)         | (81)         | (183)          | (197)        | (374)          |
| Depreciation and amortization 1)                              | 467          | 261          | 830            | 526          | 967            |
| Write-downs   |              | 9            |                | 11           | 7              |
| <b>Operating (loss)</b>                                       | <b>(557)</b> | <b>(351)</b> | <b>(1,013)</b> | <b>(734)</b> | <b>(1,348)</b> |
| 1) Includes amortization of Telenor's net excess values by *) | 471          | 235          | 834            | 474          | 911            |
| Capex   | 1,821        |              | 1,823          |              | (7)            |

\*) Net excess values are the difference between Telenor's acquisition cost and Telenor's share of equity at acquisition of subsidiaries.

Other units in Mobile include costs related to the management and administration of Telenor's international mobile operations, as well as amortization and write-downs of Telenor's net excess values on consolidated mobile companies.

Increased EBITDA loss compared to the second quarter of 2003 was partially due to operating costs in Pakistan.

Increased amortization of net excess values compared to the second quarter of 2003 was due to amortization of excess values relating to Sonofon.

Capital expenditure in the second quarter was mainly the purchase of a licence for mobile telephony in Pakistan.

**Table of Contents****ASSOCIATED COMPANIES AND JOINT VENTURES IN MOBILE**

| (NOK in millions)                              | 2nd quarter |              | 1st half-year |              | Year         |
|--|-------------|--------------|---------------|--------------|--------------|
|  | 2004        | 2003         | 2004          | 2003         | 2003         |
| <b>Telenor's share of 1)</b>                   |             |              |               |              |              |
| Net income after taxes                         | 233         | 167          | 497           | 281          | 608          |
| Amortization of Telenor's net excess values 2) | (28)        | (143)        | (111)         | (300)        | (534)        |
| Write-downs of Telenor's excess values         |             |              |               |              | (15)         |
| Gains on disposal of ownership interests       |             | 1,515        |               | 1,580        | 1,580        |
| <b>Net results from associated companies</b>   | <b>205</b>  | <b>1,539</b> | <b>386</b>    | <b>1,561</b> | <b>1,639</b> |

- 1) The figures are partly based on management's estimates in connection with the preparation of the consolidated financial statements. The consolidated profit and loss statement contains only the line net result from associated companies. The table includes Telenor's share of the results in Sonofon until 12 February 2004. Effective from this date Sonofon was consolidated as a subsidiary. Cosmote was included as an associated company through April 2003.
- 2) Net excess values are the differences between Telenor's acquisition cost and Telenor's share of equity at acquisition of associated companies.

In the second quarter of 2004 there was a significant growth in the overall subscription base for the existing associated companies. The growth was especially strong in Vimpelcom in Russia.

Reduced amortization of Telenor's net excess values on associated companies compared to the second quarter of 2003 was primarily due to the consolidation of Sonofon as of 12 February 2004.

Gain on disposal of ownership interests in the second quarter of 2003 was related to the sale of 9% of the shares in Cosmote.

**Table of Contents****FIXED**

| (NOK in millions)   | 2nd quarter  |              | 1st half-year |               | Year<br>2003  |
|---|--------------|--------------|---------------|---------------|---------------|
|   | 2004         | 2003         | 2004          | 2003          |               |
| <b>External revenues</b>                                  |              |              |               |               |               |
| Norway  | 3,957        | 4,112        | 8,012         | 8,262         | 16,409        |
| Sweden  | 410          | 401          | 821           | 693           | 1,517         |
| Russia  |              | 186          |               | 352           | 701           |
| Other countries   | 43           | 40           | 86            | 78            | 160           |
| <b>Total external revenues</b>                            | <b>4,410</b> | <b>4,739</b> | <b>8,919</b>  | <b>9,385</b>  | <b>18,787</b> |
| Internal revenues   | 458          | 410          | 889           | 796           | 1,713         |
| Gains on disposal   |              | 1            |               | 1             | 9             |
| <b>Total revenues</b>                                     | <b>4,868</b> | <b>5,150</b> | <b>9,808</b>  | <b>10,182</b> | <b>20,509</b> |
| EBITDA  | 1,601        | 1,690        | 3,221         | 3,282         | 6,665         |
| Depreciation and amortization 1)                          | 872          | 1,054        | 1,800         | 2,104         | 4,110         |
| Write-downs   |              | 7            |               | 7             | 24            |
| <b>Operating profit</b>                                   | <b>729</b>   | <b>629</b>   | <b>1,421</b>  | <b>1,171</b>  | <b>2,531</b>  |
| 1)Includes amortization of Telenor's net excess values by | 26           | 10           |               | 22            | (76)          |
| EBITDA/Total revenues (%)                                 | 32.9         | 32.8         | 32.8          | 32.2          | 32.5          |
| Operating profit/ Total revenues (%)                      | 15.0         | 12.2         | 14.5          | 11.5          | 12.3          |
| <b>Investments:</b>                                       |              |              |               |               |               |
| - Capex   | 385          | 449          | 763           | 845           | 1,867         |
| - Investments in businesses                               | 10           | 217          | 96            | 217           | 294           |

Compared to the second quarter of 2003, the results were affected by the sale of Comincom/Combella to Golden Telecom on 1 December 2003 and the transfer of parts of the Operating services business from Fixed to EDB Business Partner with effect from 1 May 2004. The transferred business provided services in connection with the operation of the IT systems to other Telenor companies and to external customers. This business was included in the results for Fixed until 1 May 2004.

The EBITDA margin was in line with the second quarter of 2003. The decline in revenues and EBITDA compared to the second quarter of 2003 was mainly due to the sale of Comincom/Combella and the transfer of parts of Operating services to EDB Business Partner.

**Table of Contents****FIXED NORWAY**

| (NOK in millions)                             | 2nd quarter  |              | 1st half-year |              | Year          |
|---|--------------|--------------|---------------|--------------|---------------|
|   | 2004         | 2003         | 2004          | 2003         | 2003          |
| <b>Retail revenues</b>                        |              |              |               |              |               |
| Subscriptions and connections - PSTN/ISDN     | 953          | 1,088        | 1,911         | 2,200        | 4,300         |
| Subscriptions and connections - ADSL/Internet | 321          | 252          | 602           | 489          | 1,041         |
| Internet traffic                              | 89           | 139          | 227           | 306          | 561           |
| Other traffic                                 | 1,134        | 1,300        | 2,339         | 2,633        | 5,062         |
| <b>Total PSTN/ISDN, ADSL and Internet</b>     | <b>2,497</b> | <b>2,779</b> | <b>5,079</b>  | <b>5,628</b> | <b>10,964</b> |
| Leased lines                                  | 67           | 80           | 148           | 161          | 329           |
| Datacommunication                             | 224          | 197          | 424           | 409          | 836           |
| Managed services                              | 116          | 173          | 280           | 367          | 726           |
| Other retail products                         | 116          | 100          | 212           | 188          | 377           |
| <b>Total other retail revenues</b>            | <b>523</b>   | <b>550</b>   | <b>1,064</b>  | <b>1,125</b> | <b>2,268</b>  |
| <b>Total retail revenues</b>                  | <b>3,020</b> | <b>3,329</b> | <b>6,143</b>  | <b>6,753</b> | <b>13,232</b> |
| <b>Wholesale revenues</b>                     |              |              |               |              |               |
| Sale to service providers and operators       | 179          | 51           | 365           | 74           | 249           |
| Domestic interconnect                         | 155          | 164          | 314           | 334          | 643           |
| international interconnect                    | 84           | 87           | 162           | 161          | 339           |
| Transit traffic                               | 257          | 258          | 510           | 503          | 1,038         |
| Leased lines                                  | 162          | 155          | 333           | 316          | 631           |
| Other wholesale revenues                      | 100          | 68           | 185           | 121          | 277           |
| <b>Total wholesale revenues</b>               | <b>937</b>   | <b>783</b>   | <b>1,869</b>  | <b>1,509</b> | <b>3,177</b>  |
| <b>Total external revenues</b>                | <b>3,957</b> | <b>4,112</b> | <b>8,012</b>  | <b>8,262</b> | <b>16,409</b> |
| Internal revenues                             | 456          | 427          | 894           | 833          | 1,776         |
| Gains on disposal                             |              | 1            |               | 1            | 4             |
| <b>Total revenues Norway</b>                  | <b>4,413</b> | <b>4,540</b> | <b>8,906</b>  | <b>9,096</b> | <b>18,189</b> |

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| (NOK in millions)  | 2nd quarter |            | 1st half-year |              | Year         |
|--|-------------|------------|---------------|--------------|--------------|
|  | 2004        | 2003       | 2004          | 2003         | 2003         |
| EBITDA   | 1,576       | 1,644      | 3,196         | 3,227        | 6,512        |
| Depreciation and amortization 1)                           | 818         | 937        | 1,696         | 1,871        | 3,773        |
| Write-downs  |             |            |               |              | 19           |
| <b>Operating profit</b>                                    | <b>758</b>  | <b>707</b> | <b>1,500</b>  | <b>1,356</b> | <b>2,720</b> |
| 1) Includes amortization of Telenor's net excess values by | (1)         |            |               | 1            | 9            |
| EBITDA/Total revenues (%)                                  | 35,7        | 36,2       | 35,9          | 35,5         | 35,8         |
| Operating profit/ Total revenues (%)                       | 17,2        | 15,6       | 16,8          | 14,9         | 15,0         |
| <b>Investments:</b>  |             |            |               |              |              |
| - Capex  | 315         | 387        | 670           | 721          | 1,568        |
| - Investments in businesses                                | 1           |            | 1             |              | 1            |

Adjusted for the transfer of Operating services to EDB Business Partner, revenues decreased by 1.0% and the EBITDA margin decreased by 0.8 percentage points while the operating margin improved by 0.8 percentage points.

External revenues from Subscriptions and connections PSTN/ISDN decreased compared to the second quarter of 2003 due to the transition to sales of access lines on a wholesale basis and a decrease in the number of subscriptions in the market as a whole.

Increased external revenues from Subscriptions and connections ADSL/Internet was due to the growth in the number of ADSL subscriptions. The number of ADSL subscriptions (residential and business) was 235,000 at the end of the second quarter of 2004, an increase of 101,000 compared to the second quarter of 2003 and 27,000 compared to the end of the first quarter of 2004. Telenor's estimated market share for ADSL subscriptions (residential and business) was 56% at the end of the second quarter, in line with the end of the first quarter.

The reduction in external traffic revenues in the retail market compared to the second quarter of 2003 was mainly due to an approximately 14% decline in total traffic measured in minutes in Telenor's network and reduced market share. The reduction in total traffic was due to the migration of voice traffic from fixed telephony to mobile telephony and of data traffic from dial-up Internet to ADSL.

Telenor's market share measured in traffic minutes was 69% at the end of the second quarter of 2004, in line with the end of the first quarter of 2004.

Increased revenues from data services were mainly due to growth in IP-based services and payment solutions.

External revenues from managed services decreased compared to the second quarter of 2003 due to the transfer of parts of this operation to EDB Business Partner.

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Increased revenues from sales to service providers and other network operators were due to increased sales of access lines on a wholesale basis (PSTN, ISDN and ADSL). The number of PSTN/ISDN lines sold on a wholesale basis was 385,000 at the end of the second quarter of 2004, an increase of 356,000 compared to the second quarter of 2003 and 46,000 compared to the end of the first quarter of 2004. The number of ADSL subscriptions sold on a wholesale basis was 86,000 at the end of the second quarter of 2004, an increase of 55,000 compared to the second quarter of 2003 and 10,000 compared to the end of the first quarter of 2004.

The increase in external revenues from other wholesale products was mainly due to increased sales of local loop unbundled subscriptions. The number of local loop unbundled subscriptions sold at the end of the second quarter was 108,000, an increase of 49,000 compared to the end of the second quarter of 2003 and 12,000 compared to the end of the first quarter of 2004.

Reduced EBITDA compared to the second quarter of 2003 was primarily due to the reduced gross margin (revenues less costs of materials and traffic charges as a percentage of revenue) as a consequence of the reduction in revenues, which was partially offset by the migration to products with a higher gross margin and reduced termination charges in the mobile networks. In addition, NOK 24 million related to workforce reductions was expensed in the second quarter of 2004.

Depreciation and amortization decreased compared to the second quarter of 2003, mainly due to lower investment activity in recent years, and as a consequence of the transfer of parts of the business in Operating services to EDB Business Partner.

In the second quarter of 2004, capital expenditure in administrative support systems in Fixed decreased with a one-time effect of NOK 60 million, as a consequence of it being transferred to Corporate functions and Group activities.

**Table of Contents****FIXED SWEDEN**

| (NOK in millions)  | 2nd quarter |             | 1st half-year |              | Year         |
|--|-------------|-------------|---------------|--------------|--------------|
|  | 2004        | 2003        | 2004          | 2003         | 2003         |
| External revenues  | 410         | 401         | 821           | 693          | 1,517        |
| Internal revenues  | 26          | 18          | 49            | 43           | 81           |
| Gains on disposal  |             |             |               |              | 5            |
| <b>Total revenues</b>  | <b>436</b>  | <b>419</b>  | <b>870</b>    | <b>736</b>   | <b>1,603</b> |
| EBITDA   | 24          | (21)        | 21            | (62)         | (56)         |
| Depreciation and amortization 1)   | 41          | 66          | 78            | 130          | 141          |
| Write-downs  |             | 4           |               | 4            | 1            |
| <b>Operating (loss)</b>  | <b>(17)</b> | <b>(91)</b> | <b>(57)</b>   | <b>(196)</b> | <b>(198)</b> |
| 1) Includes amortization of<br>Telenor's net excess values by<br><b>Investments:</b> |             |             |               |              |              |
| - Capex  | 63          | 10          | 78            | 19           | 85           |
| - Investments in businesses  | 9           |             | 87            |              | 13           |

Trading in Utfors AB shares on the Stockholm Stock Exchange ceased on 31 March 2004. At the end of the second quarter of 2004, Telenor held 99.1% of the shares in Utfors AB.

Increased revenues measured in NOK compared to the second quarter of 2003 were due to non-recurring revenues of NOK 31 million for sales of data services on a wholesale basis undertaken in previous periods. There was a reduction in sales of traffic on a wholesale basis and voice traffic in the business market.

Increased EBITDA compared to the second quarter of 2003 was largely due to the non-recurring revenues from the sale of data services on a wholesale basis mentioned above.

Upon the final allocation of net excess values in the third quarter of 2003 related to the acquisition of Utfors AB, the amortization period for a significant part of the negative goodwill was reduced. This contributed to reduced depreciation and amortization in the second quarter of 2004 compared to the second quarter of 2003.

**Table of Contents****FIXED RUSSIA**

| (NOK in millions)  | 2nd quarter |           | 1st half-year |           | Year      |
|--|-------------|-----------|---------------|-----------|-----------|
|  | 2004        | 2003      | 2004          | 2003      | 2003      |
| Total revenues   |             | 187       |               | 354       | 703       |
| EBITDA   |             | 71        |               | 128       | 215       |
| <b>Operating profit 1)</b>                                 |             | <b>33</b> |               | <b>52</b> | <b>71</b> |
|  | -           |           | -             |           |           |
| 1) Includes amortization of Telenor's net excess values by |             | 16        |               | 32        | 58        |
| <b>Investments:</b>  |             |           |               |           |           |
| - Capex  |             | 43        |               | 86        | 173       |
| - Investments in businesses                                |             | 217       |               | 217       | 280       |

Telenor's shareholding in Comincom/Combella was sold on 1 December 2003 in exchange for shares in the listed company Golden Telecom. Comincom/Combella was consolidated as a subsidiary up until 1 December 2003.

Golden Telecom is accounted for as an associated company from this date.

**FIXED OTHER COUNTRIES**

The activities in Fixed Other Countries consist of activities in the Czech Republic and Slovakia. EBITDA was NOK 4 million in the second quarter of 2004, which was an improvement of NOK 3 million compared to the second quarter of 2003 due to increased revenues.



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

| (NOK in millions)  | 2nd quarter  |              | 1st half-year |              | Year         |
|--|--------------|--------------|---------------|--------------|--------------|
|  | 2004         | 2003         | 2004          | 2003         | 2003         |
| <b>External revenues</b>                                   |              |              |               |              |              |
| Distribution   | 1,060        | 913          | 2,120         | 1,783        | 3,761        |
| Transmission   | 201          | 193          | 404           | 407          | 816          |
| Other  | 42           | 12           | 50            | 23           | 64           |
| <b>Total external revenues</b>                             | <b>1,303</b> | <b>1,118</b> | <b>2,574</b>  | <b>2,213</b> | <b>4,641</b> |
| Internal revenues  | 33           | 40           | 68            | 83           | 159          |
| Gains on disposal  |              | 11           |               | 11           | 20           |
| <b>Total revenues</b>                                      | <b>1,336</b> | <b>1,169</b> | <b>2,642</b>  | <b>2,307</b> | <b>4,820</b> |
| EBITDA   | 390          | 327          | 738           | 531          | 1,229        |
| Depreciation and amortization 1)                           | 217          | 268          | 455           | 541          | 1,030        |
| Write-downs  |              |              |               | 4            | 18           |
| <b>Operating profit (loss)</b>                             | <b>173</b>   | <b>59</b>    | <b>283</b>    | <b>(14)</b>  | <b>181</b>   |
| 1) Includes amortization of Telenor's net excess values by | 60           | 64           | 127           | 127          | 256          |
| EBITDA/Total revenues (%)                                  | 29,2         | 28,0         | 27,9          | 23,0         | 25,5         |
| Operating profit/Total revenues (%)                        | 12,9         | 5,0          | 10,7          | nm           | 3,8          |
| <b>Investments:</b>  |              |              |               |              |              |
| - Capex  | 70           | 35           | 93            | 63           | 252          |
| - Investments in businesses                                |              | 9            |               | 10           | 14           |

Revenues increased in the second quarter of 2004 compared to the second quarter of 2003, mainly due to growth in the number of subscribers and price increases. The increase in the EBITDA margin to 29.2% in the second quarter of 2004 from 28.0% in the second quarter of 2003 was due to increased revenues and reduced prices on the leasing of satellite capacity.

Reduced depreciation and amortization compared to the second quarter of 2003 was mainly due to fully depreciated fixed assets.

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

| (NOK in millions)   | 2nd quarter  |            | 1st half-year |              | Year         |
|---|--------------|------------|---------------|--------------|--------------|
|   | 2004         | 2003       | 2004          | 2003         | 2003         |
| <b>External revenues</b>                                  |              |            |               |              |              |
| Satellite dish  | 717          | 612        | 1,447         | 1,190        | 2,528        |
| Cable-TV  | 243          | 217        | 481           | 429          | 888          |
| Small antenna TV-networks                                 | 97           | 84         | 187           | 158          | 335          |
| Other   | 3            |            | 5             | 6            | 10           |
| <b>Total external revenues</b>                            | <b>1,060</b> | <b>913</b> | <b>2,120</b>  | <b>1,783</b> | <b>3,761</b> |
| Internal revenues   | 3            | 4          | 5             | 6            | 13           |
| Gains on disposal   |              | 11         |               | 11           | 20           |
| <b>Total revenues</b>                                     | <b>1,063</b> | <b>928</b> | <b>2,125</b>  | <b>1,800</b> | <b>3,794</b> |
| EBITDA  | 218          | 199        | 410           | 284          | 686          |
| Depreciation and amortization 1)                          | 148          | 193        | 316           | 389          | 754          |
| Write-downs   |              |            |               | 2            | 8            |
| <b>Operating profit (loss)</b>                            | <b>70</b>    | <b>6</b>   | <b>94</b>     | <b>(107)</b> | <b>(76)</b>  |
| 1)Includes amortization of Telenor's net excess values by | 60           | 64         | 127           | 127          | 255          |
| EBITDA/Total revenues (%)                                 | 20,5         | 21,4       | 19,3          | 15,8         | 18,1         |
| Operating profit/ Total revenues (%)                      | 6,6          | 0,6        | 4,4           | nm           | nm           |
| <b>Investments:</b>                                       |              |            |               |              |              |
| - Capex   | 47           | 17         | 55            | 34           | 112          |

Revenues in Distribution increased compared to the second quarter of 2003 mainly due to a greater number of subscribers, currency fluctuations and price increases for Satellite dish .

Adjusted for gains on disposals and accruals between the quarters in 2003, the EBITDA margin increased in the second quarter of 2004 compared to the second quarter of 2003. This was due to increased revenues, partially offset by increased costs as a result of the increased number of subscribers.

Reduced depreciation and amortization was a result of fully depreciated fixed assets within Satellite dish .

Increased capital expenditure was primarily due to upgrades of cable TV networks in Norway.

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

| (NOK in millions)                    | 2nd quarter |            | 1st half-year |            | Year         |
|--------------------------------------|-------------|------------|---------------|------------|--------------|
|                                      | 2004        | 2003       | 2004          | 2003       | 2003         |
| External revenues                    | 201         | 193        | 404           | 407        | 816          |
| Internal revenues                    | 109         | 122        | 209           | 240        | 461          |
| Gains on disposal                    |             |            |               |            |              |
| <b>Total revenues</b>                | <b>310</b>  | <b>315</b> | <b>613</b>    | <b>647</b> | <b>1,277</b> |
| EBITDA                               | 160         | 127        | 312           | 266        | 554          |
| Depreciation and amortization        | 66          | 72         | 132           | 146        | 266          |
| Write-downs                          |             |            |               |            | 7            |
| <b>Operating profit</b>              | <b>94</b>   | <b>55</b>  | <b>180</b>    | <b>120</b> | <b>281</b>   |
| EBITDA/Total revenues (%)            | 51,6        | 40,3       | 50,9          | 41,1       | 43,4         |
| Operating profit/ Total revenues (%) | 30,3        | 17,5       | 29,4          | 18,5       | 22,0         |
| <b>Investments:</b>                  |             |            |               |            |              |
| - Capex                              | 18          | 16         | 30            | 26         | 116          |

External revenues increased in Transmission compared to the second quarter of 2003 as a result of new contracts within terrestrial broadcasting and satellite.

Reduced sales to other areas within Broadcast and to other Telenor units contributed to reduced internal revenues.

EBITDA increased compared to the second quarter of 2003 due to reduced prices on the leasing of satellite capacity.

Reduced depreciation and amortization was due to fully depreciated fixed assets.

**BROADCAST OTHER**

Increased revenues and EBITDA in Broadcast Other compared to the second quarter of 2003 was due in part to increased sales of smart cards and services related to access control for Pay TV.

Table of Contents**OTHER ACTIVITIES****EDB BUSINESS PARTNER**

| (NOK in millions)                    | 2nd quarter  |              | 1st half-year |              | Year         |
|--------------------------------------|--------------|--------------|---------------|--------------|--------------|
|                                      | 2004         | 2003         | 2004          | 2003         | 2003         |
| External revenues                    | 830          | 808          | 1,635         | 1,612        | 3,210        |
| Internal revenues                    | 213          | 283          | 444           | 537          | 1,060        |
| Gains on disposal                    | 301          | 19           | 301           | 19           | 19           |
| <b>Total revenues</b>                | <b>1,344</b> | <b>1,110</b> | <b>2,380</b>  | <b>2,168</b> | <b>4,289</b> |
| EBITDA                               | 456          | 116          | 584           | 211          | 399          |
| Depreciation and amortization        | 100          | 92           | 186           | 181          | 375          |
| Write-downs                          |              | 7            |               | 11           | 28           |
| <b>Operating profit (loss)</b>       | <b>356</b>   | <b>17</b>    | <b>398</b>    | <b>19</b>    | <b>(4)</b>   |
| EBITDA/Total revenues (%)            | 33,9         | 10,5         | 24,5          | 9,7          | 9,3          |
| Operating profit/ Total revenues (%) | 26,5         | 1,5          | 16,7          | 0,9          | nm           |
| <b>Investments:</b>                  |              |              |               |              |              |
| - Capex                              | 34           | 69           | 65            | 128          | 210          |
| - Investments in businesses          | 402          | 91           | 402           | 95           | 95           |

Telenor's ownership interest in EDB Business Partner was 51.8% at the end of the second quarter of 2004.

On 1 May 2004, parts of the Operating services business were transferred from the Fixed business area in Telenor to EDB Business Partner. At the same time, Telenor extended the duration and expanded the scope of its agreement with EDB Business Partner regarding operation of Telenor's IT systems up until 1 May 2011. In addition, pursuant to this agreement EDB Business Partner took over operating contracts for a number of external customers from Telenor.

With effect from 1 April 2004, a substantial portion of the activities within Telekom in EDB Business Partner was sold for approximately NOK 400 million with a gain of NOK 301 million.

Adjusted for disposals of operations, revenues, excluding gains, increased by 9% compared to the second quarter of 2003. IT operations showed an increase of 10% in revenues while revenues in Telekom declined by 16%.

The increase in EBITDA margin compared to the second quarter of 2003 was due to cost savings related to the restructuring of Banking & Finance, the winding

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up of low margin operations as well as a general focus on cost control.

Depreciation and amortization increased compared to the second quarter of 2003, primarily due to taking over fixed assets in connection with the acquisition of operations, including Operating services from Telenor.

Capital expenditure was at a low level compared to previous periods due to a more efficient utilization of previous investments and equipment acquired as part of the takeover of operations. Investments in businesses were mainly related to taking over Operating services from Telenor.

**Table of Contents****OTHER BUSINESS UNITS****Revenues**

| (NOK in millions)  | 2nd quarter |              | 1st half-year |              | Year         |
|--|-------------|--------------|---------------|--------------|--------------|
|  | 2004        | 2003         | 2004          | 2003         | 2003         |
| Satellite Services   | 616         | 675          | 1,217         | 1,304        | 2,540        |
| Teleservice  | 139         | 183          | 267           | 363          | 725          |
| Nextra International                                       |             | 122          |               | 253          | 256          |
| Software Services  | 27          | 16           | 57            | 35           | 121          |
| Other  | 141         | 120          | 272           | 231          | 515          |
| Eliminations   | (1)         | (2)          | (2)           | (1)          | (3)          |
| <b>Revenues</b>  | <b>922</b>  | <b>1,114</b> | <b>1,811</b>  | <b>2,185</b> | <b>4,154</b> |
| Gains on disposal  |             | 14           | 5             | 14           | 51           |
| <b>Total revenues</b>                                      | <b>922</b>  | <b>1,128</b> | <b>1,816</b>  | <b>2,199</b> | <b>4,205</b> |
| EBITDA   | 120         | (41)         | 261           | 65           | 408          |
| Depreciation and amortization 1)                           | 99          | 117          | 204           | 236          | 491          |
| Write-downs 1)   |             | 14           | 3             | 14           | 37           |
| Operating profit (loss)                                    | 21          | (172)        | 54            | (185)        | (120)        |
| 1) Includes amortization of Telenor's net excess values by | 9           | 10           | 18            | 20           | 40           |
|  | 30          |              |               |              |              |

**Table of Contents****Operating profit (loss)**

| (NOK in millions)                    | 2nd quarter |              | 1st half-year |              | Year         |
|--------------------------------------|-------------|--------------|---------------|--------------|--------------|
|                                      | 2004        | 2003         | 2004          | 2003         | 2003         |
| Satellite Services                   | 29          | 53           | 79            | 116          | 234          |
| Teleservice                          | 1           | 5            | (1)           | 10           | (43)         |
| Nextra International                 | 1           | (197)        |               | (239)        | (220)        |
| Software Services                    | (7)         | (31)         | (11)          | (58)         | (86)         |
| Other                                | (3)         | (2)          | (13)          | (14)         | (5)          |
| <b>Total operating profit (loss)</b> | <b>21</b>   | <b>(172)</b> | <b>54</b>     | <b>(185)</b> | <b>(120)</b> |
| <b>Investments:</b>                  |             |              |               |              |              |
| - Capex                              | 45          | 63           | 85            | 100          | 233          |
| - Investments in businesses          | 18          | 2            | 20            | 16           | 30           |

**Satellite Services**

Satellite Services and Satellite Networks were merged in the second quarter of 2004 and are now reported as one unit.

The decrease in revenues in Satellite Services compared to the second quarter of 2003 was primarily due to a reduction in the volume and price of Inmarsat-based satellite services, the effect of the strengthening of the Norwegian Krone against the US dollar and the sale of the operations in Poland in November 2003.

The decrease in operating profit compared to the second quarter of 2003 was primarily due to decreased revenues without a corresponding reduction in costs of material and traffic charges.

**Teleservice**

Decreased revenues in Teleservice compared to the second quarter of 2003 were primarily due to the disposal of operations. As of 1 January 2004, the MeetAt operations were transferred to the business area Fixed and parts of the operations outside Norway were sold. In the second quarter of 2003, these operations had in the aggregate revenues of NOK 32 million. A reduced total market for directory enquiry services and a reduced market share also contributed to reduced revenues, partially offset by increased prices as of 1 June 2004.

Reduced operating profit compared to the second quarter of 2003 was primarily due to the sale of operations and reduced revenues from the directory enquiry services. In the second quarter of 2003, NOK 5 million was expensed for workforce reductions.

**Software services**

Increased revenues compared to the second quarter of 2003 were mainly due to changes in delivery periods for internal sales of CA software.

Restructuring of the operations and renegotiation of the agreement with Computer Associates in the fourth quarter of 2003 contributed to reduced operating expenses compared to the second quarter of 2003. In addition to increased revenues, this contributed to reduced operating loss compared to the second quarter of 2003.





**Table of Contents****CORPORATE FUNCTIONS AND GROUP ACTIVITIES**

| (NOK in millions)             | 2nd quarter  |             | 1st half-year |              | Year         |
|-------------------------------|--------------|-------------|---------------|--------------|--------------|
|                               | 2004         | 2003        | 2004          | 2003         | 2003         |
| External revenues             | 68           | 63          | 133           | 112          | 229          |
| Internal revenues             | 471          | 509         | 928           | 1,005        | 1,955        |
| Gains on disposal             | 65           | 31          | 67            | 35           | 133          |
| <b>Total revenues</b>         | <b>604</b>   | <b>603</b>  | <b>1,128</b>  | <b>1,152</b> | <b>2,317</b> |
| EBITDA                        | 6            | (2)         | (1)           | (9)          | 23           |
| Depreciation and amortization | 106          | 92          | 191           | 186          | 384          |
| Write-downs                   |              |             |               |              | 3            |
| <b>Operating (loss)</b>       | <b>(100)</b> | <b>(94)</b> | <b>(192)</b>  | <b>(195)</b> | <b>(364)</b> |
| <b>Investments:</b>           |              |             |               |              |              |
| - Capex                       | 162          | 26          | 177           | 55           | 253          |
| - Investments in businesses   | 18           | 6           | 18            | 6            | 93           |

In the second quarter of 2004, EBITDA was positively affected by gains and losses on disposals of NOK 41 million, compared to NOK 30 million in the second quarter of 2003. EBITDA was negatively affected by expenses for workforce reductions and loss contracts of NOK 103 million, compared to NOK 24 million in the second quarter of 2003. Expenses in the second quarter of 2004 were mainly due to the agreements to transfer the Telenor Group's Norwegian IT-operations to EDB Business Partner. These expenses are reported in Corporate functions and Group activities as the agreements are part of the Group's initiatives for improving operational efficiency. EBITDA adjusted for special items increased by NOK 76 million compared to the second quarter of 2003, primarily due to reduced expenses for property repair and maintenance and property development projects.

Capital expenditure increased compared to the second quarter of 2003 due to investments in administrative support systems and software licences for use by the Group, as well as property-related investments.

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

| (NOK in millions)                                       | 2nd quarter  |              | 1st half-year |              | Year          |
|---|--------------|--------------|---------------|--------------|---------------|
|   | 2004         | 2003         | 2004          | 2003         | 2003          |
| Depreciation of tangible assets                         | 1,989        | 2,017        | 3,913         | 4,035        | 7,986         |
| Amortization of goodwill *)                             | 245          | 196          | 458           | 405          | 686           |
| Amortization of other intangible assets *)              | 707          | 478          | 1,301         | 937          | 1,925         |
| <b>Total depreciation and amortization</b>              | <b>2,941</b> | <b>2,691</b> | <b>5,672</b>  | <b>5,377</b> | <b>10,597</b> |
| Write-downs of tangible and other intangible assets     | 1            | 35           | 2             | 45           | 104           |
| Write-downs of goodwill                                 |              | 6            | 2             | 10           | 16            |
| Write-downs of other intangible assets                  |              | 6            |               | 8            | 25            |
| <b>Total write-downs</b>                                | <b>1</b>     | <b>47</b>    | <b>4</b>      | <b>63</b>    | <b>145</b>    |
| <b>Total depreciation, amortization and write-downs</b> | <b>2,942</b> | <b>2,738</b> | <b>5,676</b>  | <b>5,440</b> | <b>10,742</b> |

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\*) See specification below.

**Table of Contents****\*) Specification of amortization of goodwill and other intangible assets (including amortization of Telenor's net excess values)**

| (NOK in millions)                                    | 2nd quarter |            | 1st half-year |            | Year         |
|--|-------------|------------|---------------|------------|--------------|
|  | 2004        | 2003       | 2004          | 2003       | 2003         |
| <b>Amortization of goodwill</b>                      |             |            |               |            |              |
| Sonofon  | 81          |            | 119           |            |              |
| DiGi.Com   | 11          | 10         | 23            | 24         | 48           |
| Pannon GSM   | 81          | 77         | 162           | 153        | 308          |
| Kyivstar   | 9           | 10         | 19            | 20         | 39           |
| Other Mobile   |             | 2          |               | 5          | 5            |
| <b>Total Mobile</b>                                  | <b>182</b>  | <b>99</b>  | <b>323</b>    | <b>202</b> | <b>400</b>   |
| <b>Fixed</b>   |             |            |               |            |              |
| Broadcast  | (25)        | (1)        | (51)          | 11         | (95)         |
| EDB Business Partner                                 | 46          | 53         | 99            | 103        | 197          |
| Other units  | 38          | 37         | 76            | 73         | 151          |
| <b>Total amortization of goodwill</b>                | <b>245</b>  | <b>196</b> | <b>458</b>    | <b>405</b> | <b>686</b>   |
| <b>Amortization of other intangible assets</b>       |             |            |               |            |              |
| Sonofon  | 204         |            | 334           |            |              |
| DiGi.Com   | 20          | 20         | 40            | 41         | 83           |
| Pannon GSM   | 154         | 147        | 307           | 291        | 564          |
| Kyivstar   | 65          | 51         | 123           | 101        | 213          |
| Other Mobile   | 89          | 112        | 172           | 211        | 374          |
| <b>Total Mobile</b>                                  | <b>532</b>  | <b>330</b> | <b>976</b>    | <b>644</b> | <b>1234</b>  |
| <b>Fixed</b>   |             |            |               |            |              |
| Broadcast  | 107         | 106        | 214           | 210        | 431          |
| EDB Business Partner                                 | 24          | 15         | 43            | 31         | 78           |
| Other Units  |             | 2          |               | 2          | 1            |
| <b>Total amortization of other intangible assets</b> | <b>707</b>  | <b>478</b> | <b>1,301</b>  | <b>937</b> | <b>1,925</b> |

Amortization of goodwill in Fixed in 2004 was an income due to amortization of negative goodwill related to Utfors AB.

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

| (NOK in millions)                            | 2nd quarter |              | 1st half-year |              | Year         |
|--|-------------|--------------|---------------|--------------|--------------|
|  | 2004        | 2003         | 2004          | 2003         | 2003         |
| <b>Telenor s share of 1)</b>                 |             |              |               |              |              |
| Net income after taxes                       | 250         | 104          | 490           | 172          | 329          |
| Amortization of Telenor s net excess values  | (48)        | (153)        | (155)         | (321)        | (579)        |
| Write-downs of Telenor s excess values       |             | (11)         |               | (11)         | (26)         |
| Gains on disposal of ownership interests     | 9           | 1,442        | 9             | 1,508        | 1,507        |
| <b>Net results from associated companies</b> | <b>211</b>  | <b>1,382</b> | <b>344</b>    | <b>1,348</b> | <b>1,231</b> |

- 1) The figures are partly based on management s estimates in connection with the preparation of the consolidated financial statements. The consolidated profit and loss statement contains only the line Net result from associated companies .

Increased net income after taxes from associated companies compared to the second quarter of 2003 was primarily due to improved profitability in associated mobile companies and Bravida.

The decrease in amortization of Telenor s net excess values compared to the second quarter of 2003 was mainly due to the consolidation of Sonofon as a subsidiary as from 12 February 2004.

Gain on disposal in the second quarter of 2003 was due to the sale of 9% of the shares in Cosmote, partially offset by a loss on sale of the shares in A-Pressen ASA.

**Table of Contents****Financial items**

| (NOK in millions)                  | 2nd quarter  |              | 1st half-year |              | Year           |
|------------------------------------|--------------|--------------|---------------|--------------|----------------|
|                                    | 2004         | 2003         | 2004          | 2003         | 2003           |
| Financial income                   | 116          | 164          | 224           | 329          | 586            |
| Financial expenses                 | (414)        | (575)        | (823)         | (1,151)      | (2,023)        |
| Net foreign currency gain (loss)   | (8)          | (89)         | (39)          | 14           | (1)            |
| Net gains (losses) and write-downs | 18           | (4)          | 2,609         | (90)         | 73             |
| <b>Net financial items</b>         | <b>(288)</b> | <b>(504)</b> | <b>1,971</b>  | <b>(898)</b> | <b>(1,365)</b> |
| Gross interest expenses            | (419)        | (582)        | (824)         | (1,156)      | (2,033)        |
| Net interest expenses              | (318)        | (463)        | (625)         | (916)        | (1,549)        |

The decrease in financial income compared to the second quarter of 2003 was mainly due to the decline in market interest rates.

The decrease in average interest-bearing liabilities and average interest rates contributed to the decrease in financial expenses compared to the second quarter of 2003. In the second quarter of 2003, approximately NOK 90 million was expensed for interest on legal disputes.

**Taxes**

The tax rate in Norway is 28%. The effective tax rate for the Telenor group for 2004 is estimated to be 34% of profit before taxes and minority interests. The estimated effective tax rate for Telenor for 2004 is higher than 28% mainly due to tax related to companies outside Norway, including the effect of recording deferred taxes on retained earnings in certain companies and amortization of goodwill, on which deferred tax assets have not been recognized. The actual effective tax rate for the year may deviate from the estimated rate.

Telenor has not recorded any tax income related to the ruling on the Sonofon case favorable to Telenor in the second quarter of 2004. Please refer to Disputes below.

On March 26, 2004, the Norwegian government issued and submitted to the Norwegian parliament (Storting) a consultation paper outlining certain proposals for a future tax reform. The main proposals relating to the taxation of companies provide for a tax exemption on dividend income and a tax exemption on capital gains deriving from the disposal of shares. As a result of such exemptions, capital losses deriving from disposals of shares would not be tax deductible. If the government's proposals receive sufficient support in the Storting, the government might submit draft legislation relating to the proposed tax reform to the Storting in the fall of 2004, in which case the tax exemptions described above could become effective from the fiscal year commenced on January 1, 2004. Such tax changes may affect the income tax expenses for Telenor.

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**Balance sheet and cash flow**

Total assets decreased by NOK 1.9 billion compared to the end of the first quarter of 2004, primarily due to the reduction in cash and cash equivalents due to payment of dividends and instalments on interest-bearing liabilities in the quarter. The increase in intangible assets was due to the investment in a license for mobile telephony in Pakistan.

Net interest-bearing liabilities increased by NOK 2.7 billion from the end of the first quarter of 2004 to NOK 22.0 billion at the end of the second quarter of 2004. Capital expenditures amounted to NOK 4.0 billion. This includes the capitalization of the licence in Pakistan with a net present value of NOK 1.8 billion, of which NOK 1.0 billion was paid in the second quarter of 2004 and the remainder is to be paid in annual instalments over 10 years and is recorded in the balance sheet as interest-bearing liabilities of NOK 0.8 billion. In the second quarter of 2004, Telenor paid dividends of NOK 1.7 billion and purchased own shares in the market for NOK 0.6 billion. In addition to this, in the second quarter of 2004, the equity decreased and interest-bearing liabilities increased by NOK 0.7 billion following a decision in May 2004 by the General meeting to redeem shares owned by the Kingdom of Norway corresponding to Telenor's repurchase of own shares in the market in the first quarter of 2004, in such a way that the Kingdom of Norway's ownership interest remained unchanged. In connection with the purchase of own shares in the market in the second quarter of 2004 the corresponding shares to be repurchased from the Kingdom of Norway amounted to NOK 0.7 billion. At the end of the second quarter of 2004, this amount has not been recorded as a reduction in equity or increase in interest-bearing liabilities.

Minority interests increased compared to the end of the first quarter of 2004, primarily due to net income from Kyivstar, GrameenPhone and EDB Business Partner.

**DISPUTES**

In its decision of 14 June 2004, the Oslo District Court ruled in favour of Telenor, stating that Telenor's intragroup sale of its shares in Sonofon Holding A/S triggered a tax loss of approximately NOK 8.6 billion corresponding to a reduced tax charge of approximately NOK 2.4 billion. The judgement is not final and enforceable as the tax authorities have appealed the decision.

Please refer to note 24 to Telenor's annual report for 2003 and the first quarter report for 2004 for more information about legal proceedings.

**US GAAP**

Telenor had net income in accordance with Generally Accepted Accounting Principles in the United States (US GAAP) of NOK 1,569 million in the second quarter of 2004 compared to net income in accordance with Norwegian accounting principles of NOK 1,410 million. The main reason for the difference is that goodwill is not amortized according to US GAAP, but is subject to an annual impairment test.

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**OUTLOOK FOR 2004**

Telenor in general confirms its expectations for 2004 as presented in Telenor's report for the first quarter of 2004. Overall, excluding special items, we expect a positive development in Telenor's results compared to 2003.

Continued growth in revenues is expected, in particular driven by the international mobile operations, where we experience a strong growth in the customer base in several markets.

The EBITDA margin is expected to be in line with 2003, excluding special items. This includes the consolidation of Sonofon and the establishment of mobile operations in Pakistan. This expectation is based on, among other factors, the effects of increased marketing efforts to secure growth in several of our mobile operations.

The increase in the customer base in the Ukraine and in Bangladesh contributes to increased network investments. In addition, capital expenditure is expected to increase due to the new operation in Pakistan, including license costs, the purchase of satellite capacity, the consolidation of Sonofon and investments in new technology in Telenor Mobil - Norway. In total, capital expenditure is expected to be substantially higher than in 2003.

The sale of the Operating service division from the business area Fixed to EDB Business Partner is for Fixed-Norway expected to have a positive effect on operating profit excluding special items and a negative effect on revenues.

The unaudited interim consolidated financial statements according to Norwegian accounting principles have been prepared on a basis consistent with Telenor's financial statements as of year-end 2003, and in accordance with the Norwegian accounting standard for interim reporting.

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 2004 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 Annual Report 2003 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, 22 July 2004

The Board of Directors of Telenor ASA

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

| (NOK in millions)                          | 30.06.2004    | 31.03.2004    | 30.06.2003    | 31.12.2003    |
|--|---------------|---------------|---------------|---------------|
| Deferred tax assets                        | 1,906         | 2,541         | 4,587         | 3,850         |
| Goodwill                                   | 14,683        | 14,721        | 9,691         | 9,224         |
| Intangible assets                          | 11,072        | 9,405         | 6,399         | 5,536         |
| Tangible assets                            | 37,322        | 37,835        | 37,700        | 35,722        |
| Associated companies                       | 6,808         | 6,663         | 8,925         | 10,166        |
| Other financial assets                     | 2,429         | 2,553         | 4,640         | 3,848         |
| <b>Total fixed assets</b>                  | <b>74,220</b> | <b>73,718</b> | <b>71,942</b> | <b>68,346</b> |
| Other current assets                       | 11,779        | 10,742        | 10,732        | 9,819         |
| Cash and interest-bearing investments      | 5,465         | 8,858         | 5,305         | 7,945         |
| <b>Total current assets</b>                | <b>17,244</b> | <b>19,600</b> | <b>16,037</b> | <b>17,764</b> |
| <b>Total assets</b>                        | <b>91,464</b> | <b>93,318</b> | <b>87,979</b> | <b>86,110</b> |
| Paid-in equity                             | 27,465        | 28,712        | 29,285        | 29,311        |
| Other equity                               | 14,201        | 12,779        | 9,548         | 9,978         |
| Cumulative translation adjustments         | (1,536)       | (1,408)       | (2,551)       | (2,052)       |
| <b>Shareholders equity</b>                 | <b>40,130</b> | <b>40,083</b> | <b>36,282</b> | <b>37,237</b> |
| Minority interests                         | 4,278         | 3,974         | 3,725         | 3,646         |
| <b>Total equity and minority interests</b> | <b>44,408</b> | <b>44,057</b> | <b>40,007</b> | <b>40,883</b> |
| <b>Provisions</b>                          | <b>2,678</b>  | <b>2,884</b>  | <b>1,557</b>  | <b>1,645</b>  |
| Long-term interest-bearing liabilities     | 26,184        | 27,088        | 27,352        | 25,376        |
| Long-term non-interest-bearing liabilities | 706           | 753           | 616           | 754           |
| <b>Total long-term liabilities</b>         | <b>26,890</b> | <b>27,841</b> | <b>27,968</b> | <b>26,130</b> |



|   |               |               |               |               |
|---|---------------|---------------|---------------|---------------|
| Short-term interest-bearing liabilities     | 1,254         | 1,067         | 3,270         | 386           |
| Short-term non-interest-bearing liabilities | 16,234        | 17,469        | 15,177        | 17,066        |
| <b>Total short-term liabilities</b>         | <b>17,488</b> | <b>18,536</b> | <b>18,447</b> | <b>17,452</b> |
| <b>Total equity and liabilities</b>         | <b>91,464</b> | <b>93,318</b> | <b>87,979</b> | <b>86,110</b> |
| <b>USGAAP</b>                               |               |               |               |               |
| Shareholders equity                         | 42,381        | 43,270        | 39,365        | 42,535        |

**CHANGE IN SHAREHOLDERS EQUITY**

|                                     | 01.01.2004    | 01.01.2004    | 01.01.2003    | 01.01.2003    |
|-------------------------------------|---------------|---------------|---------------|---------------|
|                                     | -             | -             | -             | -             |
| (NOK in millions)                   | 30.06.2004    | 31.03.2004    | 30.06.2003    | 31.12.2003    |
| Shareholders equity as of 1 January | 37,237        | 37,237        | 33,685        | 33,685        |
| Net income                          | 4,211         | 2,801         | 2,280         | 4,560         |
| Dividends                           | 12            |               |               | (1,776)       |
| Employee share issue                | 23            | 21            |               | 26            |
| Acquisition Comincom/Combella       |               |               |               | (35)          |
| Acquisition GramennPhone            |               |               |               | (39)          |
| Share buy back                      | (1,869)       | (620)         |               |               |
| Translation adjustments             | 516           | 644           | 317           | 816           |
| <b>Shareholders equity</b>          | <b>40,130</b> | <b>40,083</b> | <b>36,282</b> | <b>37,237</b> |

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

| (NOK in millions)   | <b>2nd quarter</b> |                | <b>1st half-year</b> |                | <b>Year</b>    |
|---|--------------------|----------------|----------------------|----------------|----------------|
|   | <b>2004</b>        | <b>2003</b>    | <b>2004</b>          | <b>2003</b>    | <b>2003</b>    |
| Profit before taxes and minority interests  | 2,662              | 2,490          | 7,336                | 3,537          | 7,426          |
| Taxes paid  | (404)              | (2,657)        | (572)                | (2,722)        | (3,283)        |
| Net (gains) losses including write-downs of financial items                           | (358)              | 102            | (2,954)              | 195            | (76)           |
| Depreciation, amortization and write-downs  | 2,943              | 2,738          | 5,676                | 5,440          | 10,742         |
| Associated companies  | (211)              | (1,382)        | (344)                | (1,348)        | (1,231)        |
| Difference between expensed and paid pensions   | (1)                | 56             | 136                  | (73)           | 134            |
| Currency (gains) losses not relating to operating activities                          | (6)                | 106            | 29                   | (48)           | (78)           |
| Change in other accruals  | (250)              | (510)          | (497)                | (1,051)        | 42             |
| <b>Net cash flow from operating activities</b>  | <b>4,375</b>       | <b>943</b>     | <b>8,810</b>         | <b>3,930</b>   | <b>13,676</b>  |
| Payments on purchase of tangible and intangible assets                                | (3,341)            | (1,272)        | (4,891)              | (2,678)        | (6,536)        |
| Payments on purchase of subsidiaries and associated companies, net of cash received   | (286)              | (193)          | (4,710)              | (205)          | (506)          |
| Proceeds from sale of tangible and intangible assets and businesses, net of cash paid | 267                | 2,278          | 478                  | 2,452          | 2,850          |
| Proceeds from sale of and payments for other investments                              | 52                 | 119            | 3,129                | (52)           | 738            |
| <b>Net cash flow from investment activities</b>                                       | <b>(3,307)</b>     | <b>932</b>     | <b>(5,994)</b>       | <b>(483)</b>   | <b>(3,454)</b> |
| Proceeds and payments interest-bearing liabilities                                    | (2,269)            | (2,050)        | (2,546)              | (2,957)        | (7,022)        |
| Issuance of shares and repayment of equity  | 15                 | 6              | 22                   | 6              | 25             |
| Share buy back  | (495)              |                | (1,115)              |                |                |
| Dividends paid  | (1,692)            | (791)          | (1,692)              | (791)          | (890)          |
| <b>Net cash flow from financing activities</b>  | <b>(4,441)</b>     | <b>(2,835)</b> | <b>(5,331)</b>       | <b>(3,742)</b> | <b>(7,887)</b> |
| Effect on cash and cash equivalents of changes in foreign exchange rates              | (38)               | 8              | 37                   | 87             | 45             |
| <b>Net change in cash and cash equivalents</b>  | <b>(3,411)</b>     | <b>(952)</b>   | <b>(2,478)</b>       | <b>(208)</b>   | <b>2,380</b>   |
| Cash and cash equivalents at the beginning of the period                              | 8,577              | 6,008          | 7,644                | 5,264          | 5,264          |
| <b>Cash and cash equivalents at the end of the period</b>                             | <b>5,166</b>       | <b>5,056</b>   | <b>5,166</b>         | <b>5,056</b>   | <b>7,644</b>   |

**Table of Contents****THE BUSINESS AREAS SECOND QUARTER**

| Amount in millions) | Total                  |               | of which               |               | EBITDA       |              | Operating profit |              | Associated companies |              | Net financial items |              | Profit (loss) before taxes and minority interests |              |
|---------------------|------------------------|---------------|------------------------|---------------|--------------|--------------|------------------|--------------|----------------------|--------------|---------------------|--------------|---|--------------|
|                     | revenues <sup>1)</sup> |               | external <sup>1)</sup> |               |              |              | (loss)           |              |                      |              |                     |              |   |              |
|                     | 2004                   | 2003          | 2004                   | 2003          | 2004         | 2003         | 2004             | 2003         | 2004                 | 2003         | 2004                | 2003         | 2004  | 2003         |
| Mobile              | 8,202                  | 5,789         | 7,849                  | 5,472         | 3,051        | 2,277        | 1,508            | 1,173        | 205                  | 1,539        | (492)               | (609)        | 1,221   | 2,100        |
| Fixed               | 4,868                  | 5,150         | 4,410                  | 4,740         | 1,601        | 1,690        | 729              | 629          | (1)                  | (2)          | (119)               | (198)        | 609   | 420          |
| Broadcast           | 1,336                  | 1,169         | 1,303                  | 1,129         | 390          | 327          | 173              | 59           | (5)                  | (65)         | (127)               | (248)        | 41  | (250)        |
| DB Business         |                        |               |                        |               |              |              |                  |              |                      |              |                     |              |   |              |
| Partner             | 1,344                  | 1,110         | 1,131                  | 827           | 456          | 116          | 356              | 17           |                      | (12)         | (13)                | (32)         | 343   | (200)        |
| Other business      |                        |               |                        |               |              |              |                  |              |                      |              |                     |              |   |              |
| Units               | 922                    | 1,128         | 798                    | 961           | 120          | (41)         | 21               | (172)        | 3                    | (77)         | (18)                | (84)         | 6   | (330)        |
| Corporate           |                        |               |                        |               |              |              |                  |              |                      |              |                     |              |   |              |
| Functions and       |                        |               |                        |               |              |              |                  |              |                      |              |                     |              |   |              |
| Group activities    | 604                    | 603           | 133                    | 94            | 6            | (2)          | (100)            | (94)         | 2                    | (1)          | 477                 | 844          | 379   | 740          |
| Eliminations        | (1,652)                | (1,726)       |                        |               | 57           | (17)         | 52               |              | 7                    |              | 4                   | (177)        | 63  | (170)        |
| <b>Total</b>        | <b>15,624</b>          | <b>13,223</b> | <b>15,624</b>          | <b>13,223</b> | <b>5,681</b> | <b>4,350</b> | <b>2,739</b>     | <b>1,612</b> | <b>211</b>           | <b>1,382</b> | <b>(288)</b>        | <b>(504)</b> | <b>2,662</b>                                      | <b>2,490</b> |

<sup>1)</sup> Revenues includes gains on disposal of fixed assets and operations

**THE BUSINESS AREAS FIRST HALF YEAR**

| Amount in millions) | Total                  |         | of which               |        | EBITDA |       | Operating profit |       | Associated companies |       | Net financial items |         | Profit (loss) before taxes and minority interests |       |
|---------------------|------------------------|---------|------------------------|--------|--------|-------|------------------|-------|----------------------|-------|---------------------|---------|---|-------|
|                     | revenues <sup>1)</sup> |         | external <sup>1)</sup> |        |        |       | (loss)           |       |                      |       |                     |         |   |       |
|                     | 2004                   | 2003    | 2004                   | 2003   | 2004   | 2003  | 2004             | 2003  | 2004                 | 2003  | 2004                | 2003    | 2004  | 2003  |
| Mobile              | 15,416                 | 11,177  | 14,716                 | 10,554 | 5,867  | 4,472 | 3,014            | 2,285 | 386                  | 1,561 | 1,604               | (1,346) | 5,004   | 2,100 |
| Fixed               | 9,808                  | 10,182  | 8,919                  | 9,386  | 3,221  | 3,282 | 1,421            | 1,171 | (6)                  |       | (289)               | (420)   | 1,126   | 420   |
| Broadcast           | 2,642                  | 2,307   | 2,574                  | 2,224  | 738    | 531   | 283              | (14)  | 2                    | (81)  | (264)               | (480)   | 21  | (250) |
| DB Business         |                        |         |                        |        |        |       |                  |       |                      |       |                     |         |   |       |
| Partner             | 2,380                  | 2,168   | 1,936                  | 1,631  | 584    | 211   | 398              | 19    |                      | (13)  | (29)                | (49)    | 369   | (200) |
| Other business      |                        |         |                        |        |        |       |                  |       |                      |       |                     |         |   |       |
| Units               | 1,816                  | 2,199   | 1,563                  | 1,887  | 261    | 65    | 54               | (185) | (42)                 | (117) | (34)                | (189)   | (22)  | (330) |
| Corporate           |                        |         |                        |        |        |       |                  |       |                      |       |                     |         |   |       |
| Functions and       |                        |         |                        |        |        |       |                  |       |                      |       |                     |         |   |       |
| Group activities    | 1,128                  | 1,152   | 200                    | 147    | (1)    | (9)   | (192)            | (195) | 2                    | (2)   | 979                 | 1,763   | 789   | 1,740 |
| Eliminations        | (3,282)                | (3,356) |                        |        | 27     | (25)  | 43               | 6     | 2                    |       | 4                   | (177)   | 49  | (170) |

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|               |               |               |               |               |              |              |              |            |              |              |              |              |           |
|---------------|---------------|---------------|---------------|---------------|--------------|--------------|--------------|------------|--------------|--------------|--------------|--------------|-----------|
| <b>29,908</b> | <b>25,829</b> | <b>29,908</b> | <b>25,829</b> | <b>10,697</b> | <b>8,527</b> | <b>5,021</b> | <b>3,087</b> | <b>344</b> | <b>1,348</b> | <b>1,971</b> | <b>(898)</b> | <b>7,336</b> | <b>3,</b> |
|---------------|---------------|---------------|---------------|---------------|--------------|--------------|--------------|------------|--------------|--------------|--------------|--------------|-----------|

<sup>1)</sup> Revenues includes gains on disposal of fixed assets and operations

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**Table of Contents****ANALYTICAL INFORMATION**

|   | 2002   |        |        |         | 2003   |        |        |        | 2004   |        |
|---|--------|--------|--------|---------|--------|--------|--------|--------|--------|--------|
|   | Q1     | Q2     | Q3     | Q4      | Q1     | Q2     | Q3     | Q4     | Q1     | Q2     |
| Revenues (NOK in millions)  | 11,563 | 12,011 | 12,210 | 13,042  | 12,606 | 13,223 | 13,491 | 13,801 | 14,284 | 15,624 |
| EBITDA excluding gains and losses (NOK in millions)                               | 2,926  | 3,155  | 3,778  | 3,599   | 4,184  | 4,448  | 4,886  | 4,781  | 5,010  | 5,342  |
| Operating profit (loss) (NOK in millions)   | 602    | 691    | 488    | (2,101) | 1,475  | 1,612  | 2,300  | 2,173  | 2,282  | 2,739  |
| Profit (loss) before taxes and minority interests (NOK in millions)               | 31     | 383    | (105)  | (5,445) | 1,047  | 2,490  | 2,005  | 1,884  | 4,674  | 2,662  |
| Equity ratio including minority interests (%)                                     | 49.4   | 48.2   | 46.7   | 41.7    | 42.6   | 45.5   | 48.0   | 47.0   | 47.2   | 48.6   |
| Net interest bearing liabilities (NOK in millions)                                | 24,449 | 25,717 | 27,645 | 26,872  | 26,139 | 25,317 | 21,584 | 17,817 | 19,297 | 21,973 |
| Net interest bearing liabilities/EBITDA excluding gains and losses last 12 months | 2.6    | 2.5    | 2.3    | 2.0     | 1.8    | 1.6    | 1.3    | 1.0    | 1.0    | 1.1    |
| Capex (NOK in millions)   | 1,879  | 2,161  | 2,169  | 2,680   | 1,230  | 1,314  | 1,460  | 2,450  | 1,471  | 4,012  |
| Investments in businesses (NOK in millions)                                       | 8,875  | 2,271  | 493    | 772     | 23     | 268    | 9      | 263    | 3,749  | 294    |
| No. of man-years  | 22,250 | 21,650 | 22,350 | 22,100  | 21,200 | 21,150 | 20,300 | 19,450 | 20,600 | 20,200 |
| - of which abroad   | 7,700  | 7,800  | 8,600  | 8,900   | 8,700  | 8,700  | 8,100  | 7,450  | 8,650  | 8,750  |
| <b>MOBILE</b>   |        |        |        |         |        |        |        |        |        |        |
| <b>Telenor Mobil - Norway</b>   |        |        |        |         |        |        |        |        |        |        |
| No. of mobile subscriptions (NMT + GSM) (in thousands)                            | 2,314  | 2,360  | 2,409  | 2,382   | 2,342  | 2,330  | 2,364  | 2,364  | 2,378  | 2,451  |
| No. of GSM subscriptions (in thousands)   | 2,249  | 2,299  | 2,352  | 2,330   | 2,294  | 2,285  | 2,324  | 2,327  | 2,346  | 2,422  |
| - of which prepaid (in thousands)   | 1,051  | 1,094  | 1,131  | 1,115   | 1,093  | 1,091  | 1,120  | 1,099  | 1,091  | 1,118  |
| Traffic minutes per GSM subscription  | 171    | 185    | 186    | 178     | 178    | 190    | 195    | 189    | 192    | 198    |

|  |     |     |     |     |     |     |     |     |     |       |
|--|-----|-----|-----|-----|-----|-----|-----|-----|-----|-------|
| per month, generated and terminated                                      |     |     |     |     |     |     |     |     |     |       |
| Average revenue per GSM subscription per month in the quarter (ARPU):    | 334 | 351 | 359 | 340 | 330 | 346 | 354 | 326 | 332 | 348   |
| - of which contract  | 481 | 511 | 528 | 492 | 480 | 501 | 519 | 475 | 488 | 515   |
| - of which prepaid   | 162 | 168 | 171 | 170 | 163 | 172 | 174 | 162 | 154 | 153   |
| No. of SMS and content messages (in millions)                            | 391 | 403 | 444 | 454 | 452 | 462 | 500 | 512 | 488 | 511   |
| <b>Sonofon - Denmark</b>   |     |     |     |     |     |     |     |     |     |       |
| No. of mobile subscriptions (in thousands)                               |     |     |     |     |     |     |     |     | 996 | 1,212 |
| - of which prepaid (in thousands)  |     |     |     |     |     |     |     |     | 250 | 451   |
| Traffic minutes per GSM subscription per month, generated and terminated |     |     |     |     |     |     |     |     | 165 | 185   |
| Average revenue per GSM subscription per month in the quarter (ARPU):    |     |     |     |     |     |     |     |     | 270 | 255   |
| - of which contract  |     |     |     |     |     |     |     |     | 313 | 322   |
| - of which prepaid   |     |     |     |     |     |     |     |     | 135 | 111   |
| No. of SMS and content messages (in millions)                            |     |     |     |     |     |     |     |     | 240 | 298   |
| <b>Telenor Mobile Sweden</b>   |     |     |     |     |     |     |     |     |     |       |
| No. of mobile subscriptions (in thousands)                               |     |     |     |     | 52  | 59  | 65  | 81  | 84  | 92    |
| - of which prepaid (in thousands)  |     |     |     |     | 26  | 23  | 28  | 44  | 48  | 54    |
| Traffic minutes per GSM subscription per month, generated and terminated |     |     |     |     | 28  | 41  | 67  | 76  | 80  | 104   |
| Average revenue per GSM subscription per month in the quarter (ARPU):    |     |     |     |     | 119 | 160 | 207 | 199 | 188 | 202   |
| - of which contract  |     |     |     |     | 194 | 248 | 311 | 294 | 295 | 311   |
| - of which prepaid   |     |     |     |     | 44  | 49  | 56  | 105 | 105 | 122   |
| No. of SMS and content messages (in millions)                            |     |     |     |     | 3   | 3   | 5   | 8   | 8   | 11    |
| <b>Pannon - Hungary</b>  |     |     |     |     |     |     |     |     |     |       |

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|  |       |       |       |       |       |       |       |       |       |       |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| No. of mobile subscriptions (in thousands)                               | 2,001 | 2,146 | 2,311 | 2,450 | 2,514 | 2,514 | 2,564 | 2,618 | 2,596 | 2,588 |
| - of which prepaid (in thousands)  | 1,446 | 1,596 | 1,767 | 1,910 | 1,989 | 1,981 | 2,019 | 2,023 | 1,977 | 1,936 |
| Traffic minutes per GSM subscription per month, generated and terminated | 113   | 115   | 112   | 112   | 104   | 110   | 113   | 116   | 111   | 121   |
| Average revenue per GSM subscription per month in the quarter (ARPU):    | 182   | 184   | 177   | 177   | 153   | 165   | 170   | 173   | 169   | 176   |
| - of which contract  | 383   | 391   | 401   | 415   | 386   | 414   | 416   | 412   | 396   | 386   |
| - of which prepaid   | 97    | 98    | 94    | 100   | 86    | 92    | 97    | 99    | 94    | 97    |
| <b>DiGi.Com - Malaysia</b>   |       |       |       |       |       |       |       |       |       |       |
| No. of mobile subscriptions (100% in thousands)                          | 1,159 | 1,284 | 1,454 | 1,616 | 1,803 | 1,946 | 2,055 | 2,207 | 2,416 | 2,585 |
| - of which prepaid (100% in thousands)                                   | 1,044 | 1,176 | 1,351 | 1,519 | 1,708 | 1,850 | 1,953 | 2,101 | 2,301 | 2,453 |
| Traffic minutes per GSM subscription per month, generated and terminated | 197   | 189   | 185   | 185   | 177   | 175   | 177   | 176   | 167   | 164   |
| Average revenue per GSM subscription per month in the quarter (ARPU):    | 169   | 158   | 138   | 145   | 123   | 111   | 117   | 117   | 116   | 110   |
| - of which contract  | 313   | 331   | 312   | 352   | 331   | 336   | 367   | 357   | 358   | 352   |
| - of which prepaid   | 150   | 142   | 124   | 131   | 112   | 100   | 105   | 105   | 104   | 98    |
| <b>Kyivstar - Ukraine</b>  |       |       |       |       |       |       |       |       |       |       |
| No. of mobile subscriptions (100% in thousands)                          |       |       | 1,659 | 1,856 | 2,012 | 2,205 | 2,512 | 3,037 | 3,221 | 3,610 |
| - of which prepaid (100% in thousands)                                   |       |       | 1,283 | 1,472 | 1,614 | 1,768 | 2,037 | 2,503 | 2,675 | 3,031 |
| Traffic minutes per GSM subscription per month, generated and terminated |       |       | 50    | 49    | 43    | 52    | 59    | 73    | 69    | 74    |
| Average revenue per GSM subscription per month in the quarter (ARPU):    |       |       | 113   | 102   | 81    | 92    | 106   | 95    | 87    | 97    |
| - of which contract  |       |       | 194   | 202   | 167   | 176   | 204   | 201   | 194   | 213   |
| - of which prepaid   |       |       | 73    | 70    | 54    | 66    | 74    | 70    | 62    | 69    |
| <b>GrameenPhone - Bangladesh</b>   |       |       |       |       |       |       |       |       |       |       |
|  | 550   | 625   | 704   | 769   | 835   | 928   | 1,047 | 1,141 | 1,520 | 1,795 |

|  |        |        |        |        |        |        |        |        |        |        |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| No. of mobile subscriptions (100% in thousands)                          |        |        |        |        |        |        |        |        |        |        |
| - of which prepaid (100% in thousands)                                   | 353    | 424    | 501    | 563    | 631    | 725    | 820    | 899    | 1,258  | 1,501  |
| Traffic minutes per GSM subscription per month, generated and terminated | 308    | 297    | 288    | 298    | 309    | 312    | 328    | 320    | 322    | 313    |
| Average revenue per GSM subscription per month in the quarter (ARPU):    | 191    | 173    | 167    | 155    | 133    | 136    | 143    | 130    | 123    | 108    |
| - of which contract  | 311    | 297    | 286    | 303    | 283    | 295    | 337    | 327    | 342    | 298    |
| - of which prepaid   | 118    | 104    | 100    | 95     | 81     | 89     | 90     | 76     | 72     | 70     |
| <b>Associated companies</b>  |        |        |        |        |        |        |        |        |        |        |
| No. of mobile subscriptions (100% in thousands)                          | 12,424 | 14,425 | 14,814 | 16,116 | 17,158 | 15,105 | 17,035 | 19,478 | 21,028 | 24,594 |
| <b>FIXED - Norway</b>  |        |        |        |        |        |        |        |        |        |        |
| <b>Retail market</b>   |        |        |        |        |        |        |        |        |        |        |
| No. of PSTN subscriptions (in thousands)                                 | 1,522  | 1,497  | 1,480  | 1,467  | 1,449  | 1,427  | 1,381  | 1,308  | 1,248  | 1,219  |
| No. of ISDN subscriptions (lines in thousands)                           | 1,803  | 1,818  | 1,818  | 1,828  | 1,816  | 1,800  | 1,755  | 1,682  | 1,600  | 1,548  |
| PSTN/ISDN generated traffic (mill. minutes)                              | 4,702  | 4,392  | 3,864  | 4,387  | 4,268  | 3,876  | 3,454  | 3,787  | 3,725  | 3,279  |
| Market share of PSTN/ISDN generated traffic (%)                          | 73     | 73     | 73     | 72     | 70     | 70     | 69     | 69     | 69     | 69     |
| No. of Online subscriptions residential market (in thousands)            | 370    | 359    | 347    | 337    | 315    | 304    | 301    | 294    | 286    | 276    |
| No. of ADSL subscriptions residential market (in thousands)              | 42     | 53     | 64     | 90     | 114    | 124    | 139    | 163    | 191    | 214    |
| No. of ADSL subscriptions business market Norway (in thousands)          | 1      | 2      | 3      | 4      | 7      | 10     | 11     | 14     | 17     | 21     |
| <b>Wholesale market</b>  |        |        |        |        |        |        |        |        |        |        |
| No. of PSTN subscriptions (in thousands)                                 |        |        |        |        | 11     | 12     | 42     | 104    | 151    | 170    |



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|  |       |       |       |       |       |       |       |       |       |       |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| No. of ISDN subscriptions (lines in thousands)           |       |       |       |       | 14    | 17    | 52    | 126   | 188   | 215   |
| No. of ADSL subscriptions (in thousands)                 | 5     | 6     | 8     | 15    | 21    | 31    | 41    | 56    | 76    | 86    |
| No. of LLUB (in thousands)                               | 18    | 25    | 32    | 42    | 53    | 59    | 68    | 80    | 96    | 108   |
| <b>BROADCAST</b>   |       |       |       |       |       |       |       |       |       |       |
| No. of television subscribers in the Nordic region       |       |       |       |       |       |       |       |       |       |       |
| - Subscribers with satellite dish (in thousands)         | 614   | 646   | 664   | 701   | 713   | 708   | 726   | 763   | 778   | 782   |
| - Cable TV subscribers (in thousands)                    | 557   | 559   | 561   | 571   | 575   | 590   | 594   | 604   | 605   | 611   |
| - Households in small antenna TV-networks (in thousands) | 1,140 | 1,126 | 1,129 | 1,133 | 1,130 | 1,049 | 1,100 | 1,098 | 1,132 | 1,161 |
| - Cable TV Internet access (in thousands)                | 15    | 17    | 18    | 21    | 24    | 26    | 28    | 31    | 34    | 35    |

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**Table of Contents****Special items**

| (NOK in millions)   | 2nd quarter  |                | 1st half-year  |                | Year           |
|---|--------------|----------------|----------------|----------------|----------------|
|   | 2004         | 2003           | 2004           | 2003           | 2003           |
| <b>EBITDA</b>   | <b>5,681</b> | <b>4,350</b>   | <b>10,697</b>  | <b>8,527</b>   | <b>18,302</b>  |
| Gains on disposal of fixed assets and operations                                  | (366)        | (76)           | (374)          | (80)           | (232)          |
| Losses on disposal of fixed assets and operations                                 | 27           | 174            | 29             | 185            | 229            |
| <b>EBITDA excluding gains and losses</b>  | <b>5,342</b> | <b>4,448</b>   | <b>10,352</b>  | <b>8,632</b>   | <b>18,299</b>  |
| <b>Expenses for workforce reductions, loss contracts and exit from activities</b> |              |                |                |                |                |
| Mobile  | 7            | (14)           | 11             | (14)           | (21)           |
| Fixed   | 24           | (2)            | 42             | 4              | 6              |
| Broadcast   | 1            | 3              | 1              | 5              | 7              |
| EDB Business Partner  | 27           | 57             | 27             | 57             | 223            |
| Other business units  | 1            | 12             | 2              | 13             | 38             |
| Corporate functions and Group activities  | 103          | 24             | 105            | 21             | 34             |
| <b>Total workforce reductions, loss contracts and exit from activities</b>        | <b>163</b>   | <b>81</b>      | <b>188</b>     | <b>86</b>      | <b>287</b>     |
| <b>Adjusted EBITDA</b>  | <b>5,505</b> | <b>4,529</b>   | <b>10,540</b>  | <b>8,718</b>   | <b>18,586</b>  |
| <b>Write-downs</b>  |              |                |                |                |                |
| Mobile  | 1            | 19             | 1              | 27             | 35             |
| Fixed   |              | 7              |                | 7              | 24             |
| Broadcast   |              |                |                | 4              | 18             |
| EDB Business Partner  |              | 7              |                | 11             | 28             |
| Other business units  |              | 14             | 3              | 14             | 37             |
| Corporate functions and Group activities  |              |                |                |                | 3              |
| <b>Total write-downs</b>  | <b>1</b>     | <b>47</b>      | <b>4</b>       | <b>63</b>      | <b>145</b>     |
| <b>Adjusted operating profit</b>  | <b>2,564</b> | <b>1,838</b>   | <b>4,868</b>   | <b>3,341</b>   | <b>7,989</b>   |
| <b>Special items associated companies</b>   |              |                |                |                |                |
| (Gains) losses on disposal of ownership interests                                 | (9)          | (1,442)        | (9)            | (1,508)        | (1,507)        |
| Other write-downs associated companies  |              | 11             |                | 11             | 25             |
| <b>Total special items associated companies</b>                                   | <b>(9)</b>   | <b>(1,431)</b> | <b>(9)</b>     | <b>(1,497)</b> | <b>(1,482)</b> |
| <b>Net (gains) losses and write-downs financial items</b>                         | <b>(18)</b>  | <b>4</b>       | <b>(2,609)</b> | <b>90</b>      | <b>(73)</b>    |
| <b>Adjusted profit (loss) before taxes and minority interests</b>                 | <b>2,460</b> | <b>1,289</b>   | <b>4,565</b>   | <b>2,384</b>   | <b>6,300</b>   |



**Table of Contents****Reconciliations**

| (NOK in millions)  | 2nd quarter  |              | 1st half-year |              | Year          |
|--|--------------|--------------|---------------|--------------|---------------|
|  | 2004         | 2003         | 2004          | 2003         | 2003          |
| <b>Net income</b>  | <b>1,410</b> | <b>1,683</b> | <b>4,211</b>  | <b>2,280</b> | <b>4,560</b>  |
| Minority interests   | 347          | 98           | 631           | 161          | 490           |
| Taxes  | 905          | 709          | 2,494         | 1,096        | 2,376         |
| <b>Profit before taxes and minority interests</b>                        | <b>2,662</b> | <b>2,490</b> | <b>7,336</b>  | <b>3,537</b> | <b>7,426</b>  |
| Net financial items  | 288          | 504          | (1,971)       | 898          | 1,365         |
| Associated companies   | (211)        | (1,382)      | (344)         | (1,348)      | (1,231)       |
| <b>Operating profit</b>  | <b>2,739</b> | <b>1,612</b> | <b>5,021</b>  | <b>3,087</b> | <b>7,560</b>  |
| Depreciation and amortization  | 2,941        | 2,691        | 5,672         | 5,377        | 10,597        |
| Write-downs  | 1            | 47           | 4             | 63           | 145           |
| <b>EBITDA</b>  | <b>5,681</b> | <b>4,350</b> | <b>10,697</b> | <b>8,527</b> | <b>18,302</b> |
| Net (gains) losses on disposal of fixed assets and operations            | (339)        | 98           | (345)         | 105          | (3)           |
| <b>EBITDA excluding gains and losses</b>                                 | <b>5,342</b> | <b>4,448</b> | <b>10,352</b> | <b>8,632</b> | <b>18,299</b> |
| Expenses for workforce reductions, loss contracts and exit of activities | 163          | 81           | 188           | 86           | 287           |
| <b>Adjusted EBITDA</b>   | <b>5,505</b> | <b>4,529</b> | <b>10,540</b> | <b>8,718</b> | <b>18,586</b> |
| <b>Operating profit</b>  | <b>2,739</b> | <b>1,612</b> | <b>5,021</b>  | <b>3,087</b> | <b>7,560</b>  |
| Write-downs  | 1            | 47           | 4             | 63           | 145           |
| Net (gains) losses on disposal of fixed assets and operations            | (339)        | 98           | (345)         | 105          | (3)           |
| Expenses for workforce reductions, loss contracts and exit of activities | 163          | 81           | 188           | 86           | 287           |
| <b>Adjusted operating profit</b>   | <b>2,564</b> | <b>1,838</b> | <b>4,868</b>  | <b>3,341</b> | <b>7,989</b>  |
| <b>Associated companies</b>  | <b>211</b>   | <b>1,382</b> | <b>344</b>    | <b>1,348</b> | <b>1,231</b>  |
| Special items associated companies                                       | (9)          | (1,431)      | (9)           | (1,497)      | (1,482)       |
| <b>Adjusted associated companies</b>                                     | <b>202</b>   | <b>(49)</b>  | <b>335</b>    | <b>(149)</b> | <b>(251)</b>  |
| <b>Profit before taxes and minority interests</b>                        | <b>2,662</b> | <b>2,490</b> | <b>7,336</b>  | <b>3,537</b> | <b>7,426</b>  |
| Write-downs  | 1            | 47           | 4             | 63           | 145           |
| Net (gains) losses on disposal of fixed assets and operations            | (339)        | 98           | (345)         | 105          | (3)           |
| Expenses for workforce reductions, loss contracts and exit of activities | 163          | 81           | 188           | 86           | 287           |
| Special items associated companies                                       | (9)          | (1,431)      | (9)           | (1,497)      | (1,482)       |
| Net (gains) losses and write-downs financial items                       | (18)         | 4            | (2,609)       | 90           | (73)          |

|  |              |              |              |              |              |
|--|--------------|--------------|--------------|--------------|--------------|
| <b>Adjusted profit before taxes and minority interests</b> | <b>2,460</b> | <b>1,289</b> | <b>4,565</b> | <b>2,384</b> | <b>6,300</b> |
|--|--------------|--------------|--------------|--------------|--------------|

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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:  
Name: Torstein  
Moland  
(sign.)  
Title: CFO

Date: 23<sup>rd</sup> July, 2004