



**Q3 / 2012**

Interim report  
January–September 2012

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# High margins and continued growth

## Highlights third quarter 2012

- Organic revenue growth of 3%<sup>1)</sup>
- EBITDA margin of 35%
- Operating cash flow of NOK 5.5 billion (22%)<sup>2)</sup>
- Earnings per share of NOK 2.34

## Highlights first three quarters 2012

- Organic revenue growth of 5%<sup>1)</sup>
- EBITDA margin of 32%
- Operating cash flow of NOK 15.8 billion (21%)<sup>2)</sup>
- Earnings per share of NOK 4.01

*Jon Fredrik Baksaas*  
Jon Fredrik Baksaas  
President & CEO

"In the third quarter, we report 3% organic revenue growth, high margins and solid operating cash flow of NOK 5.5 billion.

I am proud of our recent launch of 4G services in 11 cities in Norway. The rollout continues at rapid speed, and more than nine out of every ten Norwegians will have access to our 4G network in 2015. Telenor's significant and long term investments in Norway enable us to deliver superior coverage and network quality, catering for the strong uptake of data services. The increased data usage and migration to bundled tariffs contributed to revenue growth this quarter.

In Bangladesh, we are experiencing intense competition and a challenging regulatory environment. Grameenphone has initiated mitigating activities to regain revenue growth, including further development of Grameenphone's leading network and distribution position. In Hungary, the disputed double taxation regime and other regulatory challenges pose a significant risk for the industry going forward.

Telenor Serbia, Telenor Sweden and DTAC in Thailand all demonstrate profitable growth fuelled by smartphones and mobile data demand. We are pleased to see that DTAC won the auction for 3G licence and spectrum.

Our Broadcast unit reports record high EBITDA margin on the back of well-executed cost management.

In India, we have submitted an application for participation in the upcoming licence auction. However, several key issues need to be resolved before the final decision is made on participation. Meanwhile, the restructuring of the Indian operation is progressing according to plan.

For the full year 2012, we expect organic revenue growth of around 4% and operating cash flow margin of 23 to 24% not including India.

At our Capital Markets Day in September, we announced our goals for the coming years, in order to stay ahead and drive value creation. With continued growth above peers and improved operational efficiency we aim for an operating cash flow of NOK 28 to 30 billion in 2015."

## Key figures Telenor Group

	3rd quarter		First three quarters		Year
	2012 Group	2011 Group	2012 Group	2011 Group	2011 Group
(NOK in millions except earnings per share)					
Revenues	25,253	24,631	75,728	73,083	98,516
EBITDA before other income and expenses	8,796	8,292	24,576	23,109	30,526
EBITDA before other income and expenses/Revenues (%)	34.8	33.7	32.5	31.6	31.0
Adjusted operating profit <sup>3)</sup>	5,366	4,493	13,855	11,684	15,217
Adjusted operating profit/Revenues (%)	21.2	18.2	18.3	16.0	15.4
Profit after taxes and non-controlling interests	3,649	2,589	6,297	9,874	7,165
Earnings per share from total operations, basic, in NOK	2.34	1.62	4.01	6.10	4.45
Capex	5,499	2,760	11,140	8,084	11,907
Capex excl. licences and spectrum	3,336	2,722	8,728	7,804	11,441
Capex excl. licences and spectrum/Revenues (%)	13.2	11.1	11.5	10.7	11.6
Operating cash flow <sup>2)</sup>	5,460	5,571	15,849	15,305	19,085
Net interest-bearing liabilities			29,478	18,552	18,222

Please refer to page 10 for the full outlook for 2012, and page 20 for definitions.

<sup>1)</sup> Organic revenue is defined as revenue adjusted for the effects of acquisition and disposal of operations and currency effects.

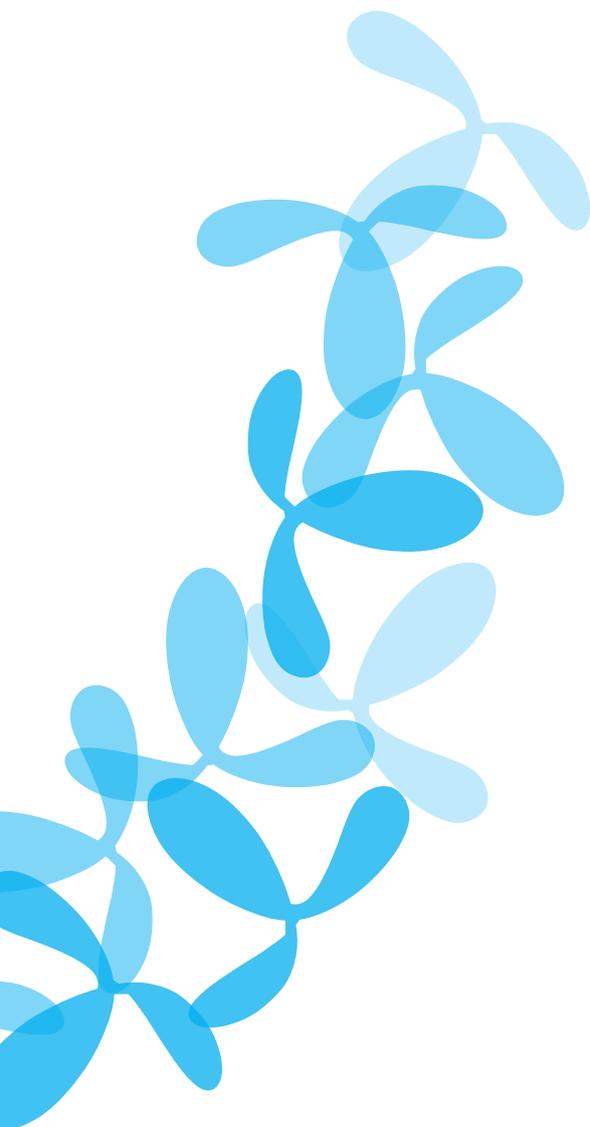
<sup>2)</sup> Operating cash flow is defined as EBITDA before other income and expenses – Capex, excluding licences and spectrum.

<sup>3)</sup> Adjusted operating profit is defined as Operating profit less other income and expenses and impairment losses.

# Interim report

## Telenor's operations

The statements below are related to Telenor's development in the third quarter of 2012 compared to the third quarter of 2011, unless otherwise stated. All comments on EBITDA are made on development in EBITDA before other income and expenses (other items). Please refer to page 8 for 'Specification of other income and expenses'. Additional information is available at: [www.telenor.com/ir](http://www.telenor.com/ir)



### Norway

(NOK in millions)	3rd quarter		First three quarters		Year
	2012	2011	2012	2011	2011
<b>Revenues mobile operation</b>					
Subscription and traffic	2,700	2,492	7,681	7,253	9,623
Interconnect revenues	219	268	767	799	1,074
Other mobile revenues	337	341	1,006	972	1,318
Non-mobile revenues	226	164	659	579	887
<b>Total revenues mobile operation</b>	<b>3,482</b>	<b>3,266</b>	<b>10,113</b>	<b>9,603</b>	<b>12,903</b>
<b>Revenues fixed operation</b>					
Telephony	736	827	2,303	2,598	3,433
Internet and TV	1,218	1,177	3,609	3,526	4,735
Data services	125	134	384	402	529
Other fixed revenues	378	357	1,064	997	1,372
<b>Total retail revenues</b>	<b>2,456</b>	<b>2,495</b>	<b>7,360</b>	<b>7,522</b>	<b>10,069</b>
Wholesale revenues	500	536	1,515	1,648	2,192
<b>Total revenues fixed operation</b>	<b>2,957</b>	<b>3,031</b>	<b>8,875</b>	<b>9,170</b>	<b>12,262</b>
<b>Total revenues</b>	<b>6,439</b>	<b>6,297</b>	<b>18,987</b>	<b>18,774</b>	<b>25,165</b>

EBITDA before other items	2,972	2,699	8,092	7,779	9,973
<b>Operating profit</b>	<b>2,212</b>	<b>1,844</b>	<b>5,888</b>	<b>5,140</b>	<b>6,295</b>

EBITDA before other items/Total revenues (%)	46.2	42.9	42.6	41.4	39.6
Capex	962	896	2,880	2,790	3,718
Investments in businesses	-	-	-	39	40

Mobile ARPU - monthly (NOK)	306	299	297	292	290
Fixed Telephony ARPU	256	263	261	270	270
Fixed Internet ARPU	312	311	309	313	313
TV ARPU	251	239	249	235	240

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

Mobile	5	31	3,180	3,095	3,146
Fixed telephony	(27)	(23)	944	1,036	1,016
Fixed Internet	1	3	856	855	860
TV	2	2	512	507	504

- The number of total mobile subscriptions increased by 5,000. Adjusted for a one-time effect, the subscription base grew by 15,000 during the quarter. At the end of the third quarter, the mobile subscription base was 3 % higher compared to the same quarter last year.
- 850,000 or 58% of the contract subscriptions in the consumer segment are now on bundled price plans.
- Mobile ARPU increased by 2%. Increased revenues from data and bundled subscriptions were partly offset by reduced interconnect rates.
- Total revenues increased by 2%.
- Mobile revenues increased by 7% due to growth in the subscription base, handset sales and increased ARPU. Handset sales contributed with 2 percentage points of the total mobile revenue growth.
- Fixed revenues decreased by 2%. Reduced number of telephony subscriptions combined with lower ARPU and reduction in wholesale revenues was partly offset by increased revenues from Internet and TV.
- Operating expenses decreased by 6% mainly due to lower commissions from increased share of sales through customer service and the web portal, in addition to reduced operation and maintenance cost.
- The EBITDA margin increased by 3 percentage points mainly from increased mobile revenues and reduction in operating expenses.
- Capital expenditure increased mainly due to mobile network investments in 3G and 4G coverage and capacity.
- The acquisition of the regional broadband provider LOS Bynett was completed on 1 October, adding 11,000 fibre customers and strengthening Telenor's fibre position.

## Sweden

(NOK in millions)	3rd quarter		First three quarters		Year
	2012	2011	2012	2011	2011
<b>Revenues mobile operation</b>					
Subscription and traffic	1,328	1,252	3,881	3,806	5,085
Interconnect revenues	149	167	495	555	729
Other mobile revenues	86	92	242	245	331
Non-mobile revenues	507	291	1,367	850	1,509
<b>Total revenues mobile operation</b>	<b>2,071</b>	<b>1,801</b>	<b>5,986</b>	<b>5,456</b>	<b>7,654</b>
<b>Revenues fixed operation</b>	<b>645</b>	<b>631</b>	<b>1,874</b>	<b>2,006</b>	<b>2,652</b>
<b>Total revenues</b>	<b>2,716</b>	<b>2,432</b>	<b>7,860</b>	<b>7,462</b>	<b>10,307</b>

EBITDA before other items	805	663	2,048	1,953	2,497
<b>Operating profit (loss)</b>	<b>495</b>	<b>286</b>	<b>1,076</b>	<b>627</b>	<b>840</b>

EBITDA before other items/Total revenues (%)	29.6	27.3	26.1	26.2	24.8
Capex	251	232	777	990	1,487
Investments in businesses	163	-	306	-	-

Mobile ARPU - monthly (NOK)	211	222	214	231	229
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**No. of subscriptions - Change in quarter/Total (in thousands):**

Mobile	58	38	2,352	2,157	2,214
Fixed telephony	(2)	(2)	341	362	354
Fixed Internet	46	(5)	543	513	509
TV	18	5	282	261	257

Exchange rate			0.8610	0.8663	0.8631
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- The number of mobile subscriptions increased by 58,000 during the quarter, reflecting the strong growth in consumer bundled subscriptions. At the end of the quarter, the subscription base was 9% higher than at the end of the third quarter last year.
- Mobile ARPU in local currency decreased by 8% driven by lower retail prices combined with reduced interconnect rates and lower messaging usage, partly offset by increased data usage. Adjusted for the reduced interconnect rates, mobile ARPU decreased by 6%.
- Total revenues in local currency increased by 8%.
- Mobile revenues in local currency increased by 11%, to a large extent driven by higher handset revenues. Mobile service revenues excluding interconnect increased by 3% due to a larger subscription base, partly offset by reduced ARPU.
- Fixed revenues in local currency decreased by 1% driven by the reduced number of telephony and Internet subscriptions combined with lower telephony ARPU, partly offset by revenues in the acquired companies Open Broadbandnet Sweden AB and Ownit Broadband AB.
- The EBITDA margin in local currency increased by 3 percentage points due to increased revenues in combination with stable operating expenditures.
- Capital expenditures increased by 3% compared to last year as a consequence of the 4G rollout together with continued 3G network modernisation.
- On 31 August 2012, Telenor Sweden acquired Ownit Broadband AB.

## Denmark

(NOK in millions)	3rd quarter		First three quarters		Year
	2012	2011	2012	2011	2011
<b>Revenues mobile operation</b>					
Subscription and traffic	749	855	2,235	2,565	3,411
Interconnect revenues	142	203	482	687	900
Other mobile revenues,	48	129	151	505	569
Non-mobile revenues,	195	269	738	711	1,057
<b>Total revenues mobile operation</b>	<b>1,133</b>	<b>1,456</b>	<b>3,606</b>	<b>4,468</b>	<b>5,936</b>
<b>Revenues fixed operation</b>	<b>197</b>	<b>258</b>	<b>655</b>	<b>811</b>	<b>1,056</b>
<b>Total revenues</b>	<b>1,330</b>	<b>1,713</b>	<b>4,261</b>	<b>5,279</b>	<b>6,992</b>

EBITDA before other items	307	479	886	1,413	1,782
<b>Operating profit</b>	<b>117</b>	<b>232</b>	<b>279</b>	<b>701</b>	<b>814</b>

EBITDA before other items/Total revenues (%)	23.1	27.9	20.8	26.8	25.5
Capex	112	147	462	515	655
Investments in businesses	-	-	-	24	24

Mobile ARPU - monthly (NOK)	143	173	150	181	180
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**No. of subscriptions - Change in quarter/Total (in thousands):**

Mobile	17	37	2,037	2,017	2,007
Fixed telephony	(10)	(8)	148	203	183
Fixed Internet	(6)	(6)	191	225	218

Exchange rate			1.0097	1.0469	1.0459
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- The number of mobile subscriptions increased by 17,000 during the quarter, mainly as a result of seasonal increase in the prepaid segment. Compared to end of the same period last year, the mobile subscription base increased by 1%.
- Mobile ARPU in local currency decreased by 13% due to lower interconnect and roaming rates together with the effect of general price erosion in the market. Adjusted for the reduced interconnect and roaming rates, mobile ARPU decreased by 9%.
- Total revenues in local currency decreased by 18%.
- Mobile revenues in local currency decreased by 18% as a consequence of lower ARPU, lower handset sales and the loss of Onfone wholesale revenues from 1 October 2011. Mobile service revenues excluding interconnect decreased by 8% due to lower ARPU.
- Fixed revenues in local currency decreased by 20% driven by a declining fixed telephony subscription base and price erosion on fixed Internet.
- The EBITDA margin decreased by 5 percentage points mainly due to lower revenues, partly offset by an 11% decline in operating expenditures.
- Capital expenditures were related to the LTE roll-out together with Telia.

## Hungary

(NOK in millions)	3rd quarter		First three quarters		Year
	2012	2011	2012	2011	2011

## Revenues

Subscription and traffic	825	886	2,320	2,569	3,347
Interconnect revenues	150	205	450	606	789
Other mobile revenues	29	28	69	77	95
Non-mobile revenues	57	67	151	172	258
<b>Total revenues</b>	<b>1,060</b>	<b>1,186</b>	<b>2,990</b>	<b>3,424</b>	<b>4,488</b>

EBITDA before other items	321	448	1,011	1,242	1,537
<b>Operating profit</b>	<b>228</b>	<b>262</b>	<b>700</b>	<b>611</b>	<b>741</b>

EBITDA before other items/ Total revenues (%)	30.3	37.8	33.8	36.3	34.2
Capex	84	62	433	184	426

No. of subscriptions - Change in quarter/Total (in thousands):	2	(21)	3,265	3,349	3,370
ARPU - monthly (NOK)	99	108	93	104	102
Exchange rate			0.0258	0.0288	0.0280

- The number of subscriptions increased by 2,000 during the quarter, mainly due to postpaid campaigns. At the end of the quarter, the subscription base was 3% lower than at the end of third quarter 2011.
- ARPU in local currency was stable as effects of reduced interconnect rates were offset by price increases.
- Revenues in local currency decreased by 3% mainly due to a lower subscription base.
- A new telecom sales tax was introduced with effect from July this year, and has only partly been passed on to customers. The new telecommunication tax is overlapping the existing and disputed tax until 31 December 2012.
- The EBITDA margin decreased by 8 percentage points mainly due to the introduction of the new telecommunication tax. In this quarter, a total amount of NOK 127 million was recognised for the two telecommunication taxes. The double taxation has an effect on the EBITDA margin of 12 percentage points this quarter.

## Serbia

(NOK in millions)	3rd quarter		First three quarters		Year
	2012	2011	2012	2011	2011

## Revenues

Subscription and traffic	496	544	1,411	1,515	2,022
Interconnect revenues	147	157	432	445	601
Other mobile revenues	33	44	94	115	144
Non-mobile revenues	43	35	112	100	143
<b>Total revenues</b>	<b>720</b>	<b>779</b>	<b>2,049</b>	<b>2,174</b>	<b>2,911</b>

EBITDA before other items	284	326	806	932	1,214
<b>Operating profit</b>	<b>213</b>	<b>183</b>	<b>573</b>	<b>508</b>	<b>623</b>

EBITDA before other items/ Total revenues (%)	39.4	41.9	39.3	42.9	41.7
Capex	47	104	153	299	391

No. of subscriptions - Change in quarter/Total (in thousands):	115	77	3,247	3,138	3,137
ARPU - monthly (NOK)	67	75	65	71	71
Exchange rate			0.0665	0.0766	0.0764

- The number of subscriptions increased by 115,000 during the quarter following the previous trends of good market performance in Serbia. At the end of the quarter the subscription base was 3% higher than the end of third quarter last year. The share of postpaid subscriptions is now 42%, up from 39% in the third quarter last year.
- ARPU in local currency increased by 7% due to the successful migration from prepaid to postpaid subscriptions and increased data usage. A part of the ARPU uplift is attributed to recovery of handset subsidies.
- Revenues in local currency increased by 11%, mainly from higher ARPU and increased subscription base.
- The EBITDA margin decreased by 3 percentage points due to higher sales of subsidised smartphones, tablets and laptops.
- Capital expenditures are mainly related to network expansion and were reduced due to the network modernisation last year.

## Montenegro

(NOK in millions)	3rd quarter		First three quarters		Year
	2012	2011	2012	2011	2011

Revenues	194	198	458	485	627
EBITDA before other items	110	105	197	226	283
<b>Operating profit</b>	<b>102</b>	<b>92</b>	<b>161</b>	<b>189</b>	<b>235</b>

EBITDA before other items/ Total revenues (%)	56.6	53.3	43.0	46.6	45.1
Capex	7	2	36	19	23

No. of subscriptions - Change in quarter/Total (in thousands):	53	55	475	490	461
Exchange rate			7.5105	7.8036	7.7926

- The number of subscriptions increased by 53,000 in the quarter mainly due to new prepaid subscriptions sold during the summer season. At the end of the quarter, the subscription base was 3% lower than at the end of third quarter last year.
- ARPU in local currency decreased by 7% driven by the reduced domestic interconnect rates and the challenging macroeconomic environment.
- Revenues in local currency increased by 3%. Excluding a positive one-time accounting adjustment revenues decreased by 4%, mainly driven by reduced ARPU.

## DTAC - Thailand

(NOK in millions)	3rd quarter		First three quarters		Year
	2012	2011	2012	2011	2011

## Revenues

Subscription and traffic	2,845	2,578	8,431	7,586	10,237
Interconnect revenues	745	740	2,268	2,234	3,037
Other mobile revenues	83	70	218	213	264
Non-mobile revenues	324	190	1,370	782	1,047
<b>Total revenues</b>	<b>3,998</b>	<b>3,577</b>	<b>12,287</b>	<b>10,816</b>	<b>14,585</b>

EBITDA before other items	1,270	1,281	3,774	3,876	5,004
<b>Operating profit</b>	<b>812</b>	<b>877</b>	<b>2,484</b>	<b>2,705</b>	<b>3,430</b>

EBITDA before other items/ Total revenues (%)	31.8	35.8	30.7	35.8	34.3
Capex	778	270	1,337	495	1,072

No. of subscriptions - Change in quarter/Total (in thousands):	257	136	23,858	22,865	23,217
ARPU - monthly (NOK)	51	49	51	49	49
Exchange rate			0.1879	0.1832	0.1838

- The number of subscriptions increased by 257,000 during the quarter. At the end of the quarter the subscription base was 4% higher than at the end of third quarter last year.
- ARPU in local currency increased by 1% as the growth in data usage more than offsetting the decline in voice.
- Total revenues in local currency increased by 8% driven by a larger subscription base, higher ARPU and handset sales. 3 percentage points of the total revenue increase were attributable to handsets sales.
- The EBITDA margin decreased by 4 percentage points, primarily due to increased concessionary fees with effect from mid-September last year.
- Capital expenditures were mainly related to the on-going network modernisation and expansion of 3G coverage on 850MHz.
- On 18 October 2012, The National Broadcasting and Telecommunications Commission of Thailand has informed DTAC Network Co. Ltd., a wholly-owned subsidiary of DTAC, that it has won three slots in the auction for 3G licence in the 2.1 GHz band for THB 13.5 billion (excluding VAT). Please see note 8 for details.

## DiGi - Malaysia

(NOK in millions)	3rd quarter		First three quarters		Year
	2012	2011	2012	2011	2011

## Revenues

Subscription and traffic	2,553	2,405	7,635	6,961	9,423
Interconnect revenues	209	188	612	556	752
Other mobile revenues	23	28	81	96	122
Non-mobile revenues	212	145	627	490	632
<b>Total revenues</b>	<b>2,997</b>	<b>2,766</b>	<b>8,955</b>	<b>8,104</b>	<b>10,929</b>

EBITDA before other items	1,349	1,296	4,153	3,741	5,063
<b>Operating profit</b>	<b>764</b>	<b>734</b>	<b>2,319</b>	<b>2,199</b>	<b>2,903</b>

EBITDA before other items/ Total revenues (%)	45.0	46.9	46.4	46.2	46.3
Capex	284	266	842	554	1,116

No. of subscriptions - Change in quarter/ Total (in thousands):	74	327	10,304	9,617	9,920
ARPU - monthly (NOK)	91	91	91	92	91
Exchange rate			1.8926	1.8340	1.8325

- The number of subscriptions increased by 74,000 during the quarter. At the end of the quarter the subscription base was 7% higher than at the end of third quarter last year.

- ARPU in local currency decreased by 4% mainly as a result of challenges in the on-going network modernisation and slower than expected 3G rollout resulting in lost traffic. Mitigating activities are initiated to secure normal service levels.
- Despite the network issues, total revenues increased by 4% due to the higher subscription base, continued strong growth in underlying data demand and handset sales.
- The EBITDA margin decreased by 2 percentage points primarily due to higher costs for international traffic and higher handset sales.
- Operating profit was negatively affected by NOK 218 million in accelerated depreciations related to the on-going modernisation of networks and IT systems.
- Capital expenditures were mainly related to the network modernisation, 3G upgrades and deployment of fibre backhaul.

## Grameenphone - Bangladesh

(NOK in millions)	3rd quarter		First three quarters		Year
	2012	2011	2012	2011	2011

## Revenues

Subscription and traffic	1,452	1,458	4,337	4,377	5,864
Interconnect revenues	168	166	493	484	655
Other mobile revenues	8	8	28	20	33
Non-mobile revenues	32	43	100	143	179
<b>Total revenues</b>	<b>1,660</b>	<b>1,676</b>	<b>4,957</b>	<b>5,025</b>	<b>6,730</b>

EBITDA before other items	857	972	2,628	2,665	3,595
<b>Operating profit</b>	<b>590</b>	<b>710</b>	<b>1,808</b>	<b>1,798</b>	<b>2,472</b>

EBITDA before other items/ Total revenues (%)	51.6	58.0	53.0	53.0	53.4
Capex	2,346	333	2,880	758	977

No. of subscriptions - Change in quarter/Total (in thousands):	1,660	1,421	40,954	35,245	36,493
ARPU - monthly (NOK)	14	16	14	16	16
Exchange rate			0.0715	0.0758	0.0755

- The number of subscriptions increased by 1.7 million, primarily towards the end of the quarter. The subscription base ended 16% higher than at the end of third quarter last year.
- ARPU in local currency decreased by 12% due to the dilution effect of subscription growth in low-ARPU segments and increased churn of higher ARPU customers. In addition, a new tariff regulation was implemented in September, limiting the maximum billing pulse to per-10 seconds in addition to removal of all call set-up charges.
- Revenues in local currency were flat as the subscription growth was offset by ARPU decline. An industry wide strike from reload retailers at the end of the quarter added further pressure on the revenue development.
- The EBITDA margin decreased by 6 percentage points mainly as a result of increased market spending and acquisition costs in addition to higher regulatory charges as per 2G renewal.
- Capital expenditure included NOK 2.1 billion in capitalisation of the 2G licence, which was awarded to Grameenphone on 7 August 2012 for a period of 15 years in effect from 11 November 2011.

## Pakistan

(NOK in millions)	3rd quarter		First three quarters		Year
	2012	2011	2012	2011	2011
<b>Revenues</b>					
Subscription and traffic	1,003	970	3,165	2,892	3,924
Interconnect revenues	233	194	691	565	778
Other mobile revenues	7	5	20	17	22
Non-mobile revenues	130	84	356	200	294
<b>Total revenues</b>	<b>1,373</b>	<b>1,252</b>	<b>4,232</b>	<b>3,675</b>	<b>5,017</b>

EBITDA before other items	486	450	1,623	1,296	1,847
<b>Operating profit (loss)</b>	<b>(95)</b>	<b>134</b>	<b>(260)</b>	<b>366</b>	<b>455</b>

EBITDA before other items/ Total revenues (%)	35.4	35.9	38.4	35.3	36.8
Capex	299	130	419	390	532

No. of subscriptions - Change in quarter/ Total (in thousands):	199	642	30,163	27,309	28,131
ARPU - monthly (NOK)	14	14	14	15	15
Exchange rate			0.0635	0.0647	0.0649

- The number of subscriptions increased by 199,000 during the quarter. At the end of the quarter the subscription base was 10% higher than at the end of third quarter last year.
- ARPU in local currency decreased by 3% attributable to government directed network closure on two occasions and regional flooding.
- Total revenues in local currency increased by 11%, mainly due to increased subscription base and usage levels. Financial services contributed to 3.5 percentage points of the overall growth.
- The EBITDA margin was stable due to higher revenues being offset by a worsening of the electricity situation forcing higher diesel consumption at sites. In addition, a one-time correction for stamp duty on rental agreements was recognised. EBITDA in local currency increased by 10%.
- Operating profit was negatively affected by NOK 271 million in accelerated depreciations related to the on-going network modernisation.
- Capital expenditure was focused on network modernisation in addition to capitalisation of a new head quarter property.

## Uninor - India

(NOK in millions)	3rd quarter		First three quarters		Year
	2012	2011	2012	2011	2011
<b>Revenues</b>	<b>863</b>	<b>837</b>	<b>2,906</b>	<b>2,082</b>	<b>3,019</b>
EBITDA before other items	(408)	(849)	(1,654)	(2,832)	(3,414)
<b>Operating profit (loss)</b>	<b>(536)</b>	<b>(1,084)</b>	<b>(5,839)</b>	<b>(3,536)</b>	<b>(8,514)</b>

Capex	-	196	142	702	972
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No. of subscriptions - Change in quarter/ Total (in thousands):	(4,647)	2,760	29,075	24,190	28,326
ARPU - monthly (NOK)	9	12	10	12	12
Exchange rate			0.1105	0.1227	0.1203

\* Please note that the definition for active subscriptions in Uninor is more conservative than the Group definition on page 20, due to high churn in the Indian market. In Uninor, subscriptions are counted as active if there has been activity during the last 30 days.

- The scale down of the four circles Karnataka, Orissa, Tamil Nadu and Kerala has been treated as a restructuring with effect from 1 August 2012. All contractual obligations until licence expiry on 18 January 2013 have been recorded net of revenue as other income and expenses during the third quarter.
- The number of subscriptions was reduced by 4.6 million in the quarter taking the total subscriber base down to 29.1 million due to the downscaling of the four circles mentioned above. In the 9 remaining operational circles the number of subscriptions was stable compared to the second quarter 2012.
- The ARPU in the 9 continuing circles was INR 89.
- Revenues for 9 circles decreased by 6% from the second quarter due to lower ARPU.
- The EBITDA loss was reduced from NOK 625 million in the second quarter of 2012 to NOK 408 million in the third quarter, reflecting the reduced scale of the operations.
- On 10 October 2012, Telenor and Unitech Ltd. agreed on a settlement where Unitech Ltd. will withdraw from participation at the Board of Uninor and all other special shareholder rights are suspended. Telenor is preparing for business transfer to a new entity controlled by Telenor, and evaluating participation in the upcoming auction through this new entity.

**Broadcast**

(NOK in millions)	3rd quarter		First three quarters		Year
	2012	2011	2012	2011	2011
<b>Revenues</b>					
Canal Digital DTH	1,109	1,105	3,319	3,335	4,478
Satellite Broadcasting	242	259	740	741	998
Norkring	235	231	700	705	944
Conax	121	144	402	402	557
Other/Eliminations	(78)	(31)	(163)	(37)	(76)
<b>Total revenues</b>	<b>1,629</b>	<b>1,708</b>	<b>4,998</b>	<b>5,146</b>	<b>6,900</b>

**EBITDA before other items**

Canal Digital DTH	192	147	513	397	545
Satellite Broadcasting	170	179	513	498	663
Norkring	137	120	373	352	465
Conax	50	62	173	160	214
Other/Eliminations	1	7	(4)	3	(6)
<b>Total EBITDA before other items</b>	<b>550</b>	<b>516</b>	<b>1,568</b>	<b>1,409</b>	<b>1,881</b>

**Operating profit**

Canal Digital DTH	179	133	468	351	453
Satellite Broadcasting	107	117	325	315	408
Norkring	82	69	207	193	219
Conax	40	50	132	121	148
Other/Eliminations	2	(8)	(14)	(31)	(47)
<b>Total operating profit</b>	<b>409</b>	<b>362</b>	<b>1,118</b>	<b>949</b>	<b>1,181</b>

EBITDA before other items/Total revenues (%)	33.7	30.2	31.4	27.4	27.3
Capex	119	69	290	203	276
Investments in businesses	-	-	-	(2)	(2)

**No. of subscriptions - Change in quarter/Total (in thousands):**

DTH TV	(4)	(6)	948	973	965
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- Total revenues decreased by 5%, mainly due to the sale of Canal Digital Cable TV in Denmark in October 2011 and delayed card orders in Conax. Total EBITDA increased by 7% and the EBITDA margin increased by 4 percentage points to 34%, which is all-time high.
- Revenues in Canal Digital DTH were in line with third quarter last year as the effects of price increases and increased sale of hardware were offset by a reduced subscriber base and reduced sale to housing associations in Denmark.
- The EBITDA margin in Canal Digital DTH increased by 4 percentage points to 17% primarily due to improved contribution from hardware sales and reduced content and operating expenses.
- Revenues and EBITDA in Satellite Broadcasting decreased due to lower revenues from broadcasting, ground services and currency effects, not fully offset by temporary revenues from the Olympics and UEFA EURO 2012.
- Revenues in Norkring increased slightly, mainly in Norway. EBITDA increased mainly due to lower operating expenses.
- Revenues and EBITDA in Conax decreased due to lower sale of smart cards.
- Capital expenditure increased primarily due to digital audio broadcasting (DAB) network investments in Norkring in Norway.

**Other units**

(NOK in millions)	3rd quarter		First three quarters		Year
	2012	2011	2012	2011	2011
<b>Revenues</b>					
International wholesale	491	485	1,426	1,440	1,901
Digital Services portfolio	156	138	431	318	465
Corporate functions	541	550	1,665	1,702	2,274
Eliminations	(23)	(23)	(60)	(64)	(83)
<b>Total revenues</b>	<b>1,165</b>	<b>1,150</b>	<b>3,462</b>	<b>3,395</b>	<b>4,557</b>

**EBITDA before other items**

International wholesale	21	27	63	66	84
Digital Services portfolio	15	(18)	(9)	(134)	(118)
Corporate functions	(138)	(104)	(559)	(512)	(689)
Eliminations	(1)	-	(2)	-	-
<b>Total EBITDA before other items</b>	<b>(102)</b>	<b>(95)</b>	<b>(507)</b>	<b>(580)</b>	<b>(723)</b>

**Operating profit (loss)**

International wholesale	21	24	52	54	68
Digital Services portfolio	(2)	27	(58)	(106)	(114)
Corporate functions	(236)	(180)	(877)	(769)	(1,076)
Eliminations	(1)	-	(2)	-	4
<b>Total operating profit (loss)</b>	<b>(218)</b>	<b>(128)</b>	<b>(885)</b>	<b>(821)</b>	<b>(1,119)</b>

Capex	211	53	489	184	262
Investments in businesses	658	88	6,989	93	335

- Revenues in International wholesale increased slightly due to favourable currency fluctuations offsetting price pressure and lower traffic volumes.
- Revenues and EBITDA in the Digital Services portfolio increased due to improved machine to machine revenues in Connexion, higher data traffic revenues in Maritime Communication Partner and deconsolidation of Aeromobile last year.
- EBITDA in Corporate functions worsened mainly as a result of increased corporate activities and projects.
- Operating profit in Corporate functions worsened due reduced gain on sale of property in the third quarter last year and restructuring costs this year.
- Investment in businesses was mainly related to the acquisition of 71 million VimpelCom preferred shares from Weather Investments. See note 4 for further details.

## Group overview

The statements below are related to Telenor's development in the first three quarters of 2012 compared to the first three quarters of 2011 unless otherwise stated. Please refer to note 9 for further information.

### Revenues

- Revenues increased by NOK 2.6 billion or 3.6% driven by subscription growth in the Asian operations, high handset sales in Sweden and data revenue uplift in Norway, more than offsetting lower revenues in Denmark and Hungary in addition to negative currency effects of NOK 0.9 billion.

### EBITDA before other items

- EBITDA increased by NOK 1.5 billion or 6.3% mainly from improved performance in Uninor, Pakistan, DiGi, Norway, Grameenphone, Sweden and Broadcast more than offsetting weaker results in Denmark, Hungary and DTAC. There are no material currency effects on EBITDA year to date.

### Specification of other income and expenses

(NOK in millions)	3rd quarter		First three quarters		Year
	2012	2011	2012	2011	2011
EBITDA before other income and expenses	8,796	8,292	24,576	23,109	30,526
EBITDA margin before other income and expenses (%)	34.8	33.7	32.5	31.6	31.0
Gains (losses) on disposal of fixed assets and operations	(21)	118	(99)	249	30
Workforce reductions and loss contracts	(241)	(94)	(485)	(417)	(532)
One-time effects to pension costs	(9)	-	(7)	17	18
<b>EBITDA</b>	<b>8,526</b>	<b>8,316</b>	<b>23,986</b>	<b>22,958</b>	<b>30,041</b>
EBITDA margin (%)	33.8	33.8	31.7	31.4	30.5

- In the third quarter of 2012 'Other income and expenses' mainly consisted of the following items:
  - Restructuring of operations in Uninor (NOK 126 million).
  - Workforce reductions mainly in Telenor Norway (NOK 45 million) and Telenor Sweden (NOK 37 million).
- The first three quarters of 2012 'Other income and expenses' also include:
  - Workforce reductions mainly in Telenor Norway, Telenor Sweden, Telenor Denmark and Telenor ASA.
  - Gains (losses) on disposal of fixed assets and operations were mainly related to scrapping of fixed assets in several operations.

### Operating profit

- Operating profit decreased by NOK 2.1 billion compared to last year primarily due to impairment of assets in Uninor of NOK 3.9 billion in the first quarter of 2012.
- Excluding the impairment related to Uninor, operating profit increased by NOK 1.8 billion compared to last year primarily due to improved EBITDA as explained above and lower depreciations in all operations except Telenor Pakistan, DTAC and DiGi where accelerated depreciations related to the network modernisation programmes affects operating profit.

### Associated companies

(NOK in millions)	3rd quarter		First three quarters		Year
	2012	2011	2012	2011	2011
<b>Telenors share of</b>					
Profit after taxes	1,198	600	2,560	3,236	2,784
Amortisation of Telenor's net excess values	(105)	(20)	(149)	(94)	(126)
Impairment losses of Telenor's net excess values	-	6	-	(532)	(543)
Gains (losses) on disposal of ownership interests	6	24	6	1,661	1,662
<b>Profit (loss) from associated companies</b>	<b>1,099</b>	<b>610</b>	<b>2,417</b>	<b>4,271</b>	<b>3,777</b>

- Telenor's share of net result from associated companies in the third quarter of 2012 includes VimpelCom's reported results for the second quarter of 2012, amounting to NOK 1,136 million.
- The net result from VimpelCom increased by NOK 613 million compared to the third quarter of 2011, mainly as a result of improved performance. In addition, Telenor's share of VimpelCom's net result for the second quarter of 2012 was 35.66% (with effect from 4 April 2012) compared to 31.7% for the second quarter of 2011.
- As per 30 September 2012, Telenor's economic and voting interest in VimpelCom was 35.66% and 42.95% respectively. See note 4 for further details.
- Increase in Amortisation of excess value relates to the purchase price allocation of the investment in 65 million common shares of VimpelCom on 4 April 2012. Telenor allocated NOK 524 million as excess value to the customer base in VimpelCom. Customer base excess value is amortised using declining balances method, with amortisation of NOK 82 million recorded in the third quarter of 2012.
- In the first quarter of 2012, gain of NOK 406 million attributable to Telenor was recognised related to A-Pressen AS from the sale of TV2 to Egmont.
- In January 2012, Telenor's ownership interest of 45% in TV2 Zebra was sold to TV2.

## Financial items

(NOK in millions)	3rd quarter		First three quarters		Year
	2012	2011	2012	2011	2011
Financial income	145	181	444	603	812
Financial expenses	(747)	(565)	(2,170)	(1,615)	(2,207)
Net currency gains (losses)	(77)	(23)	(213)	366	(277)
Net change in fair value of financial instruments	98	(26)	602	(7)	27
Net gains (losses and impairment) of financial assets and liabilities	-	1	(2)	45	52
<b>Net financial income (expenses)</b>	<b>(582)</b>	<b>(432)</b>	<b>(1,339)</b>	<b>(608)</b>	<b>(1,593)</b>
Gross interest expenses	(561)	(503)	(1,824)	(1,488)	(2,042)
Net interest expenses	(453)	(339)	(1,471)	(944)	(1,318)

- Financial income decreased due to lower interest rates and higher proportion of placements in low-yielding currencies.
- Financial expenses increased mainly due higher level of interest-bearing debt.
- The net currency losses were primarily related to financial liabilities in other currencies than the Norwegian krone.
- Net change in fair value of financial instruments also includes increased value of the total return swap with VimpelCom Ltd. ADRs as underlying asset. The main driver of the fair value of this instrument is the VimpelCom share price.

## Taxes

- The estimated effective tax rate for the third quarter and the first three quarters of the year 2012 was 28% and 42%, respectively. The effective tax rate for the third quarter decreased compared to 2011, mostly due to increased share of net income from associated companies and decreased operating losses from Uninor, which both do not have impact on tax expenses for the Group.
- The effective tax rate for the first three quarters increased compared to 2011, mainly due to the impairment losses of NOK 3.9 billion related to Uninor in the first quarter of 2012.
- The effective tax rate for year 2012 is estimated to be around 35% including the impairment losses related to Uninor.

## Investments

(NOK in millions)	3rd quarter		First three quarters		Year
	2012	2011	2012	2011	2011
Capex	5,499	2,760	11,140	8,084	11,907
Capex excl. licences and spectrum	3,336	2,722	8,728	7,804	11,441
Capex excl. licences and spectrum/Revenues (%)	13.2	11.1	11.5	10.7	11.6

- Capital expenditure (excl. licences) increased by NOK 0.9 billion as higher network investments in DiGi, Norway, DTAC and Other units more than offset reduced investments in Uninor, Grameenphone, Denmark and Serbia.

## Financial position

- During the first 3 quarters total assets decreased by NOK 3.8 billion to NOK 163 billion primarily due to impairment of fixed assets in Uninor partially offset by investment in VimpelCom shares.
- Net interest bearing liabilities increased by NOK 11.3 billion to NOK 29.5 billion mainly due to payment of dividend and share buy-back of NOK 11.0 billion to equity holders of Telenor ASA, dividend to non-controlling interests in subsidiaries of NOK 2.6 billion and investments of NOK 7.0 billion in VimpelCom preferred and ordinary shares, partly offset by positive operating cash flow.
- Total equity decreased by NOK 10.2 billion to NOK 76.7 billion, mainly due to dividends declared of NOK 7.9 billion to equity holders of Telenor ASA and NOK 2.6 billion to non-controlling interests in subsidiaries along with the share buyback of NOK 3.1 billion. Total comprehensive income of NOK 2.6 billion impacted equity positively.

## Cash flow

- Net cash inflow from operating activities during the first three quarters of 2012 was NOK 19.2 billion, a decrease of NOK 2.1 billion compared to the first three quarters of 2011. This is mainly explained by less positive change in other working capital during the first three quarters of 2012 than during the first three quarters of 2011. In addition less dividends from associated companies were received during the first three quarters of 2012 compared to the first three quarters of 2011 by NOK 0.7 billion.
- Net cash outflow to investing activities during the first three quarters of 2012 was NOK 16.7 billion, an increase of NOK 6.8 billion compared to the first three quarters of 2011. The increase is mainly explained by the NOK 7.0 billion purchase of VimpelCom Ltd. shares during the first three quarters of 2012.
- Net cash outflow to financing activities during the first three quarters of 2012 was NOK 6.2 billion, a decrease of NOK 6.7 billion compared to the first three quarters of 2011. The decrease was composed of an increase in proceeds from interest-bearing liabilities of NOK 10.4 billion partly offset by higher dividends paid to non-controlling interests of NOK 2.6 billion and higher net of dividends and share-buy backs from Telenor ASA by a total of NOK 1.1 billion in the first three quarters of 2012. Increase in proceeds from interest-bearing liabilities is mainly explained by increased borrowing and bond issues in Telenor ASA and increased borrowing in DTAC during the first three quarters of 2012. Higher dividends paid to non-controlling interests in the first three quarters of 2012 compared to the first three quarters of 2011 is mainly explained by NOK 2.5 billion higher dividends paid to non-controlling interests in DTAC during the first three quarters of 2012.
- Cash and cash equivalents decreased by NOK 4.0 billion during the first three quarters to NOK 8.9 billion as of 30 September 2012.

## Transactions with related parties

For detailed information on related party transactions refer to Note 34 in Telenor's Annual Report 2011.

In addition to transactions described in the Annual Report the following new significant related party transactions occurred in 2012:

- At the Annual General Meeting on 16 May 2012 redemption of shares owned by the Kingdom of Norway through the Ministry of Trade and Industry was approved. See Annual Report 2011 note 34 for more information.

## Outlook for 2012

Due to the high uncertainty in India, Telenor is currently providing financial guidance for 2012 for the Group not including Uninor.

Based on the current group structure not including Uninor and with currency rates as of 30 September 2012 Telenor expects:

- Organic revenue growth around 4% (previously above 4%).
- EBITDA margin before other income and expenses in the range of 35-36%.
- Capital expenditure as a proportion of revenues, excluding licences and spectrum, around 12% (previously estimated to 11-12%).

### Risks and uncertainties

The existing risks and uncertainties described below and in the Annual Report 2011 are expected to remain for the next three months.

A growing share of Telenor's revenues and profits is derived from operations outside Norway. Currency fluctuations may influence the reported figures in Norwegian Kroner to an increasing extent. Political risk, including regulatory conditions, may also influence the results.

For additional explanations regarding risks and uncertainties, please refer to the Report of the Board of Directors for 2011, section Risk Factors and Risk Management, and Telenor's Annual Report 2011 Note 30 Managing Capital and Financial Risk Management and Note 35 Commitments and Contingencies. Readers are also referred to the disclaimer at the end of this section.

New aspects of risks and uncertainties since the publication of Telenor's Annual Report for 2011 are:

### Shareholding and legal disputes

See note 2 for details.

### Financial aspects

During the third quarter 2012 Telenor ASA honoured claims for repayment under the guarantees given to banks for all of Uninor's interest-bearing borrowings. The borrowings of NOK 10.4 billion were fully guaranteed by Telenor ASA.

As of 30 September 2012, Uninor had NOK 1.1 billion in bank guarantees from the State Bank of India with counter guarantee from Telenor ASA, as disclosed in Telenor's Annual Report 2011 note 32. See note 3 for further information.

### DISCLAIMER

This report contains statements regarding the future in connection with Telenor's growth initiatives, profit figures, outlook, strategies and objectives. In particular, the section 'Outlook for 2012' 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.

Fornebu, 23 October 2012

The Board of Directors of Telenor ASA

# Condensed interim financial information

## Consolidated income statement

Telenor Group

(NOK in millions except earnings per share)	3rd quarter		First three quarters		Year
	2012	2011	2012	2011	2011
Revenues	25,253	24,631	75,728	73,083	98,516
Costs of materials and traffic charges	(6,961)	(6,625)	(21,235)	(20,040)	(27,541)
Salaries and personnel costs	(2,445)	(2,456)	(8,025)	(8,049)	(10,814)
Other operating expenses	(7,051)	(7,258)	(21,892)	(21,885)	(29,635)
Other income and (expenses)	(270)	24	(591)	(151)	(485)
<b>EBITDA</b>	<b>8,526</b>	<b>8,316</b>	<b>23,986</b>	<b>22,958</b>	<b>30,041</b>
Depreciation and amortisation	(3,430)	(3,799)	(10,721)	(11,424)	(15,309)
Impairment losses	(1)	(10)	(3,863)	(69)	(4,340)
<b>Operating profit</b>	<b>5,095</b>	<b>4,507</b>	<b>9,401</b>	<b>11,464</b>	<b>10,393</b>
Share of net income from associated companies	1,094	585	2,412	2,610	2,114
Gain on disposal of associated companies	6	24	6	1,661	1,662
Net financial income (expenses)	(582)	(432)	(1,339)	(608)	(1,593)
<b>Profit before taxes</b>	<b>5,613</b>	<b>4,684</b>	<b>10,480</b>	<b>15,127</b>	<b>12,575</b>
Income taxes	(1,563)	(1,780)	(4,399)	(4,617)	(5,358)
<b>Net income</b>	<b>4,049</b>	<b>2,904</b>	<b>6,081</b>	<b>10,509</b>	<b>7,217</b>
<b>Net income attributable to:</b>					
Non-controlling interests	401	316	(216)	635	52
Equity holders of Telenor ASA	3,649	2,589	6,297	9,874	7,165
<b>Earnings per share in NOK</b>					
Basic	2.34	1.62	4.01	6.10	4.45
Diluted	2.34	1.61	4.00	6.09	4.44

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

## Consolidated statement of comprehensive income

Telenor Group

(NOK in millions)	3rd quarter		First three quarters		Year
	2012	2011	2012	2011	2011
<b>Net income</b>	<b>4,049</b>	<b>2,904</b>	<b>6,081</b>	<b>10,509</b>	<b>7,217</b>
Translation differences on net investment in foreign operations	(2,543)	3,144	(2,885)	(1,860)	(1,196)
Income taxes	29	(85)	420	(11)	(124)
Amount reclassified from equity to profit and loss on disposal	-	-	14	530	536
Net gain (loss) on hedge of net investment	603	(442)	810	61	3
Income taxes	(169)	124	(227)	(17)	(1)
Net gain (loss) on available-for-sale-investment	(19)	(3)	10	19	9
Amount reclassified from equity to profit and loss on disposal	-	(1)	-	(55)	(55)
Share of other comprehensive income (loss) of associated companies	81	(35)	(1,576)	(206)	(210)
Amount reclassified from equity to profit and loss	-	-	-	416	416
<b>Other comprehensive income (loss), net of taxes</b>	<b>(2,017)</b>	<b>2,703</b>	<b>(3,433)</b>	<b>(1,122)</b>	<b>(622)</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>2,032</b>	<b>5,607</b>	<b>2,648</b>	<b>9,387</b>	<b>6,595</b>
<b>Total comprehensive income (loss) attributable to:</b>					
Non-controlling interests	317	692	(152)	242	(246)
Equity holders of Telenor ASA	1,715	4,915	2,800	9,145	6,841

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

## Consolidated statement of financial position

Telenor Group

(NOK in millions)	30 September	30 June	30 September	31 December
	2012	2012	2011	2011
Deferred tax assets	1,094	1,275	1,764	1,275
Goodwill	21,855	21,938	24,184	22,145
Intangible assets	22,858	21,126	24,800	21,774
Property, plant and equipment	43,288	43,919	49,705	49,620
Associated companies	40,024	40,095	34,834	33,967
Other non-current assets	3,759	3,248	2,982	3,241
<b>Total non-current assets</b>	<b>132,879</b>	<b>131,602</b>	<b>138,269</b>	<b>132,022</b>
Prepaid taxes	154	133	92	147
Inventories	1,150	1,138	1,169	992
Trade and other receivables	16,998	17,654	15,380	17,554
Other financial current assets	2,444	4,328	2,852	2,638
Assets classified as held for sale	1	2	16	86
Cash and cash equivalents	8,908	13,945	11,728	12,899
<b>Total current assets</b>	<b>29,655</b>	<b>37,200</b>	<b>31,237</b>	<b>34,317</b>
<b>Total assets</b>	<b>162,534</b>	<b>168,802</b>	<b>169,506</b>	<b>166,339</b>
Equity attributable to equity holders of Telenor ASA	73,014	72,223	87,470	83,992
Non-controlling interests	3,637	4,184	6,146	2,910
<b>Total equity</b>	<b>76,652</b>	<b>76,406</b>	<b>93,616</b>	<b>86,902</b>
Non-current interest-bearing liabilities	32,504	33,191	24,749	23,157
Non-current non-interest-bearing liabilities	1,210	1,410	1,008	1,659
Deferred tax liabilities	1,546	1,688	2,578	2,188
Pension obligations	2,212	2,096	1,980	1,933
Other provisions	2,929	2,868	1,951	2,911
<b>Total non-current liabilities</b>	<b>40,402</b>	<b>41,254</b>	<b>32,266</b>	<b>31,848</b>
Current interest-bearing liabilities	9,597	14,522	8,556	10,767
Trade and other payables	30,094	28,972	28,753	30,708
Current tax payables	3,673	3,266	4,055	3,876
Current non-interest-bearing liabilities	1,050	3,625	1,431	1,251
Provisions and obligations	1,067	756	829	986
<b>Total current liabilities</b>	<b>45,481</b>	<b>51,142</b>	<b>43,624</b>	<b>47,589</b>
<b>Total equity and liabilities</b>	<b>162,534</b>	<b>168,802</b>	<b>169,506</b>	<b>166,339</b>
Equity ratio including non-controlling interests (%)	47.2	45.3	55.2	52.2
<b>Net interest-bearing liabilities</b>	<b>29,478</b>	<b>28,612</b>	<b>18,552</b>	<b>18,222</b>

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

## Consolidated statement of cash flows

Telenor Group

(NOK in millions)	3rd quarter		First three quarters		Year
	2012	2011	2012	2011	2011
Profit before taxes from total operations	5,613	4,684	10,480	15,127	12,575
Income taxes paid	(1,147)	(916)	(4,965)	(5,096)	(5,932)
Net (gains) losses from disposals, impairments and change in fair value of financial assets and liabilities	(71)	(93)	(520)	(288)	(104)
Depreciation, amortisation and impairment losses	3,431	3,809	14,584	11,494	19,649
Loss (profit) from associated companies	(1,100)	(609)	(2,417)	(4,271)	(3,776)
Dividends received from associated companies	1	32	353	1,042	2,293
Currency (gains) losses not related to operating activities	17	(126)	49	(450)	181
Changes in other operating working capital assets and liabilities	121	1,859	1,612	3,695	2,208
<b>Net cash flow from operating activities</b>	<b>6,863</b>	<b>8,640</b>	<b>19,176</b>	<b>21,254</b>	<b>27,093</b>
Purchases of property, plant and equipment (PPE) and intangible assets	(3,662)	(2,486)	(10,075)	(8,441)	(13,261)
Purchases of subsidiaries and associated companies, net of cash acquired	(790)	(86)	(7,229)	(155)	(393)
Proceeds of PPE, intangible assets and businesses, net of cash disposed	190	216	531	480	514
Proceeds and purchases of other investments	1,866	741	118	(1,762)	(1,311)
<b>Net cash flow from investing activities</b>	<b>(2,395)</b>	<b>(1,615)</b>	<b>(16,656)</b>	<b>(9,877)</b>	<b>(14,451)</b>
Proceeds from and repayments of borrowings	(5,041)	(2,061)	9,635	(773)	496
Proceeds from issuance of shares, incl. from non-controlling interests in subsidiaries	-	-	-	-	1
Share buyback by Telenor ASA	(2,897)	(3,541)	(2,897)	(3,541)	(4,535)
Repayment of equity and dividends paid to non-controlling interests in subsidiaries	(1,180)	(842)	(4,964)	(2,358)	(2,624)
Dividends paid to equity holders of Telenor ASA	(330)	(235)	(7,925)	(6,206)	(6,206)
<b>Net cash flow from financing activities</b>	<b>(9,447)</b>	<b>(6,679)</b>	<b>(6,151)</b>	<b>(12,878)</b>	<b>(12,868)</b>
Effects of exchange rate changes on cash and cash equivalents	(59)	302	(361)	(376)	(481)
<b>Net change in cash and cash equivalents</b>	<b>(5,038)</b>	<b>647</b>	<b>(3,992)</b>	<b>(1,877)</b>	<b>(706)</b>
Cash and cash equivalents at the beginning of the period	13,945	11,082	12,899	13,606	13,606
<b>Cash and cash equivalents at the end of the period <sup>1)</sup></b>	<b>8,908</b>	<b>11,728</b>	<b>8,908</b>	<b>11,728</b>	<b>12,899</b>

<sup>1)</sup> The first three quarters of 2012 includes restricted cash of NOK 153 million, while the first three quarters of 2011 included restricted cash of NOK 118 million.

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

## Consolidated statement of changes in equity

Telenor Group

(NOK in millions)	Attributable to equity holders of the parent					Non-controlling interests	Total equity
	Total paid in capital	Other reserves	Retained earnings	Cumulative translation differences	Total		
<b>Equity as of 31 December 2010</b>	<b>9,859</b>	<b>8,771</b>	<b>75,036</b>	<b>(5,800)</b>	<b>87,867</b>	<b>8,351</b>	<b>96,218</b>
Net income for the period	-	-	7,165	-	7,165	52	7,217
Other comprehensive income for the period	-	160	-	(484)	(324)	(298)	(622)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>160</b>	<b>7,165</b>	<b>(484)</b>	<b>6,841</b>	<b>(246)</b>	<b>6,595</b>
Transactions with non-controlling interests	-	(99)	-	-	(99)	(163)	(262)
Equity adjustments in associated companies	-	63	-	-	63	-	63
Dividends	-	-	(6,206)	-	(6,206)	(5,033)	(11,239)
Share buy back	(294)	(4,240)	-	-	(4,535)	-	(4,535)
Sale of shares, share issue, and share options to employees	9	52	-	-	61	-	61
<b>Equity as of 31 December 2011</b>	<b>9,574</b>	<b>4,707</b>	<b>75,995</b>	<b>(6,284)</b>	<b>83,992</b>	<b>2,910</b>	<b>86,902</b>
Net income for the period	-	-	6,297	-	6,297	(216)	6,081
Other comprehensive income for the period	-	(1,566)	-	(1,931)	(3,497)	64	(3,433)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>(1,566)</b>	<b>6,297</b>	<b>(1,931)</b>	<b>2,800</b>	<b>(152)</b>	<b>2,648</b>
Transactions with non-controlling interests <sup>1)</sup>	-	(3,156)	-	-	(3,156)	3,487	331
Equity adjustments in associated companies	-	327	-	-	327	-	327
Dividends	-	-	(7,925)	-	(7,925)	(2,607)	(10,532)
Share buy back <sup>2)</sup>	(198)	(2,873)	-	-	(3,071)	-	(3,071)
Sale of shares, share issue, and share options to employees	7	42	-	-	49	-	49
<b>Equity as of 30 September 2012</b>	<b>9,383</b>	<b>(2,519)</b>	<b>74,367</b>	<b>(8,215)</b>	<b>73,016</b>	<b>3,637</b>	<b>76,653</b>

<sup>1)</sup> See note 6 for details.

<sup>2)</sup> See note 7 for details.

(NOK in millions)	Attributable to equity holders of the parent					Non-controlling interests	Total equity
	Total paid in capital	Other reserves	Retained earnings	Cumulative translation differences	Total		
<b>Equity as of 31 December 2010</b>	<b>9,859</b>	<b>8,771</b>	<b>75,036</b>	<b>(5,800)</b>	<b>87,867</b>	<b>8,351</b>	<b>96,218</b>
Net income for the period	-	-	9,874	-	9,874	635	10,509
Other comprehensive income for the period	-	175	-	(904)	(729)	(393)	(1,122)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>175</b>	<b>9,874</b>	<b>(904)</b>	<b>9,145</b>	<b>242</b>	<b>9,387</b>
Transactions with non-controlling interests	-	-	103	-	103	(130)	(27)
Equity adjustments in associated companies	-	61	-	-	61	-	61
Dividends	-	-	(6,206)	-	(6,206)	(2,318)	(8,524)
Share buy back	(232)	(3,309)	-	-	(3,541)	-	(3,541)
Sale of shares, share issue, and share options to employees	8	33	-	-	41	-	41
<b>Equity as of 30 September 2011</b>	<b>9,635</b>	<b>5,731</b>	<b>78,807</b>	<b>(6,704)</b>	<b>87,470</b>	<b>6,145</b>	<b>93,615</b>

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

## Notes to the consolidated interim financial statements

### Note 1 – General accounting principles

Telenor (the Group) consists of Telenor ASA (the Company) and its subsidiaries. Telenor ASA is a limited liability company, incorporated in Norway. The condensed consolidated interim financial statements consist of the Group and the Group's interests in associated companies and joint ventures. As a result of rounding differences, numbers or percentages may not add up to the total.

These interim condensed consolidated financial statements for the first three quarters of 2012 ending 30 September 2012, have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's Annual Report 2011. The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's Annual Financial Statements for the year ended 31 December 2011.

Standards and interpretations as mentioned in the Group's Annual Report 2011 Note 1 and effective from 1 January 2012 do not have a significant impact on the Group's consolidated interim financial statements.

### Note 2 – Shareholding and legal disputes

The issues described below are updates compared to information included in the Annual Report 2011 note 35 and have to be read in conjunction with this. No provisions have been made for the legal disputes described in this note.

#### Grameenphone

**BTRC – Claim in relation to licence renewal**

On 13 February 2012, the High Court has directed Grameenphone to add 15% VAT amount to Bangladesh Telecom Regulatory Commission (BTRC) receivables and pay an additional 15% VAT to National Board of Revenue (NBR). The Court has allowed Grameenphone to obtain rebate on this VAT thereby, limiting Grameenphone's total renewal cost to 100%. As the proposed rebate mechanism is not workable under present VAT scheme, Grameenphone has filed a petition with the Appellate Division. Meanwhile, NBR had sent formal notice on 1 April 2012 for payment of VAT of NOK 168 million on renewal fees (which was withheld) and accordingly Grameenphone paid to NBR with protest. On 16 July 2012, the appellate division of the Supreme Court granted Grameenphone Leave to Appeal and fixed 2 October 2012 as the date of hearing of the Appeal. The hearing has been postponed.

On 7 August 2012 BTRC renewed Grameenphone's 2G licence to run its mobile operation for 15 years effective from 11 November 2011.

**Sim tax on replacement SIM cards**

On 16 May 2012, National Board of Revenue issued a notice to Grameenphone claiming SIM tax and interest of NOK 1.1 billion on replacement SIM cards issued during the period from July 2007 to December 2011. Telenor challenged the demand by a writ petition before the High Court which passed a Stay Order on the operation of the demand valid until March 2013.

#### Uninor – India

On 2 February 2012, the Indian Supreme Court quashed all 122 2G licences awarded in 2008, including those granted to Uninor. Following this decision, the Supreme Court has ordered that the 2G licences and spectrum shall be auctioned and that the auction shall be completed within 11 January 2013. The deadline for the validity of the cancelled licences has been extended till 18 January 2013.

Telenor and Unitech Ltd. have on 10 October 2012 reached an agreement to

amicably settle all disputes between the two parties. The parties have agreed to support the transfer of the business in Uninor to a new entity controlled by Telenor. Unitech Ltd. has agreed to dispose of its shareholding in Uninor for a nominal amount. With immediate effect, Unitech Ltd. nominees will withdraw from the Uninor Board and all special shareholder rights stands suspended. Subsequent to a successful business transfer and spectrum auction, all disputes and claims between the parties shall stand withdrawn /concluded.

#### VimpelCom Ltd.

**Federal Antimonopoly Service of the Russian Federation (FAS)**

On 17 April 2012, FAS filed a claim against Telenor East Holding II AS (Telenor) and Weather Investments II S.à.r.l. (Weather) in the Moscow Arbitrazh Court (the Court), claiming that Telenor's acquisition of 234,000,000 VimpelCom preferred shares from Weather on 15 February 2012 (the Transaction) violated Russian law.

The FAS requested the Court to invalidate the share purchase agreement and option agreement entered into by Telenor East and Weather, require Telenor to return to Weather the VimpelCom preferred shares Telenor had purchased, and require VimpelCom, Telenor and Altimo Cooperatief U.A. to enter into a new shareholders agreement on substantially the same terms as the most recent VimpelCom shareholders agreement. The Court's hearing on the merits of the FAS's claim is currently scheduled for 27 November 2012.

The Court issued two injunction orders on 24 April 2012 and 23 May 2012 respectively, restricting Telenor and Weather from taking various actions in relation to the governance of VimpelCom. The injunction order of 23 May 2012 prohibits VimpelCom from giving effect to resolutions approved at its Russian subsidiary, OJSC VimpelCom's 21 May 2012 general meeting, including the payment of dividends based on the results of operations in 2011.

Telenor has appealed the injunction order of 24 April 2012 and this was heard on 24 September 2012 and denied by the Ninth Appellate Business Court. The injunction order of 23 May 2012 is scheduled to be heard on 12 November 2012.

Altimo sent VimpelCom a letter dated 1 June 2012 claiming that Telenor and Weather had, as a consequence of the Transaction, formed a group that collectively owned more than 50% of the voting shares in VimpelCom, and therefore were obligated under the terms of VimpelCom's bye-laws to make a mandatory tender offer to the other shareholders of VimpelCom. On 12 June 2012, Telenor filed an application with the Supreme Court of Bermuda, requesting that the Court declare that the Transaction did not trigger the mandatory tender offer requirements in VimpelCom's bye-laws. On 15 August 2012, Altimo withdrew those allegations, and VimpelCom confirmed to Telenor that it did not intend to take any action in connection with Altimo's withdrawn allegations. The Court approved the discontinuance of the actions without costs on 26 September 2012 and informed the parties on 9 October 2012.

#### Telenor Pakistan

The Federal Board of Revenue (FBR), has alleged that the Cellular Mobile Operators (CMOs) have altogether evaded Federal Excise Duty (FED) in the total amount of NOK 2.8 billion in relation to the FED which was payable by them on interconnect charges. The alleged liability for Telenor Pakistan was approximately NOK 0.8 billion.

The CMO's joint position is that all FED has been duly paid by the CMOs and, therefore, no further payment of FED on interconnect charges should be made. Hence, no evasion of FED has taken place.

In order to resolve the issue, the CMOs agreed with the FBR that they would,

from 1 July 2012, make the payment of FED on interconnect charges in accordance with the new procedure stipulated by the FBR. In return for the CMOs' agreement to do so, on 30 June 2012 the FBR should issue a Statutory Regulatory Order (SRO) exempting the CMOs from their previous (alleged) liability for the FED payable on interconnect charges over the last 5 years. However, the SRO was not published in the Official Gazette by the FBR, and thereby it did not attain the requisite legal effect.

The National Accountability Bureau (NAB) has started an enquiry on the basis that it had received information of alleged corrupt payments to the FBR for the issuance of the SRO. All the CMOs are participating in the enquiry. The CMOs have collectively decided to challenge the chargeability of the FED on interconnect charges through a writ petition in the Islamabad High Court. The writ heard 15 October 2012 and the court instructed the parties to appear in court in the third week of November 2012 to present their arguments.

#### DTAC

Disputes between DTAC and CAT regarding revenue sharing payment under concessionary agreement

Arbitration Tribunal has 6 June 2012 rendered an award in favour of DTAC and dismissed CAT's claim for Excise tax on Revenue Sharing Payment. However, on 31 August 2012 CAT filed a statement with the Central Administrative Court in order to revoke the arbitration award. The Central Administrative Court issued an order dated 2 October 2012 notifying DTAC to submit an objection against CAT's statement to the court for further consideration. See note 35 in the Annual Report 2011 for a description of the claim.

#### Note 3 – Impairment

As stated in note 18 of Telenor's Annual Report 2011, minor changes in key assumptions would result in further impairment losses relating to the carrying amount of remaining assets in Uninor. As a consequence of the 2G auction recommendations dated 23 April 2012 from The Telecom Regulatory Authority of India (TRAI) to the Department of Telecommunications (DOT), an impairment loss of NOK 3.9 billion (NOK 2.6 billion attributable to Telenor) was recognised in the first quarter of 2012 relating to the remaining tangible and intangible assets in Uninor as of 31 March 2012. All expenditure, including capital expenditure by nature, incurred after 31 March 2012 is expensed as it doesn't qualify for capitalization considering the significant and continued uncertainty relating to the issuance of licences in auction. As of 30 September 2012, there is no further accounting exposure related to India. However, Telenor has not provided for expected losses from continued operations after 30 September 2012 in Uninor. Furthermore, no provision has been recognised for the bank guarantees from State Bank of India described under 'Risk and uncertainties' on page 10 as Telenor believes that Uninor operates in line with the licence conditions.

#### Note 4 – Associated companies

##### VimpelCom

On 15 February 2012, Telenor purchased 234 million preferred shares of VimpelCom from Weather Investments II for a consideration of NOK 2.2 billion, thereby increasing the Group's voting share in VimpelCom from 25.01% to 36.36%.

On 4 April 2012, Telenor East Holding II AS terminated its cash-settled total return swap (TRS) in respect of VimpelCom Ltd. shares that it had entered into with J.P. Morgan Securities Ltd. on 22 July 2011 and amended on 7 October 2011. Following such termination, Telenor East Holding II AS purchased depositary receipts representing 65 million VimpelCom common shares from J.P. Morgan Securities Ltd. for a purchase price of NOK 4.2 billion, thereby increasing Telenor's economic and voting interests in VimpelCom Ltd. to 35.66% and 39.51%, respectively.

On 28 September 2012, Telenor honoured its obligation to take delivery of 71 million VimpelCom Ltd. preferred shares from Weather Investments II S.à r.l. for NOK 653 million in connection with Weather's 15 August 2012 exercise of its put option covering such shares. Telenor now owns 42.95% of VimpelCom Ltd.'s voting shares.

#### Note 5 – Interest bearing liabilities

Telenor issued two bonds under the EMTN programme on 20 June 2012 of which one EUR 500 million bond with maturity January 2018 and one EUR 500 million bond with maturity June 2022.

#### Note 6 – Changes in equity

To secure financing of the operations in Uninor Telenor ASA issued guarantees for the external interest-bearing debt in Uninor with NOK 10.4 billion. The lenders demanded payment in July under the Telenor ASA guarantee and were paid out during the third quarter of 2012. The on-going conflict by the end of the second quarter 2012 between Telenor and the local partner in Uninor made it evident that the partner will not contribute further capital to Uninor. This is further supported by the settlement between the partners 10 October 2012, see also note 2.

Accordingly, NOK 3.1 billion which equals the non-controlling interests pro rata share of the guaranteed amount were recognised in the second quarter 2012, as a transaction between the non-controlling interest in Uninor and the equity holders of Telenor ASA, reducing the equity attributable to Telenor's shareholders. In the third quarter of 2012, additional NOK 0.3 billion has been recognised as transaction with non-controlling interest due to additional finance by Telenor ASA.

#### Note 7 – Transactions with related parties

At the Annual General Meeting on 16 May 2012 redemption of shares owned by the Kingdom of Norway through the Ministry of Trade and Industry was approved. See Annual Report 2011 note 34 for more information.

#### Note 8 – Events after the balance sheet date

The dispute between Telenor and Unitech Ltd. was settled 10 October 2012, see note 2 for more information

On 18 October 2012, the Office of The National Broadcasting and Telecommunications Commission (NBTC) has informed DTAC Network Co., Ltd., a wholly-owned subsidiary of Total Access Communication Public Company Limited (DTAC), that it has won three slots in the auction for the spectrum licence in the frequency band 2.1 GHz, for the total amount of THB 13.5 billion (excluding VAT) which is approximately NOK 2.5 billion.

On 23 October 2012, the Board of Directors of DiGi declared third interim dividend and a special dividend for 2012 of MYR 0.04 per share and MYR 0.08 per share respectively, which correspond to approximately NOK 1.7 billion total dividend and approximately NOK 0.8 billion for the Telenor ownership share.

On 19 October 2012, the Board of Directors of Total Access Communication Public Company Limited (DTAC) declared interim dividend for 2012 of THB 1.13 per share which correspond to approximately NOK 0.5 billion total dividend and approximately NOK 0.3 billion for Telenor ownership share.

## Note 9 – Segment table and reconciliation of EBITDA before other income and expenses

The definition of operating segments remains unchanged in the first three quarters of 2012. Nevertheless there have been some structural changes in the organisation of the different segments. Telenor Global Services previously reported as a part of Telenor Norway is reported under Other units from 1 January 2012. The Swedish cable operation previously reported as a part of Broadcast is reported under Telenor Sweden from 1 January 2012. The figures for previous periods are reclassified accordingly.

### The operations

#### Third quarter

(NOK in millions)	Total revenues			of which internal		EBITDA before other income and expenses <sup>*)</sup>			
	2012	2011	Growth	2012	2011	2012	Margin	2011	Margin
Norway	6,439	6,297	2.3%	91	112	2,972	46.2%	2,699	42.9%
Sweden	2,716	2,432	11.7%	34	30	805	29.6%	663	27.3%
Denmark	1,330	1,713	(22.4%)	27	42	307	23.1%	479	27.9%
Hungary	1,060	1,186	(10.6%)	6	8	321	30.3%	448	37.8%
Serbia	720	779	(7.7%)	41	37	284	39.4%	326	41.9%
Montenegro	194	198	(2.0%)	22	21	110	56.6%	105	53.3%
DTAC - Thailand	3,998	3,577	11.7%	5	3	1,270	31.8%	1,281	35.8%
DiGi - Malaysia	2,997	2,766	8.4%	2	2	1,349	45.0%	1,296	46.9%
Grameenphone - Bangladesh	1,660	1,676	(0.9%)	-	-	857	51.6%	972	58.0%
Pakistan	1,373	1,252	9.6%	4	2	486	35.4%	450	35.9%
Uninor - India	863	837	3.1%	-	-	(408)	nm	(849)	nm
Broadcast	1,629	1,708	(4.6%)	46	43	550	33.7%	516	30.2%
Other units	1,165	1,150	1.3%	611	640	(102)	nm	(95)	nm
Eliminations	(891)	(941)	-	(891)	(941)	(3)	-	(1)	-
<b>Group</b>	<b>25,253</b>	<b>24,631</b>	<b>2.5%</b>	<b>-</b>	<b>-</b>	<b>8,796</b>	<b>34.8%</b>	<b>8,292</b>	<b>33.7%</b>

#### First three quarters

(NOK in millions)	Total revenues			of which internal		EBITDA before other income and expenses <sup>*)</sup>			
	2012	2011	Growth	2012	2011	2012	Margin	2011	Margin
Norway	18,987	18,774	1.1%	286	329	8,092	42.6%	7,779	41.4%
Sweden	7,860	7,462	5.3%	89	90	2,048	26.1%	1,953	26.2%
Denmark	4,261	5,279	(19.3%)	85	118	886	20.8%	1,413	26.8%
Hungary	2,990	3,424	(12.7%)	16	20	1,011	33.8%	1,242	36.3%
Serbia	2,049	2,174	(5.8%)	105	105	806	39.3%	932	42.9%
Montenegro	458	485	(5.6%)	45	40	197	43.0%	226	46.6%
DTAC - Thailand	12,287	10,816	13.6%	19	15	3,774	30.7%	3,876	35.8%
DiGi - Malaysia	8,955	8,104	10.5%	3	7	4,153	46.4%	3,741	46.2%
Grameenphone - Bangladesh	4,957	5,025	(1.3%)	2	2	2,628	53.0%	2,665	53.0%
Pakistan	4,232	3,675	15.2%	13	3	1,623	38.4%	1,296	35.3%
Uninor - India	2,906	2,082	39.5%	1	-	(1,654)	nm	(2,832)	nm
Broadcast	4,998	5,146	(2.9%)	139	125	1,568	31.4%	1,409	27.4%
Other units	3,462	3,395	2.0%	1,871	1,903	(507)	nm	(580)	nm
Eliminations	(2,673)	(2,758)	-	(2,673)	(2,758)	(47)	-	(9)	-
<b>Group</b>	<b>75,728</b>	<b>73,083</b>	<b>3.6%</b>	<b>-</b>	<b>-</b>	<b>24,576</b>	<b>32.5%</b>	<b>23,109</b>	<b>31.6%</b>

<sup>\*)</sup> The segment profit is EBITDA before other income and expenses

### Reconciliation

(NOK in millions)	3rd quarter		First three quarters		Year
	2012	2011	2012	2011	2011
<b>Net income</b>	<b>4,049</b>	<b>2,904</b>	<b>6,081</b>	<b>10,509</b>	<b>7,217</b>
Income taxes	(1,563)	(1,780)	(4,399)	(4,617)	(5,358)
<b>Profit before taxes</b>	<b>5,613</b>	<b>4,684</b>	<b>10,480</b>	<b>15,127</b>	<b>12,575</b>
Net financial income (expenses)	(582)	(432)	(1,339)	(608)	(1,593)
Profit (loss) from associated companies	1,100	609	2,417	4,271	3,776
Depreciation and amortisation	(3,430)	(3,799)	(10,721)	(11,424)	(15,309)
Impairment losses	(1)	(10)	(3,863)	(69)	(4,340)
<b>EBITDA</b>	<b>8,526</b>	<b>8,316</b>	<b>23,986</b>	<b>22,958</b>	<b>30,041</b>
Gains (losses) on disposal of fixed assets and operations	(21)	118	(99)	249	30
Workforce reductions and loss contracts	(241)	(94)	(485)	(417)	(532)
One-time effects to pension costs	(9)	-	(7)	17	18
<b>EBITDA before other income and expenses</b>	<b>8,796</b>	<b>8,292</b>	<b>24,576</b>	<b>23,109</b>	<b>30,526</b>

EBITDA				Operating profit (loss)			
2012	Margin	2011	Margin	2012	Margin	2011	Margin
2,913	45.2%	2,671	42.4%	2,212	34.4%	1,844	29.3%
765	28.2%	660	27.2%	495	18.2%	286	11.8%
294	22.1%	465	27.2%	117	8.8%	232	13.5%
326	30.7%	442	37.2%	228	21.5%	262	22.1%
284	39.4%	326	41.9%	213	29.6%	183	23.5%
111	57.0%	105	53.2%	102	52.4%	92	46.6%
1,253	31.3%	1,276	35.7%	812	20.3%	877	24.5%
1,348	45.0%	1,288	46.5%	764	25.5%	734	26.5%
856	51.6%	972	58.0%	590	35.5%	710	42.4%
467	34.0%	452	36.1%	(95)	(6.9%)	134	10.7%
(531)	nm	(849)	nm	(536)	nm	(1,084)	nm
550	33.8%	514	30.1%	409	25.1%	362	21.2%
(105)	nm	(3)	nm	(218)	nm	(128)	nm
(5)	-	(4)	-	2	-	3	-
<b>8,526</b>	<b>33.8%</b>	<b>8,316</b>	<b>33.8%</b>	<b>5,095</b>	<b>20.2%</b>	<b>4,507</b>	<b>18.3%</b>

EBITDA				Operating profit (loss)			
2012	Margin	2011	Margin	2012	Margin	2011	Margin
7,943	41.8%	7,605	40.5%	5,888	31.0%	5,140	27.4%
1,918	24.4%	1,932	25.9%	1,076	13.7%	627	8.4%
852	20.0%	1,385	26.2%	279	6.5%	701	13.3%
1,002	33.5%	1,212	35.4%	700	23.4%	611	17.9%
806	39.3%	932	42.9%	573	27.9%	508	23.4%
191	41.8%	226	46.7%	161	35.2%	189	39.1%
3,758	30.6%	3,874	35.8%	2,484	20.2%	2,705	25.0%
4,161	46.5%	3,730	46.0%	2,319	25.9%	2,199	27.1%
2,618	52.8%	2,665	53.0%	1,808	36.5%	1,798	35.8%
1,547	36.6%	1,293	35.2%	(260)	(6.1%)	366	10.0%
(1,776)	nm	(2,828)	nm	(5,839)	nm	(3,536)	nm
1,547	30.9%	1,393	27.1%	1,118	22.4%	949	18.4%
(540)	nm	(466)	nm	(885)	nm	(821)	nm
(40)	-	5	-	(20)	-	26	-
<b>23,986</b>	<b>31.7%</b>	<b>22,958</b>	<b>31.4%</b>	<b>9,401</b>	<b>12.4%</b>	<b>11,464</b>	<b>15.7%</b>

# Definitions

- Organic revenue is defined as revenue adjusted for the effects of acquisition and disposal of operations and currency effects.
- Capital expenditure (capex) is investments in tangible and intangible assets.
- Operating cash flow is defined as EBITDA before other income and expenses less capex, excluding licences and spectrum.
- Investments in businesses comprise acquisitions of shares and participations, including acquisitions of subsidiaries and businesses not organised as separate companies.

## Mobile operations

### Revenues

#### Subscription and traffic

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

#### Interconnect

- consist of revenues from incoming traffic related to the company's own subscriptions. Revenues from incoming traffic related to service provider or MVNO subscriptions are not included.

#### Other mobile

- consist of inbound roaming, national roaming, telemetric and revenues related to service providers and MVNOs (Mobile Virtual Network Operators). Telemetric is defined as machine-to-machine SIM cards (M2M), for example vending machines and meter readings.

#### Non-mobile

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

#### Mobile revenues from company's own subscriptions

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

### Key Figures

#### Subscriptions

Contract subscriptions are counted until the subscription is terminated. Prepaid subscriptions are counted as active if there has been outgoing or incoming traffic or if the SIM card has been reloaded during the last three months. Service provider and MVNO subscriptions are not included. Data only SIM cards are included, but SIM cards used for telemetric applications and twin SIM cards are excluded. Total subscriptions are voice SIM cards plus data only SIM cards used for mobile broadband.

#### Mobile broadband subscriptions

Mobile broadband subscriptions include both data only SIM cards and voice subscriptions having a mobile broadband package as a supplementary service. Hence, the sum of voice subscriptions and mobile broadband subscriptions will exceed the total number of subscriptions.

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

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

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

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

## Fixed operations

### Revenues

#### Telephony

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

#### Internet and TV

- consist of subscription fees for xDSL and fibre, subscription fees and traffic charges for Internet traffic (810/815) in addition to revenues from TV services.

#### Data services

- consist of Nordic Connect/IP-VPN.

#### Other

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

#### Wholesale

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

### Key Figures

#### Subscriptions

Telephony consist of PSTN, ISDN and VoIP subscriptions.

Internet consists of broadband access over xDSL, fibre and cable TV.

TV consists of TV services over fibre and cable.

Subscriptions are counted until the subscription is terminated.

Average revenue per subscription per month (ARPU)

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

Internet ARPU is calculated based on Internet revenues as defined above except TV service revenues.

TV ARPU is calculated based on revenues from TV services.

## Broadcast

### Revenues

#### Canal Digital DTH

- consist of revenues from Nordic DTH subscribers, households in SMATV networks and DTT subscribers in Finland.

#### Satellite Broadcasting

- consist of revenues from satellite services from the satellite position 1-degree west.

#### Norkring

- consist of revenues from terrestrial radio and TV transmission in Norway and Belgium.

#### Conax

- consist of revenues from sale of encryption and conditional access services for TV distribution.

#### Other

- consist of revenues from Telenor Media and Content Services.



## Third quarter 2012

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