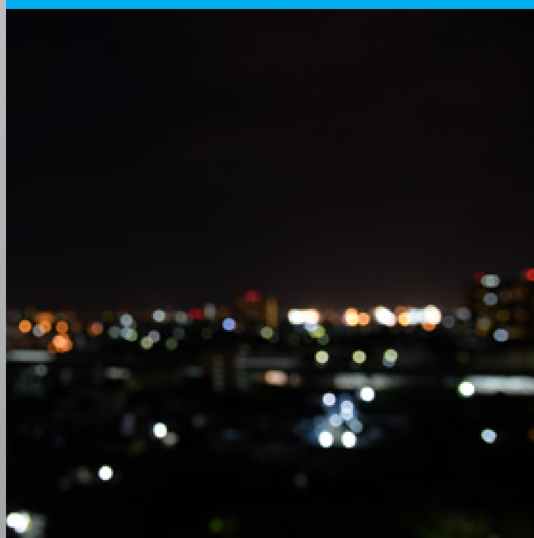
Q2 – 2017

Interim report
January – June 2017



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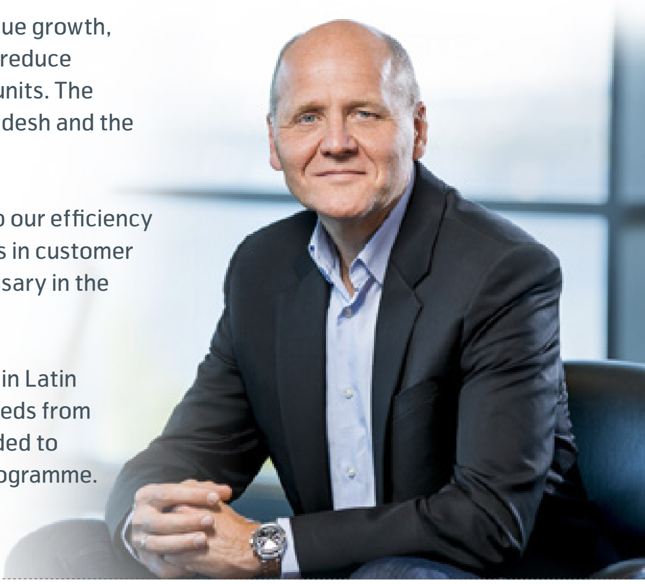
At the Capital Markets Day in February, we shared our strategic ambitions towards 2020, highlighting continued growth, improved efficiency and simplification as key drivers for value creation. I am pleased to see that we have taken several steps during the first six months of the year to execute on this strategy.

We deliver a strong set of results for the second quarter with improved revenue growth, double-digit EBITDA uplift and strong cash flow generation. We were able to reduce our costs by NOK 0.6 billion and we saw margin expansion in all our business units. The robustness of our Norwegian operation, the strong revenue growth in Bangladesh and the return to growth in Thailand were amongst the highlights for the quarter.

As a result of the achievements in the first half of the year, we are stepping up our efficiency ambitions and raise the EBITDA margin guidance for 2017. With rapid changes in customer behaviour and technology advances, continued cost reductions will be necessary in the coming years.

In line with our simplification agenda, we sold our online classifieds positions in Latin America and continued the sell down of VEON in the quarter. Following proceeds from recent transactions combined with a solid balance sheet, the Board has decided to distribute parts of these funds to shareholders through a 2% share buyback programme.

– Sigve Brekke, President and CEO



Key figures Telenor Group

	Second quarter		First half year		Year
(NOK in millions)	2017	2016	2017	2016	2016
Revenues	31 470	30 926	61 927	62 420	125 395
Organic revenue growth (%)	2.1	0.0	1.2	0.7	0.8
EBITDA before other income and other expenses	12 719	11 381	24 181	23 010	45 966
EBITDA before other income and other expenses/Revenues (%)	40.4	36.8	39.0	36.9	36.7
Net income attributable to equity holders of Telenor ASA	(167)	1 111	4 001	5 367	2 832
Capex excl. licences and spectrum/Revenues (%)	14.0	16.3	14.4	16.3	17.4
Capex/Revenues (%)	17.9	27.2	16.4	21.8	20.2
Free cash flow	9 946	497	12 113	(272)	10 300
Mobile subscriptions - Change in quarter/Total (mill.)	1.9	2.7	174	167	170

With effect from the first quarter 2017, Telenor India is treated as an asset held for sale and discontinued operations in Telenor's financial reporting.

Second quarter 2017 summary

- Total reported revenues increased by 2% to NOK 31.5 billion. Reported mobile subscription & traffic revenues increased by 3%.
- Reported EBITDA before other items increased by 12% to NOK 12.7 billion, corresponding to an EBITDA margin of 40%, which is an increase of 4 percentage points from last year.
- Reported capex excluding spectrum licences was NOK 4.4 billion, resulting in a capex to sales ratio of 14%.
- Free cash flow for the quarter was NOK 9.9 billion.

Outlook

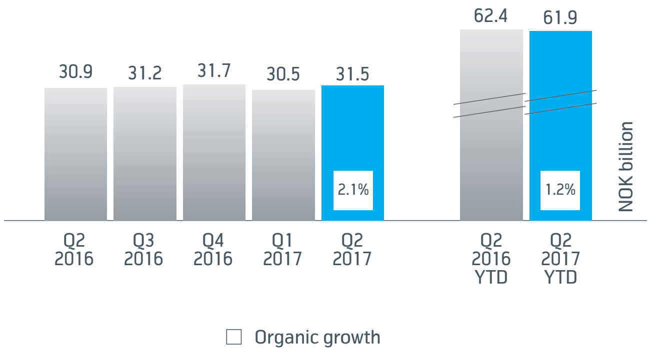
- Based on the performance in the first half of 2017 and our current expectations for the remainder of the year, we revise the financial guidance for 2017. We lift the EBITDA margin guidance to 38–39%, from previously around 37%. We still expect an organic revenue growth in the range of 1% to 2% and capex to sales ratio excluding spectrum licences of 15% to 16%.

Group performance in the first quarter 2017[1)]

REVENUES

In the second quarter, both reported and organic revenues increased by 2% to NOK 31.5 billion. The largest contributor to the Group's revenue development was our operation in Bangladesh, where we continued to see solid subscriber growth and ARPU uplift. In addition, revenue uptake from fixed broadband in Sweden and Norway, and customer growth in Pakistan and Myanmar also contributed positively. Organic mobile subscription and traffic revenues increased by 3%.

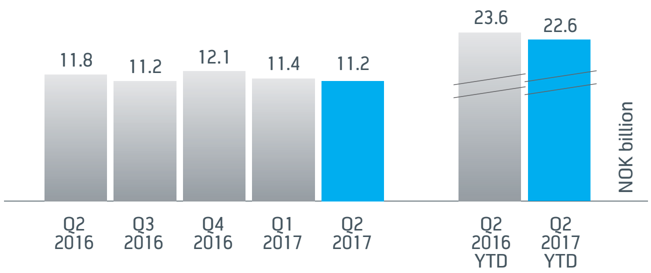
Year to date, organic revenues grew by 1% as a result of improved mobile subscription and traffic revenues. Reported revenues decreased by 1% as currency effects impacted revenues negatively by NOK 1.2 billion. Organic mobile subscription and traffic revenues grew by 2%.



OPERATING EXPENDITURES (OPEX)

During the quarter, both reported and currency adjusted opex decreased by NOK 0.6 billion as we are starting to see results from the ongoing efficiency initiatives. The cost reductions were most notable in Norway, Malaysia, Denmark and Thailand, while cost increases were primarily attributable to Pakistan and financial services.

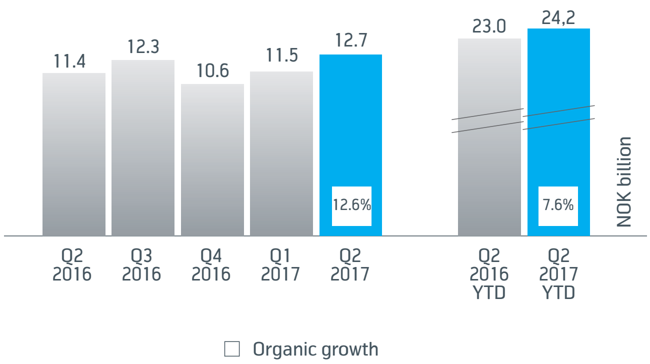
Year to date, reported opex decreased by NOK 1.0 billion to NOK 22.6 billion, of which NOK 0.4 billion was related to positive currency development. The opex reductions were to a large extent attributable to Thailand, Norway and Denmark.



EBITDA BEFORE OTHER INCOME AND OTHER EXPENSES (EBITDA)

EBITDA for the second quarter was NOK 12.7 billion, an improvement of 13% on an organic basis. The improvement was primarily a result of the strong growth in subscription and traffic revenues in Bangladesh, and opex reductions across the Group. We saw improved EBITDA margins in all business units this quarter, most notable in Thailand, Bangladesh and Denmark. As a result, the Group's EBITDA margin increased by 4 percentage points to 40%, which is all-time-high.

Year to date reported EBITDA increased by NOK 1.2 billion to NOK 24.2 billion, negatively impacted by currency effects of NOK 0.5 billion. Organic EBITDA increased by 8%, of which Bangladesh, Pakistan and Thailand were the main contributors.

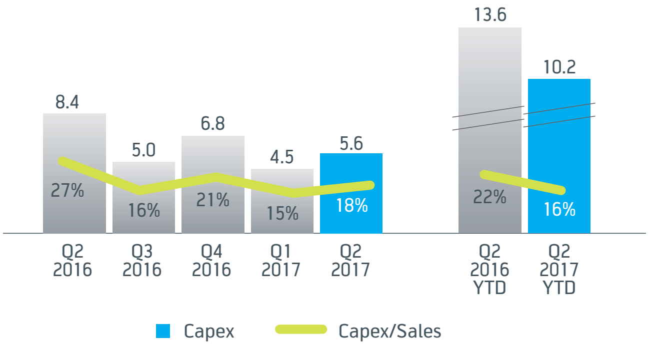


[1)] The comments are related to Telenor Group's development in the second quarter of 2017 compared to the second quarter of 2016 unless otherwise stated. Please refer to Definitions on page 25 for descriptions of alternative performance measures.

CAPITAL EXPENDITURES (CAPEX)

Capex in the second quarter was NOK 5.6 billion, and was primarily related to network expansion in Thailand and Norway as well as fibre roll-out in Norway and Sweden. Capex for the quarter also includes acquisition of spectrum licences in Myanmar, Norway and Denmark, amounting to NOK 1.3 billion.

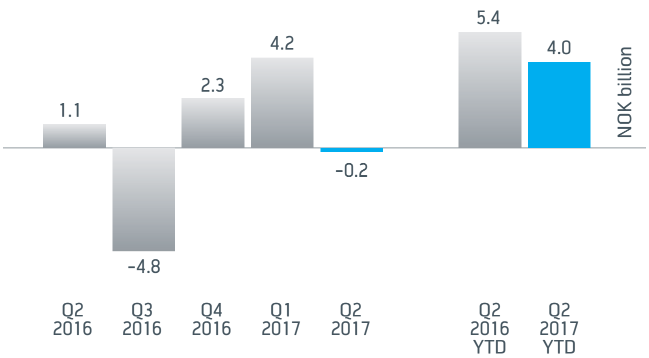
Year to date capex decreased by NOK 3.4 billion to NOK 10.2 billion. The reduction was primarily explained by the acquisition of spectrum for NOK 3.3 billion in Pakistan last year.



NET INCOME

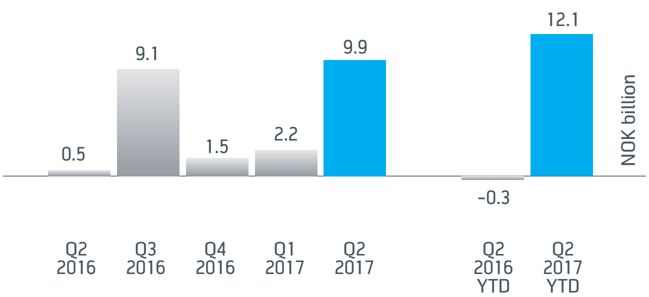
Reported net income to equity holders of Telenor ASA in the second quarter was NOK -0.2 billion. Adjusted for effects related to VEON and the gain on disposal of online classifieds assets in Latin America, the net income was NOK 3.9 billion.

Year to date, the net income to equity holders of Telenor ASA was NOK 4.0 billion. Adjusted for the above-mentioned effects, the net income was NOK 7.1 billion.



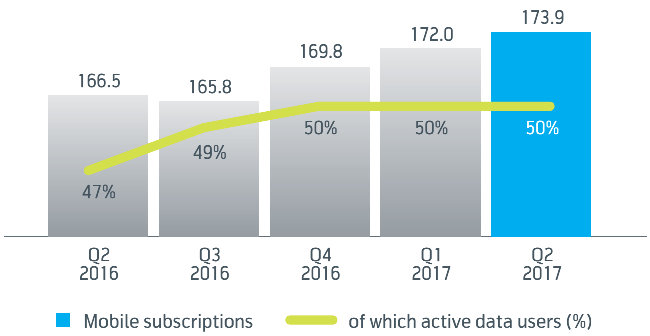
FREE CASH FLOW

Free cash flow in the second quarter was NOK 9.9 billion. This is an increase of NOK 9.4 billion from last year, driven by improved EBITDA and lower taxes paid coupled with lower investments. In addition, net proceeds from the online classifieds divestment and disposal of VEON shares contributed positively with NOK 4.7 billion.



MOBILE SUBSCRIPTIONS

The number of mobile subscriptions increased by 2 million during the quarter, raising the total subscriber base to 174 million. The main contributors to the subscriber growth were the operations in Bangladesh and Pakistan, which added 1.7 and 0.7 million subscribers, respectively. This increase was partly offset by a subscription loss of 0.7 million in Thailand. The share of active data users remained flat at 50% during the quarter.



Interim report

Telenor's operations

The comments below are related to Telenor Group's development in the second quarter of 2017 compared to the second quarter of 2016 in local currency, unless otherwise stated. Telenor India is classified as a discontinued operation, see note 2 for further information. Financial figures for several segments have been restated. See note 9 for further information. All comments on EBITDA are made on development in EBITDA before other income and other expenses. Please refer to page 11 for 'Specification of other income and other expenses'. Additional information is available at: www.telenor.com/ir

Norway

	Second quarter		First half year		Year
(NOK in millions)	2017	2016 Restated*	2017	2016 Restated*	2016 Restated*
Revenues mobile operation					
Subscription and traffic	2 776	2 792	5 431	5 623	11 288
Interconnect revenues	148	156	277	300	585
Other mobile revenues	285	259	549	509	1 064
Non-mobile revenues	539	533	994	896	2 114
Total revenues mobile operation	**3 749**	**3 739**	**7 251**	**7 328**	**15 052**
Revenues fixed operation					
Telephony	379	465	788	943	1 806
Internet and TV	1 428	1 333	2 848	2 667	5 446
Data services	125	126	248	253	503
Other fixed revenues	425	439	833	853	1 715
Total retail revenues	**2 357**	**2 364**	**4 718**	**4 717**	**9 470**
Wholesale revenues	359	384	725	773	1 508
Total revenues fixed operation	**2 716**	**2 747**	**5 443**	**5 490**	**10 978**
Total revenues	**6 464**	**6 487**	**12 694**	**12 818**	**26 030**
Operating expenditures	2 271	2 468	4 616	4 806	9 493
EBITDA before other items	2 843	2 631	5 418	5 397	10 946
Operating profit	**1 957**	**1 679**	**3 430**	**3 446**	**6 726**
EBITDA before other items/ Total revenues (%)	44.0	40.6	42.7	42.1	42.1
Capex	1 562	1 184	2 710	2 092	4 780
Investments in businesses	6	100	13	100	100
Statistics (monthly in NOK):					
Mobile ARPU	323	315	314	315	319
Fixed Telephony ARPU	245	263	250	262	259
Fixed Internet ARPU	361	345	361	344	352
TV ARPU	298	279	359	281	284
No. of subscriptions - Change in quarter/Total (in thousands):					
Mobile	(19)	(24)	3 007	3 105	3 066
Fixed telephony	(17)	(20)	508	581	546
Fixed Internet	(3)	7	862	859	865
TV	2	(2)	547	527	541

* Refer to note 9.

- The robust performance in Norway was driven by mobile ARPU increase, fixed broadband growth and cost reductions.
- The number of mobile subscriptions was 3 million. A 3% decline from same period last year was primarily due to fewer prepaid subscriptions and stand-alone data cards.
- Mobile subscription and traffic revenues remained stable as ARPU increased by 3% following a continued shift towards tariffs with more data included.
- Revenues from high-speed internet increased by 14% and nearly offset effects of reduced demand for traditional telephony, ADSL and wholesale products. During the quarter, 7,000 fibre subscriptions were added, taking the total number of high-speed connections to 616,000.
- EBITDA increased by 8% from reduction in opex mainly due to workforce reductions, reduced fault correction costs and lower commissions. The EBITDA margin increased by 3 percentage points to 44%.
- Capex continued to be driven by expansion of the 4G network and fibre roll-out. The 4G network was recently ranked as Norway's fastest mobile network, with an average speed of 54 Mbit/s. In addition, a spectrum licence for 2x10 MHz in the 900 MHz frequency band was acquired for NOK 396 million. The licence is technology neutral and valid until 31 December 2033.

Sweden

(NOK in millions)	Second quarter 2017	Second quarter 2016 Restated*	First half year 2017	First half year 2016 Restated*	Year 2016 Restated*
Revenues mobile operation					
Subscription and traffic	1 509	1 567	2 991	3 145	5 926
Interconnect revenues	139	147	326	291	557
Other mobile revenues	87	90	174	171	351
Non-mobile revenues	483	452	979	943	2 256
Total revenues mobile operation	**2 219**	**2 256**	**4 470**	**4 549**	**9 090**
Revenues fixed operation					
Telephony	74	95	149	193	346
Internet and TV	660	618	1 279	1 238	2 492
Data services	59	44	99	90	171
Other fixed revenues	94	31	115	48	97
Total retail revenues	**888**	**788**	**1 642**	**1 570**	**3 106**
Wholesale revenues	32	48	83	96	188
Total revenues fixed operation	**920**	**837**	**1 724**	**1 666**	**3 294**
Total revenues	**3 139**	**3 093**	**6 195**	**6 215**	**12 384**
Operating expenditures	1 094	1 109	2 161	2 257	4 375
EBITDA before other items	1 009	990	1 929	1 884	3 538
Operating profit	**651**	**587**	**1 213**	**1 066**	**1 759**
EBITDA before other items/ Total revenues (%)	32.1	32.0	31.1	30.3	28.6
Capex	427	336	733	672	1 560
Investments in businesses	112	-	112	-	-
Statistics (monthly in NOK):					
Mobile ARPU	207	224	209	225	210
Fixed Telephony ARPU	69	79	69	81	75
Fixed Internet ARPU	211	220	210	222	216
TV ARPU	135	121	133	120	122
No. of subscriptions - Change in quarter/Total (in thousands):					
Mobile	13	4	2 662	2 555	2 624
Fixed telephony	(6)	(6)	201	230	215
Fixed Internet	6	7	674	647	657
TV	3	3	467	487	469
Exchange rate (SEK)			0.9561	1.0130	0.9814

* Refer to note 9.

- The strong revenue contribution from fixed broadband continued, while mobile performance was stable. Our position in the enterprise segment was strengthened through the acquisition of Network Services Nordic AB which was consolidated from April.
- The mobile subscription base was 2.7 million, a 4% increase from the end of second quarter last year. The total number of high speed fixed interned subscriptions ended at 557,000 as 12,000 fibre connections were added this quarter.
- Mobile revenues increased by 2% from higher handset sales. Subscription and traffic revenues remained stable as a larger subscription base was offset by a 4% decline in ARPU due to lower roaming revenues and ongoing price pressure in the enterprise segment.
- Fixed revenues increased by 14% due to the strong growth in high speed internet, as well as the inclusion of the acquired system integrator Network Services Nordic AB. Organically, fixed revenues increased by 8%.
- EBITDA increased by 6% primarily as a result of improved handset margins and growth in fixed broadband.
- Capex was mainly related to fibre and network modernisation.

Denmark

(NOK in millions)	Second quarter 2017	Second quarter 2016 Restated*	First half year 2017	First half year 2016 Restated*	Year 2016 Restated*
Revenues mobile operation					
Subscription and traffic	729	725	1 424	1 496	2 907
Interconnect revenues	66	69	126	112	244
Other mobile revenues	60	39	103	71	169
Non-mobile revenues	298	260	611	510	1 164
Total revenues mobile operation	**1 152**	**1 093**	**2 264**	**2 189**	**4 484**
Revenues fixed operation	**136**	**148**	**274**	**307**	**584**
Total revenues	**1 288**	**1 241**	**2 537**	**2 496**	**5 068**
Operating expenditures	539	638	1 051	1 272	2 333
EBITDA before other items	234	136	456	292	609
Operating profit	**135**	**25**	**263**	**70**	**152**
EBITDA before other items/ Total revenues (%)	18.1	10.9	18.0	11.7	12.0
Capex	304	147	412	380	531
Mobile ARPU - monthly (NOK)	145	148	141	149	147
No. of subscriptions - Change in quarter/Total (in thousands):					
Mobile	11	(18)	1 840	1 779	1 820
Fixed telephony	(3)	(2)	68	73	74
Fixed Internet	(5)	(2)	143	154	149
Exchange rate (DKK)			1.2336	1.2648	1.2476

* Refer to note 9.

- In Denmark, we see stabilising revenue trends and cost reductions resulting in improved profitability.
- The number of mobile subscriptions base was 1.8 million, a 3% increase from the end of second quarter last year.
- Total revenues increased by 3% as higher mobile and handset revenues more than offset the decline in fixed revenues. Mobile subscription and traffic revenues were stable as price pressure in the enterprise segment was offset by a larger subscriber base.
- The EBITDA margin increased by 7 percentage points to 18% due to reduced cost related to the development of a new business support system last year, efficiency measures and lower marketing cost.
- The 1800 MHz spectrum acquired in September 2016 was valid from June 2017, and consequently, the licence fee of NOK 252 million was recorded as capex this quarter.

Hungary

(NOK in millions)	Second quarter 2017	Second quarter 2016	First half year 2017	First half year 2016	Year 2016
Revenues					
Subscription and traffic	917	885	1 777	1 792	3 561
Interconnect revenues	69	68	133	136	269
Other mobile revenues	23	20	40	38	80
Non-mobile revenues	140	128	251	252	526
Total revenues	**1 149**	**1 101**	**2 202**	**2 218**	**4 436**
Operating expenditures	366	396	734	807	1 576
EBITDA before other items	398	332	746	686	1 369
Operating profit	**265**	**173**	**471**	**362**	**773**
EBITDA before other items/ Total revenues (%)	34.6	30.2	33.9	30.9	30.9
Capex	62	77	102	123	390
No. of subscriptions - Change in quarter/Total (in thousands):	18	27	3 121	3 178	3 148
ARPU - monthly (NOK)	106	100	102	102	101
Exchange rate (HUF)			0.0296	0.0301	0.0298

- Results in the second quarter show solid subscriber growth and APRU increase. Combined with significant opex reductions, this led to a strong EBITDA margin uplift.
- The number of mobile subscriptions grew by 18,000 in the quarter from improved performance within consumer postpaid. The subscription base was 2% lower than at the end of second quarter last year.
- Total revenues increased by 3% primarily driven by higher ARPU from continued upselling within the consumer postpaid segment.
- EBITDA increased by 18% from the positive revenue development and a 9% reduction in opex. The lower opex was driven by workforce reductions and other efficiency initiatives, in addition to high cost related to the development of a new business support system last year. The EBITDA margin increased by 4 percentage points to 35%.

Bulgaria

(NOK in millions)	Second quarter 2017	Second quarter 2016	First half year 2017	First half year 2016	Year 2016
Revenues					
Subscription and traffic	571	569	1 113	1 136	2 297
Interconnect revenues	63	64	120	124	269
Other mobile revenues	9	8	17	14	42
Non-mobile revenues	138	127	263	251	560
Total revenues	**780**	**768**	**1 512**	**1 525**	**3 168**
Operating expenditures	250	260	492	519	1 040
EBITDA before other items	302	295	581	582	1 191
Operating profit	**150**	**150**	**277**	**288**	**616**
EBITDA before other items/ Total revenues (%)	38.7	38.5	38.4	38.1	37.6
Capex	54	86	78	119	320
No. of subscriptions - Change in quarter/Total (in thousands):	(91)	(21)	3 227	3 502	3 429
ARPU - monthly (NOK)	65	60	62	59	61
Exchange rate (BGN)			4.6906	4.8178	4.7494

- In Bulgaria, we continue to focus on upselling of our existing customers through value-focused propositions, leveraging on our high quality 4G network.
- The number of mobile subscriptions decreased by 91,000 during the quarter. This was mainly a result of churn following the mandatory registration of the prepaid base in the second quarter. At the end of the quarter, the subscription base was 8% lower than same time last year.
- Mobile subscription and traffic revenues were stable, as growth in the postpaid segment fully offset the decrease in prepaid.
- EBITDA increased by 2% mainly driven by cost efficiencies.
- Capex was mainly related to 4G coverage and site roll-out. At the end of the second quarter, the 4G population coverage reached 89%.

Montenegro & Serbia

(NOK in millions)	Second quarter 2017	Second quarter 2016 Restated*	First half year 2017	First half year 2016 Restated*	Year 2016 Restated*
Revenues					
Subscription and traffic	626	621	1 193	1 228	2 486
Interconnect revenues	157	191	299	395	752
Other mobile revenues	22	28	39	42	106
Non-mobile revenues	150	122	278	236	491
Total revenues	**955**	**961**	**1 809**	**1 901**	**3 835**
Operating expenditures	**244**	**248**	**493**	**517**	**1 039**
EBITDA before other items	364	360	664	677	1 395
Operating profit	**223**	**236**	**396**	**430**	**883**
EBITDA before other items/ Total revenues (%)	38.1	37.5	36.7	35.6	36.4
Capex	84	95	152	166	490
No. of subscriptions - Change in quarter/Total (in thousands):	(10)	2	3 241	3 385	3 339
ARPU - monthly (NOK)	80	80	76	80	79
Exchange rate (RSD)			0.0744	0.0767	0.0755
Exchange rate (EUR)			9.1738	9.4226	9.2889

* Refer to note 9.

- In Serbia, we maintain our value position in the market and were recently recognised to have the best 4G coverage by the local regulator.
- The number of mobile subscriptions decreased by 10,000, driven by decline in prepaid subscriptions. At the end of second quarter, the subscription base was 4% lower than at the same period last year.
- Total revenues decreased by 1% as device revenue growth was offset by lower interconnect and transit traffic revenues. Subscription and traffic revenues remained stable.
- EBITDA remained at par with second quarter last year as lower revenues was compensated by a 3% opex reduction from ongoing efficiency initiatives.

dtac - Thailand

	Second quarter		First half year		Year
(NOK in millions)	2017	2016	2017	2016	2016
Revenues					
Subscription and traffic	4 022	3 710	7 862	7 633	15 237
Interconnect revenues	214	271	432	558	1 085
Other mobile revenues	48	45	110	116	174
Non-mobile revenues	535	604	1 165	1 583	3 151
Total revenues	**4 818**	**4 629**	**9 569**	**9 890**	**19 647**
Operating expenditures	1 707	1 806	3 542	3 773	7 404
EBITDA before other items	1 972	1 541	3 629	3 320	6 645
Operating profit	**383**	**174**	**576**	**689**	**1 160**
EBITDA before other items/ Total revenues (%)	40.9	33.3	37.9	33.6	33.8
Capex	1 022	1 003	2 098	2 142	4 835
No. of subscriptions - Change in quarter/Total (in thousands):	(705)	(524)	23 605	24 953	24 480
ARPU - monthly (NOK)	59	53	57	54	54
Exchange rate (THB)			0.2441	0.2383	0.2381

- While competition remained intense, subscription and traffic revenues continued to improve and returned to growth for the first time since 2014. At the same time the EBITDA margin was the highest in over a decade.
- The total number of subscriptions ended at 23.6 million, as a fall in the prepaid segment of 0.9 million was partly offset by a 0.2 million increase in the postpaid segment. At the end of the quarter, the subscription base was 5% lower than at the same period last year.
- Subscription and traffic revenues increased by 2%. This development was supported by continued migration of customers from prepaid to postpaid resulting in 6% ARPU uplift. Total revenues declined by 2%, primarily driven by decline in low-margin handset revenues and reduced mobile termination rate from beginning of 2017.
- EBITDA increased by 21% as a result of higher subscription and traffic revenues and 11% lower opex. The opex decline was mainly a result of lower regulatory cost and disciplined market spend, partly offset by higher cost related to network densification. The EBITDA margin of 41% is the highest since 2004 for dtac.
- Capex was prioritised toward network densification, which resulted in activation of nearly 5,000 new base stations during first half of the year.
- On 24 May, dtac was announced as the preferred partner for the state-owned entity TOT to operate 4G services on TOT's 2,300 MHz spectrum band. The agreement is expected to be finalised in fourth quarter this year.

Digi - Malaysia

	Second quarter		First half year		Year
(NOK in millions)	2017	2016	2017	2016	2016
Revenues					
Subscription and traffic	2 680	3 030	5 304	6 075	11 891
Interconnect revenues	146	147	293	292	624
Other mobile revenues	33	31	68	58	116
Non-mobile revenues	189	202	372	392	743
Total revenues	**3 049**	**3 411**	**6 037**	**6 816**	**13 374**
Operating expenditures	902	1 039	1 830	2 023	4 044
EBITDA before other items	1 408	1 541	2 762	2 973	6 004
Operating profit	**1 027**	**1 245**	**2 047**	**2 356**	**4 682**
EBITDA before other items/ Total revenues (%)	46.2	45.2	45.7	43.6	44.9
Capex	455	344	823	696	1 581
No. of subscriptions - Change in quarter/Total (in thousands):	254	11	12 030	12 347	12 299
ARPU - monthly (NOK)	80	86	78	86	85
Exchange rate (MYR)			1.9310	2.0604	2.0272

- The solid profitability level was sustained, while market conditions remained challenging. Postpaid revenue growth continued and our efforts to improve prepaid performance resulted in positive subscriber development.
- The total number of subscriptions increased by 0.3 million. At the end of the quarter, the subscription base was 3% lower than at the same period last year.
- Subscription and traffic revenues declined 7% driven by a lower prepaid base and 3% ARPU decline from continued price pressure on international voice and domestic data offerings. Postpaid revenues increased by 9%.
- EBITDA fell by 4% as a result of top line decline and higher subsidies, partly offset by cost optimisation. Opex was positively impacted by a reversal of network related accruals. Adjusted for this item, the EBITDA margin was 44%.
- Capex was prioritised toward 4G roll-out on the 900 MHz frequency band to optimise indoor coverage.

Grameenphone - Bangladesh

	Second quarter		First half year		Year
(NOK in millions)	2017	2016	2017	2016	2016
Revenues					
Subscription and traffic	3 056	2 583	5 952	5 216	10 725
Interconnect revenues	233	250	457	516	992
Other mobile revenues	(2)	(2)	4	13	30
Non-mobile revenues	146	135	296	266	592
Total revenues	**3 432**	**2 965**	**6 709**	**6 010**	**12 339**
Operating expenditures	1 062	1 085	2 137	2 167	4 368
EBITDA before other items	2 102	1 609	4 005	3 293	6 829
Operating profit	**1 475**	**948**	**2 759**	**2 072**	**4 451**
EBITDA before other items/ Total revenues (%)	61.2	54.3	59.7	54.8	55.3
Capex	343	462	822	1 466	2 259
No. of subscriptions - Change in quarter/Total (in thousands):	1 713	624	61 581	56 909	57 954
ARPU - monthly (NOK)	18	17	18	17	17
Exchange rate (BDT)			0.1062	0.1078	0.1071

- The strong performance in Bangladesh continued, driven by subscription growth combined with increased voice and data usage.
- The number of subscriptions increased by 1.7 million during the quarter, taking the total base to 62 million. The subscription base was 8% higher than second quarter last year.
- Total revenues increased by 15% following subscription growth and a 9% higher ARPU.
- EBITDA grew by 30% following the strong revenue uplift and improved cost efficiency, but positively impacted by an adjustment of accruals. Adjusted for this item, the EBITDA increased by 22% and the EBITDA margin was 58%.
- Capex was prioritised towards expanding the network coverage, building upon Grameenphone's superior network position.

Pakistan

	Second quarter		First half year		Year
(NOK in millions)	2017	2016 Restated*	2017	2016 Restated*	2016 Restated*
Revenues					
Subscription and traffic	1 730	1 594	3 370	3 129	6 315
Interconnect revenues	306	286	601	571	1 162
Other mobile revenues	3	(47)	9	(38)	(25)
Non-mobile revenues	74	63	161	127	247
Total revenues	**2 113**	**1 896**	**4 141**	**3 789**	**7 698**
Operating expenditures	795	723	1 534	1 489	3 050
EBITDA before other items	1 017	867	2 005	1 676	3 441
Operating profit	**636**	**596**	**1 251**	**1 110**	**2 166**
EBITDA before other items/ Total revenues (%)	48.1	45.7	48.4	44.2	44.7
Capex	298	3 671	699	3 977	4 898
No. of subscriptions - Change in quarter/Total (in thousands):	746	1 184	40 797	37 914	39 428
ARPU - monthly (NOK)	17	17	17	17	17
Exchange rate (PKR)			0.0809	0.0807	0.0802

* Refer to note 9.

- In Pakistan, the solid growth and profitability continued in line with previous quarters.
- The number of subscriptions grew by 0.7 million during the quarter, resulting in a 8% larger subscription base compared to second quarter last year.
- Total revenues increased by 8%, as growth in subscription and traffic revenues were complemented by higher incoming international traffic.
- EBITDA improved by 14% following increased revenues and improved gross profit, partly offset by higher opex related to network expansion.
- Capex for the quarter was focused towards expanding the 4G network.

Myanmar

	Second quarter		First half year		Year
(NOK in millions)	2017	2016	2017	2016	2016
Revenues					
Subscription and traffic	1 478	1 492	2 930	2 904	5 791
Interconnect revenues	240	280	500	568	1 104
Other mobile revenues	(6)	6	15	12	44
Non-mobile revenues	21	25	39	41	77
Total revenues	**1 734**	**1 802**	**3 484**	**3 525**	**7 016**
Operating expenditures	643	668	1 370	1 323	2 694
EBITDA before other items	836	827	1 582	1 546	3 038
Operating profit	**544**	**614**	**1 046**	**1 142**	**2 156**
EBITDA before other items/ Total revenues (%)	48.2	45.9	45.4	43.9	43.3
Capex	732	766	1 002	1 331	2 729
No. of subscriptions - Change in quarter/Total (in thousands):	(41)	1 420	18 757	16 889	18 255
ARPU - monthly (NOK)	30	36	31	38	35
Exchange rate (MMK)			0.0062	0.0069	0.0067

- Data demand remains the key driver for revenue growth and profitability. However, intensified voice related promotional activities softened revenue development.
- The number of subscriptions remained stable at 18.8 million, which is 11% higher than at the end of second quarter last year.
- Revenues increased by 7%, driven by continued growth in subscriptions and data usage. Compared to first quarter this year, ARPU decreased by 3%. More than 60% of the customers are now active data users, and the median data consumption increased by 69% compared to second quarter last year.
- EBITDA grew by 13% as a result of higher revenues and improved traffic balance, partly offset by increased opex. The cost increase was primarily driven by a higher number of sites on air, and a 15% depreciation of local currency against USD.
- On 15 May, Telenor Myanmar was allocated 2x10 MHz of spectrum in the 1800 MHz frequency band at a cost of NOK 604 million. The spectrum will be used for 4G.

Broadcast

(NOK in millions)	Second quarter 2017	Second quarter 2016	First half year 2017	First half year 2016	Year 2016
Revenues					
Canal Digital DTH	1 154	1 165	2 253	2 312	4 555
Satellite	227	241	454	478	955
Norkring	283	275	564	775	1 333
Other/Eliminations	(117)	(120)	(235)	(239)	(477)
Total revenues	**1 547**	**1 561**	**3 035**	**3 326**	**6 366**
Operating expenditures	**434**	**474**	**889**	**932**	**1 841**
EBITDA before other items					
Canal Digital DTH	230	217	403	427	782
Satellite	143	160	296	314	650
Norkring	159	142	300	517	822
Other/Eliminations	(4)	(7)	(9)	(13)	(23)
Total EBITDA before other items	**529**	**512**	**990**	**1 244**	**2 231**
Operating profit					
Canal Digital DTH	206	202	357	400	709
Satellite	424	77	484	147	313
Norkring	87	51	149	230	377
Other/Eliminations	(7)	(7)	(7)	(13)	(29)
Total operating profit	**709**	**323**	**983**	**764**	**1 370**
EBITDA before other items/ Total revenues (%)	34,2	32,8	32,6	37,4	35,0
Capex	95	93	189	189	412
No. of subscriptions - Change in quarter/Total (in thousands):					
DTH TV	(4)	(7)	851	870	862

- Total revenues in Broadcast decreased by 1% primarily due to currency effects, while the EBITDA increased with 3%.
- Opex decreased by 8% from lower sales and marketing cost in Canal Digital, reduced maintenance cost in Norkring, and fewer employees.
- The EBITDA increase was mainly attributable to opex reductions, partly offset by negative currency effects.
- Capital expenditure was mainly related to roll-out of sites for mobile operators and expansion of the Digital Audio Broadcasting network in Norway.
- Operating profit was positively impacted by a gain of NOK 0.4 billion related to a financial lease arrangement for satellite transponders.

Other units

(NOK in millions)	Second quarter 2017	Second quarter 2016 Restated*	First half year 2017	First half year 2016 Restated*	Year 2016 Restated*
Revenues					
Global wholesale	769	730	1 580	1 433	3 117
Corporate functions	794	773	1 596	1 493	2 933
Digital Businesses incl. Financial services	614	568	1 158	1 053	2 263
Other / eliminations	92	158	186	298	557
Total revenues	**2 268**	**2 229**	**4 520**	**4 277**	**8 870**
Operating expenditures	**1 669**	**1 624**	**3 308**	**3 175**	**6 483**
EBITDA before other items					
Global wholesale	37	27	61	55	120
Corporate functions	(256)	(238)	(459)	(549)	(1 125)
Digital Businesses incl. Financial services	(90)	(53)	(205)	(71)	(295)
Other / eliminations	21	3	27	5	34
Total EBITDA before other items	**(289)**	**(262)**	**(576)**	**(560)**	**(1 266)**
Operating profit (loss)					
Global wholesale	11	14	21	31	72
Corporate functions	(399)	(346)	(686)	(759)	(1 162)
Digital Businesses incl. Financial services	(506)	(102)	(664)	(142)	(1 476)
Other / eliminations	10	(13)	68	(24)	(18)
Total operating profit (loss)	**(884)**	**(447)**	**(1 260)**	**(893)**	**(2 585)**
Capex	221	149	367	229	564
Investments in businesses	1 771	287	1 849	3 425	3 488

* Refer to note 9.

- In Global Wholesale, revenues increased by NOK 39 million, mainly from higher voice traffic. EBITDA increased by NOK 10 million.
- EBITDA in Corporate functions was negatively impacted by higher costs related to corporate activities and shared service centres.
- In Digital Businesses, revenues increased mainly due to increased revenues from financial services in Pakistan. This was partly offset by negative revenue development from our ad-tech business. EBITDA decreased mainly due to lower gross profits and increased costs.
- Investments in businesses in the second quarter were primarily related to increasing ownership to 100% in the online classifieds sites in Malaysia, Vietnam and Myanmar.

Group performance first six months 2017

The comments below are related to Telenor Group's development in the first half of 2017 compared to the first half of 2016 unless otherwise stated. Telenor India is classified as discontinued operation. Consequently, historical Group income statement has been re-presented accordingly. Please refer to note 2 for further information.

Specification of other income and other expenses

	Second quarter		First half year		Year
(NOK in millions)	2017	2016	2017	2016	2016
EBITDA before other income and other expenses	12 719	11 381	24 181	23 010	45 966
EBITDA before other income and other expenses (%)	40.4	36.8	39.0	36.9	36.7
Other income	140	-	140	-	-
Gains on disposals of fixed assets and operations	370	16	445	25	528
Losses on disposals of fixed assets and operations	(85)	(41)	(125)	(92)	(593)
Workforce reductions, onerous (loss) contracts and one-time pension costs	(145)	(272)	(358)	(370)	(853)
EBITDA	13 000	11 084	24 283	22 573	45 049
EBITDA margin (%)	**41.3**	**35.8**	**39.2**	**36.2**	**35.9**

In the second quarter of 2017 'Other income and other expenses' consisted mainly of:
- Positive vendor settlement (NOK 140 million).
- Gain related to a finance lease arrangement for satellite transponders in Broadcast (NOK 359 million).

In the first half of 2017 'Other income and other expenses' consisted mainly of:
- Positive vendor settlement.
- Gains related to a finance lease arrangement in Broadcast and divestment of ABC startsiden.
- Workforce reductions mainly in Telenor Norway.

In the first half of 2016 'Other income and other expenses' consisted mainly of:
- Workforce reductions in Grameenphone, dtac and Telenor Norway.

Impairment

- In the first half of 2017, an impairment of goodwill related to 701Search Pte Ltd. of NOK 0.4 billion was recognised following the purchase of 66.7% ownership in the company from Schibsted ASA and Singapore Press Holdings.

Operating profit

- Reported operating profit increased by NOK 0.6 billion to NOK 13.5 billion, from improved EBITDA, slightly offset by higher depreciations, primarily in Thailand, and an impairment related to 701Search Pte. Ltd.

Associated companies and joint ventures

	Second quarter		First half year		Year
(NOK in millions)	2017	2016	2017	2016	2016
Telenor's share of					
Profit after taxes	(5)	468	281	614	4 786
Amortisation of Telenor's net excess values	-	(6)	(6)	(12)	(23)
Impairment losses	(554)	(2 542)	284	1 493	(3 246)
Gains (losses) on disposal of ownership interests	(5 150)	(71)	(5 150)	(71)	(3 313)
Profit (loss) from associated companies	**(5 709)**	**(2 149)**	**(4 592)**	**2 025**	**(1 796)**

- Profit after tax from associated companies and joint ventures in the first half of 2017 includes positive contribution from VEON of NOK 299 million recognised in the first quarter of 2017 for Telenor's share of VEON's result for the fourth quarter of 2016.
- On 7 April 2017, the Group disposed of 70 million VEON American Depository Shares (ADSs), for a net cash consideration of NOK 2.2 billion. Total impairment loss of NOK 554 million was recognised during the second quarter of 2017, of which NOK 226 million was related to the disposal of shares, and NOK 327 million was related to the re-measurement of the remaining 346.7 million VEON ADSs. During the first half of 2017, reversal of impairment loss of NOK 284 million was recognised. See note 4 for further information.
- Pursuant to the disposal of 70 million VEON ADSs, the Group no longer has significant influence over VEON and has discontinued recognising VEON as an associated company. Accordingly, the accumulated balance of currency translation losses previously recognised in other comprehensive income were reclassified to the income statement during the second quarter of 2017, amounting to a loss of NOK 8.5 billion. The reclassification effect did not impact the total equity of the Group.
- On 11 May 2017, the Group entered into an agreement with Schibsted ASA to sell its ownership interest of 50% in SnT Classifieds for a cash consideration of NOK 4.3 billion. The transaction was closed on 30 June 2017, and a gain of NOK 3.1 billion was recognised on disposal of the Group's ownership interest in SnT Classifieds. See note 4 for further information.
- On 11 May 2017, the Group entered into an agreement with Schibsted ASA and Singapore Press Holdings to acquire 66.7% ownership interest in 701Search Pte. Ltd for a cash consideration of NOK 1.7 billion. Before this transaction, the Group held 33.3% ownership interest in 701Search Pte Ltd. The transaction was closed on 30 June 2017, and a gain of NOK 352 million was recognised related to the re-measurement of previously owned equity interest. See note 4 for further information.

Financial items

	Second quarter		First half year		Year
(NOK in millions)	2017	2016	2017	2016	2016
Financial income	834	107	985	222	420
Financial expenses	(823)	(755)	(1 602)	(1 357)	(2 929)
Net currency gains (losses)	674	382	613	(152)	(143)
Net change in fair value of financial instruments	142	(98)	(52)	(16)	(558)
Net gains (losses and impairment) of financial assets and liabilities	-	2	2	4	1
Net financial income (expenses)	**827**	**(362)**	**(52)**	**(1 299)**	**(3 209)**
Gross interest expenses	(725)	(644)	(1 380)	(1 137)	(2 417)
Net interest expenses	(628)	(598)	(1 215)	(1 037)	(2 229)

- Financial income includes dividend from VEON equivalent to NOK 678 million.
- Net currency gains are mainly caused by USD liabilities in financial instruments.
- Net change in fair value of financial instruments includes a NOK 191 million gain on the financial derivative features of the bond exchangeable into VEON ADSs.

Taxes
- The estimated effective tax rate for the second quarter and the first half of 2017 is 72% and 38% respectively. The effective tax rates is high mainly due to the reclassification to the income statement of previously recognised currency translation differences, including tax effects related to the hedging instruments, subsequent to the VEON public shares offering in April, partly offset by the tax exempt gain on the SnT Classified disposal, see note 4. We have also made a provision for tax on sale of shares in Telenor Montenegro Gsm from Telenor Mobile Holding AS to Telenor A/S in Denmark, which in 2013 was treated as tax exempt. Provision is made based on decision received from the Norwegian Tax Authorities on 9 June 2017 claiming that the gain was taxable. Telenor disagrees with the decision and will appeal.
- The effective tax rate for 2017 is estimated to be around 33%. The estimated underlying tax rate for the year remains stable at 29%.

Cash flow
- Net cash inflow from operating activities during the first half of 2017 was NOK 20.8 billion, an increase of NOK 0.7 billion compared to the first half of 2016. The increase was mainly explained by higher profit in Grameenphone, dtac and Pakistan, dividends from VEON as well as lower taxes paid which was partly offset by changes in working capital and negative currency translation effects.
- Net cash outflow to investing activities during the first half of 2017 was NOK 4.9 billion, a decrease of NOK 10.8 billion compared to the first half of 2016 mainly due to proceeds from sale of SnT Classifieds (NOK 4.3 billion) and VEON (NOK 2.2 billion), lower cash outflow related to purchases of PPE, intangible assets and licence investments of NOK 2.9 billion and lower cash outflows related to acquisitions of subsidiaries of NOK 1.0 billion (NOK 1.7 billion for the acquisition of 701Search Pte. Ltd in 2017 and NOK 2.7 billion for the acquisition of Tapad Inc. in 2016).
- Net cash outflow to financing activities during the first half of 2017 was NOK 18.7 billion. This is mainly explained by net payments of borrowings of NOK 8.3 billion, dividends paid to ASA shareholders of NOK 6.7 billion, payments to minority interest of NOK 1.3 billion and payments under supply chain financing of NOK 2.0 billion.
- Cash and cash equivalents decreased by NOK 2.5 billion during 2017 to NOK 20.4 billion as of 30th June 2017.

Financial position
- During the first half of 2017, total assets decreased by NOK 3.9 billion to NOK 202.4 billion.
- Net debt decreased by NOK 2.5 billion to NOK 51.9 billion. The decrease in interest-bearing liabilities excluding licence obligations of NOK 6.3 billion was partially offset by the decrease in cash and cash equivalents of NOK 2.5 billion and the decrease in fair value hedge instrument receivables of NOK 0.7 billion.
- Total equity increased by NOK 0.1 billion to NOK 55.5 billion mainly due to positive net income from operations of NOK 5.5 billion including the reclassification of previously recognised translation differences concerning VEON from other comprehensive income to the income statement of NOK 7.5 billion, which has no effect on equity, offset by paid and accrued dividends to equity holders of Telenor ASA and non-controlling interests of NOK 13.0 billion.

Transactions with related parties
For detailed information on related party transactions refer to Note 32 in Telenor's Annual Report 2016.

Risk and uncertainties
The existing risks and uncertainties described below 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.

Telenor ASA seeks to allocate debt on the basis of equity market values in local currencies, predominantly EUR, USD and SEK. Foreign currency debt in Telenor ASA that exceeds the booked equity of investments in the same currency will not be part of an effective net investment hedge relationship. Currency fluctuations related to this part of the debt will be recorded in the income statement.

For additional explanations regarding risks and uncertainties, please refer to the Report of the Board of Directors for 2016, section Risk Factors and Risk Management, and Telenor's Annual Report 2016 Note 13 Income taxes, Note 28 Managing Capital and Financial Risk Management and Note 33 Legal Disputes and Contingencies. Readers are also referred to the disclaimer at the end of this section.

New developments of risks and uncertainties since the publication of Telenor's Annual Report for 2016 are:

Legal disputes
See note 7 for details.

Financial aspects
In relation to the licence issuance in Myanmar, a performance bond of USD 110 million has been issued to Myanmar authorities as a guarantee towards coverage and quality of service commitments during the next two years of the licence.

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 2017' 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, 14 July 2017
The Board of Directors of Telenor ASA

Interim condensed financial information

Consolidated income statement

Telenor Group

	Second quarter		First half year		Year
(NOK in millions except earnings per share)	2017	2016	2017	2016	2016
Revenues	31 470	30 926	61 927	62 420	125 395
Costs of materials and traffic charges	(7 530)	(7 748)	(15 100)	(15 790)	(32 547)
Salaries and personnel costs	(3 173)	(3 317)	(6 477)	(6 585)	(12 690)
Other operating expenses	(8 047)	(8 480)	(16 169)	(17 034)	(34 192)
Other income	510	16	585	25	528
Other expenses	(230)	(313)	(483)	(462)	(1 446)
EBITDA	**13 000**	**11 084**	**24 283**	**22 573**	**45 049**
Depreciation and amortisation	(5 338)	(4 781)	(10 446)	(9 543)	(19 583)
Impairment losses	(380)	1	(380)	(127)	(1 159)
Operating profit	**7 282**	**6 304**	**13 457**	**12 903**	**24 307**
Share of net income from associated companies and joint ventures	(559)	(2 079)	558	2 096	1 517
Gain (loss) on disposal of associated companies	(5 150)	(71)	(5 150)	(71)	(3 313)
Net financial income (expenses)	827	(362)	(52)	(1 299)	(3 209)
Profit before taxes	**2 400**	**3 793**	**8 813**	**13 630**	**19 302**
Income taxes	(1 721)	(1 769)	(3 391)	(3 371)	(5 924)
Profit from continuing operations	**679**	**2 023**	**5 421**	**10 259**	**13 378**
Profit (loss) from discontinued operations	(45)	(219)	75	(3 369)	(7 572)
Net income	**634**	**1 804**	**5 496**	**6 890**	**5 806**
Net income attributable to:					
Non-controlling interests	801	693	1 494	1 524	2 974
Equity holders of Telenor ASA	**(167)**	**1 111**	**4 001**	**5 367**	**2 832**
Earnings per share in NOK					
Basic from continuing operations	(0.08)	0.89	2.62	5.82	6.93
Diluted from continuing operations	(0.08)	0.89	2.62	5.82	6.93
Earnings per share in NOK					
Basic from discontinued operations	(0.03)	(0.15)	0.05	(2.24)	(5.04)
Diluted from discontinued operations	(0.03)	(0.15)	0.05	(2.24)	(5.04)
Earnings per share in NOK					
Basic from total operations	(0.11)	0.74	2.67	3.57	1.89
Diluted from total operations	(0.11)	0.74	2.67	3.57	1.89

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

Consolidated statement of comprehensive income

Telenor Group

	Second quarter		First half year		Year
(NOK in millions)	2017	2016	2017	2016	2016
Net income	**634**	**1 804**	**5 496**	**6 890**	**5 806**
Translation differences on net investment in foreign operations	1 185	(294)	1 481	(3 038)	(4 646)
Income taxes	10	(62)	6	20	(15)
Amount reclassified from other comprehensive income to income statement on partial disposal	(7 744)	-	(7 744)	(914)	(3 865)
Income taxes reclassified	-	-	-	256	256
Net gain (loss) on hedge of net investment	(764)	157	(963)	2 381	2 734
Income taxes	183	(39)	231	(595)	(684)
Amount reclassified from other comprehensive income to income statement on partial disposal	4 094	-	4 094	1 491	2 969
Income taxes reclassified	(1 119)	-	(1 119)	(409)	(816)
Net gain (loss) on available-for-sale-investment	(419)	(22)	(418)	(28)	(43)
Share of other comprehensive income (loss) of associated companies and joint ventures	(10)	303	(341)	655	631
Amount reclassified from other comprehensive income to income statement on disposal	12 282	71	12 282	71	4 783
Items that may be reclassified subsequently to income statement	**7 699**	**113**	**7 509**	**(111)**	**1 305**
Remeasurement of defined benefit pension plans	116	(321)	66	(768)	(304)
Income taxes	(29)	80	(15)	172	55
Items that will not be reclassified to income statement	**87**	**(242)**	**51**	**(596)**	**(248)**
Other comprehensive income (loss), net of taxes	**7 786**	**(128)**	**7 560**	**(707)**	**1 056**
Total comprehensive income	**8 420**	**1 675**	**13 056**	**6 183**	**6 862**
Total comprehensive income attributable to:					
Non-controlling interests	732	746	1 488	1 362	2 824
Equity holders of Telenor ASA	7 688	930	11 568	4 821	4 038

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

Consolidated statement of financial position

Telenor Group

(NOK in millions)	30 June 2017	31 December 2016	30 June 2016
Deferred tax assets	1 522	2 163	2 115
Goodwill	27 406	24 519	25 783
Intangible assets	31 732	33 057	40 085
Property, plant and equipment	73 383	72 016	69 447
Associated companies and joint ventures	442	15 773	20 924
Other non-current assets	17 024	5 800	5 526
Total non-current assets	**151 509**	**153 328**	**163 880**
Prepaid taxes	704	737	868
Inventories	1 727	1 802	1 864
Trade and other receivables	25 129	24 876	22 574
Other current financial assets	1 658	2 489	1 723
Assets classified as held for sale	1 018	2	3
Cash and cash equivalents	20 635	23 085	13 327
Total current assets	**50 871**	**52 991**	**40 358**
Total assets	**202 380**	**206 319**	**204 238**
Equity attributable to equity holders of Telenor ASA	50 804	50 879	56 906
Non-controlling interests	4 732	4 517	4 545
Total equity	**55 536**	**55 396**	**61 452**
Non-current interest-bearing liabilities	51 380	60 391	57 913
Non-current non-interest-bearing liabilities	1 734	3 816	3 218
Deferred tax liabilities	2 821	2 972	2 884
Pension obligations	2 445	2 585	3 023
Provisions and obligations	3 571	3 542	3 522
Total non-current liabilities	**61 951**	**73 305**	**70 559**
Current interest-bearing liabilities	26 626	25 970	23 178
Trade and other payables	39 202	42 890	41 504
Dividend payable	5 255	-	-
Current tax payables	4 925	3 439	2 992
Current non-interest-bearing liabilities	3 624	3 642	3 186
Provisions and obligations	1 419	1 677	1 367
Liabilities classified as held for sale	3 842	-	-
Total current liabilities	**84 894**	**77 618**	**72 227**
Total equity and liabilities	**202 380**	**206 319**	**204 238**

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

Consolidated statement of cash flows

Telenor Group

	Second quarter		First half year		Year
(NOK in millions)	2017	2016	2017	2016	2016
Profit before taxes from total operations[1)]	2 355	3 573	8 887	10 261	11 731
Income taxes paid	(1 086)	(1 943)	(2 211)	(3 213)	(5 760)
Net (gains) losses from disposals, impairments and change in fair value of financial assets and liabilities	(414)	121	(258)	86	574
Depreciation, amortisation and impairment losses	5 719	5 063	10 836	12 536	28 033
Loss (profit) from associated companies and joint ventures	5 709	2 149	4 592	(2 025)	1 796
Dividends received from associated companies	22	8	22	8	130
Currency (gains) losses not related to operating activities	(826)	(664)	(824)	(18)	1 087
Changes in working capital and other	122	573	(279)	2 461	2 187
Net cash flow from operating activities	**11 601**	**8 880**	**20 765**	**20 096**	**39 778**
Purchases of property, plant and equipment (PPE) and intangible assets	(4 583)	(6 685)	(9 961)	(12 908)	(23 727)
Purchases of subsidiaries, associated companies and joint ventures, net of cash acquired	(1 806)	(177)	(1 811)	(2 910)	(2 971)
Proceeds from disposal of PPE, intangible assets, associated companies and businesses, net of cash disposed	6 501	185	6 593	199	5 412
Proceeds from sale and purchases of other investments	328	291	246	(140)	182
Net cash flow from investing activities	**440**	**(6 387)**	**(4 932)**	**(15 759)**	**(21 105)**
Proceeds from and repayments of borrowings	(9 176)	3 964	(8 274)	5 282	10 582
Payments on licence obligations	(292)	(238)	(441)	(1 194)	(1 562)
Payments on supply chain financing	(877)	(810)	(2 010)	(1 773)	(3 672)
Dividends paid to and purchases of shares from non-controlling interests	(926)	(949)	(1 269)	(1 643)	(3 139)
Dividends paid to equity holders of Telenor ASA	(6 456)	(5 746)	(6 706)	(5 981)	(11 246)
Net cash flow from financing activities	**(17 727)**	**(3 778)**	**(18 701)**	**(5 308)**	**(9 037)**
Effects of exchange rate changes on cash and cash equivalents	134	44	347	(58)	(446)
Net change in cash and cash equivalents	**(5 551)**	**(1 241)**	**(2 521)**	**(1 028)**	**9 190**
Cash and cash equivalents at the beginning of the period	25 982	13 973	22 951	13 760	13 760
Cash and cash equivalents at the end of the period[2)]	**20 430**	**12 731**	**20 430**	**12 731**	**22 951**
Of which cash and cash equivalents in discontinued operations at the end of the period	47	-	47	-	-
Cash and cash equivalents in continuing operatins at the end of the period	**20 383**	**12 731**	**20 383**	**12 731**	**22 951**

[1)] Profit before taxes from total operations consists of:					
Profit before taxes from continuing operations	2 400	3 793	8 813	13 630	19 302
Profit before taxes from discontinued operations	(45)	(219)	75	(3 369)	(7 572)
Profit before taxes from total operations	2 355	3 573	8 887	10 261	11 731

[2)] As of 30 June 2017, restricted cash was NOK 501 million, while as of 30 June 2016, restricted cash was NOK 448 million.

Cash flow from discontinued operations

	Second quarter		First half year		Year
(NOK in millions)	2017	2016	2017	2016	2016
Net cash flow from operating activities	143	311	(26)	(21)	158
Net cash flow from investing activities	(54)	(449)	(137)	(678)	(1 306)
Net cash flow from financing activities	(3)	-	(137)	-	(251)

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

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

Consolidated statement of changes in equity

Telenor Group

(NOK in millions)	Attributable to equity holders of the parent: Total paid in capital	Other reserves	Retained earnings	Cumulative translation differences	Total	Non-controlling interests	Total equity
Equity as of 1 January 2016	**9 078**	**(21 143)**	**66 429**	**4 102**	**58 467**	**4 660**	**63 126**
Net income for the period	-	-	2 832	-	2 832	2 974	5 806
Other comprehensive income for the period	-	5 164	-	(3 958)	1 206	(150)	1 056
Total comprehensive income for the period	**-**	**5 164**	**2 832**	**(3 958)**	**4 038**	**2 824**	**6 862**
Transactions with non-controlling interests	-	(152)	-	-	(152)	(106)	(258)
Equity adjustments in associated companies and joint ventures	-	(239)	-	-	(239)	-	(239)
Dividends	-	-	(11 261)	-	(11 261)	(2 861)	(14 122)
Share - based payment, exercise of share options and distribution of shares	-	28	-	-	28	-	28
Equity as of 31 December 2016	**9 078**	**(16 343)**	**58 000**	**144**	**50 879**	**4 517**	**55 396**
Net income for the period	-	-	4 001	-	4 001	1 494	5 496
Other comprehensive income for the period	-	11 575	-	(4 008)	7 567	(7)	7 560
Total comprehensive income for the period	**-**	**11 575**	**4 001**	**(4 008)**	**11 568**	**1 488**	**13 056**
Transactions with non-controlling interests	-	-	-	-	-	39	39
Equity adjustments in associated companies and joint ventures	-	47	-	-	47	-	47
Dividends	-	-	(11 711)	-	(11 711)	(1 312)	(13 023)
Share - based payment, exercise of share options and distribution of shares	-	21	-	-	21	-	21
Equity as of 30 June 2017	**9 078**	**(4 700)**	**50 290**	**(3 865)**	**50 804**	**4 732**	**55 536**

(NOK in millions)	Attributable to equity holders of the parent: Total paid in capital	Other reserves	Retained earnings	Cumulative translation differences	Total	Non-controlling interests	Total equity
Equity as of 1 January 2016	**9 078**	**(21 143)**	**66 429**	**4 102**	**58 467**	**4 660**	**63 126**
Net income for the period	-	-	5 367	-	5 367	1 524	6 890
Other comprehensive income for the period	-	134	-	(679)	(545)	(162)	(707)
Total comprehensive income for the period	**-**	**134**	**5 367**	**(679)**	**4 821**	**1 362**	**6 183**
Transactions with non-controlling interests	-	(156)	-	-	(156)	(135)	(291)
Equity adjustments in associated companies	-	(232)	-	-	(232)	-	(232)
Dividends	-	-	(6 006)	-	(6 006)	(1 341)	(7 347)
Share - based payment, exercise of share options and distribution of shares	-	12	-	-	12	-	12
Equity as of 30 June 2016	**9 078**	**(21 385)**	**65 790**	**3 422**	**56 906**	**4 545**	**61 452**

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

Notes to the interim consolidated 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 arrangements. As a result of rounding differences, numbers or percentages may not add up to the total.

These condensed consolidated interim financial statements for the six months ending 30 June 2017, have been prepared in accordance with IAS 34 Interim Financial Reporting. The condensed consolidated interim 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 financial statements 2016. The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's Annual Financial Statements for the year ended 31 December 2016.

For information about the standards and interpretations effective from 1 January 2017, please refer to Note 1 in the Group's Annual Report 2016. The standards and interpretations effective from 1 January 2017 do not have a significant impact on the Group's consolidated interim financial statements.

Note 2 – Discontinued operations and held for sale

Telenor India

On 23 February 2017, the Group entered into a definitive agreement with Bharti Airtel Limited (Airtel), whereby Airtel will take full ownership of Telenor India. According to the agreement, Airtel and Telenor India will merge and Airtel will take over Telenor India as soon as all necessary approvals are received. As part of the agreement, Airtel will take over outstanding spectrum payments and other operational contracts, including tower lease.

The transaction is subject to requisite regulatory approvals, including approvals from the Department of Telecommunications in India (DoT) and the Competition Commission of India. The exposure to claims related to the period Telenor owned the business, will remain with Telenor.

The transaction is expected to close within 12 months. With effect from the first quarter of 2017, Telenor India is presented as discontinued operation in the consolidated income statement and comparative periods are represented. In the consolidated statement of financial position 30 June 2017 Telenor India is classified as held for sale.

The results of Telenor India for the second quarter of 2016 and 2017, first half year of 2016 and 2017 and the year 2016 are presented below:

	Second quarter		First half year		Year
(NOK in millions)	2017	2016	2017	2016	2016
Revenue	1 267	1 551	2 575	3 070	6 032
EBITDA	14	175	90	(321)	54
Operating profit	12	(109)	80	(3 188)	(7 237)
Profit before tax	(45)	(219)	75	(3 369)	(7 572)
Income tax	-	-	-	-	-

Assets and liabilities held for sale

In the statement of financial position as of 30 June 2017, Telenor India is classified as held for sale.

The major classes of assets and liabilities of Telenor India classified as held for sale as of 30 June 2017:

(NOK in millions)	30 June 2017
Assets	
Intangible assets	260
Other non-current assets	319
Inventory	1
Trade and other receivables	391
Cash and cash equivalents	48
Total assets classified as held for sale	**1 018**
Liabilities	
Non-current liabilities	2 277
Current liabilities	1 565
Total liabilities held for sale	**3 842**

Note 3 – Business combinations

11 May 2017 Telenor ASA entered into an agreement with Schibsted ASA and Singapore Press Holdings regarding its joint ventures within online classifieds, whereby Telenor acquired Schibsted's and Singapore Press Holdings' stakes of in total 66.7% in the joint venture 701Search Pte. Ltd, with operations in Malaysia, Vietnam and Myanmar, for NOK 1,748 million. The consideration was paid in cash and the transaction was closed 30 June 2017.

Following these transactions, Telenor owns 100 % of the shares in the leading online classifieds services Mudah (Malaysia), Chotot (Vietnam), OneKyat (Myanmar) and ImSold (Malaysia and Vietnam).

Prior to the transaction with Schibsted and Singapore Press Holdings, Telenor held an interest of 33.3% in these companies which has been revalued to fair value as of the acquisition date. In the second quarter, the Group recognised a gain of NOK 352 million as a result of measuring the 33.3% equity interest in 701Search Pte. Ltd held before the business combination at fair value. The gain is classified as Gain (loss) on disposal of associates and joint ventures in the income statement.

The purchase price allocation has been determined to be preliminary pending the final assessment of identifiable assets. The preliminary fair values of the identifiable assets and liabilities of the business as at the date of acquisition were:

(NOK in millions)	Preliminary fair values as of acquisition date
Brand name	324
Property, plant & equipment	11
Trade and other receivables	22
Cash and cash equivalents	49
Total assets	**406**
Deferred tax liability	78
Non-current liabilities	2
Current liabilities	46
Total liabilities	**127**
Net identifiable assets	279
Goodwill	2 172
Total consideration in cash for the shares	**1 753**
Fair value of the Groups equity interest in 701Search held before the business combination	698
Sum	**2 451**

The goodwill of NOK 2,172 million comprises of customer base, not qualifying as an identifiable intangible asset, and the businesses leading market positions in Malaysia and Vietnam.

Had 701Search Pte. Ltd been consolidated from 1 January 2017, revenue and profit before taxes for the Group would have been NOK 61,985 million and NOK 8,784 million, respectively. 701Search Pte. Ltd is included in the segment Other units.

Other business combinations

During the second quarter 2017, the Group acquired Network Services Nordic AB in Sweden for a cash consideration of NOK 112 million. A preliminary purchase price allocation has been performed, resulting in a recognised goodwill of NOK 89 million.

Note 4 – Associated companies and joint ventures

VEON

During the first half of 2017, the Group recognised its share of net income amounting to NOK 0.3 billion in the first quarter of 2017 and a reversal of impairment of NOK 284 million.

The share of other comprehensive income and equity adjustment was negative NOK 0.3 billion mainly related to VEON's translation differences reclassified to income statement upon completion of WIND Italy joint venture transaction.

On 7 April 2017, the Group disposed of a portion of its ownership in VEON corresponding to 70 million VEON ADSs or approximately 4% of the total share capital of VEON for a price of USD 3.70 per ADS after transaction costs, resulting in net proceeds to the Group of NOK 2.2 billion. After the disposal, Group's ownership of VEON was reduced from 23.7% to 19.7%.

Following the transaction, the Group lost its significant influence over VEON and is no longer recognising VEON as an associated company. Accordingly, the accumulated balance of currency losses previously recognised in other comprehensive income were reclassified to the income statement during the second quarter of 2017, amounting to a net loss after tax of NOK 7.5 billion. The reclassification effect did not impact the total equity of the Group.

As a consequence of loss of significant influence, the remaining 346.7 million VEON ADSs (19.7% shareholding in VEON) with a carrying amount of NOK 11.8 billion as of 7 April 2017 were classified as a financial investment, under the heading "Other non-current assets" in the statement of financial position. The carrying amount of VEON ADSs as of 30 June 2017 was NOK 11.4 billion. VEON ADSs are categorised as an "available for sale" investment at fair value. Gains and losses arising from changes in fair value are recognised in other comprehensive income to be reclassified to income statement upon disposal. During the second quarter of 2017, loss of NOK 0.4 billion was recognised in other comprehensive income.

SnT Classifieds

The Group had an ownership interest of 50% in SnT Classifieds which further owns 50% of the Latin American online classifieds joint ventures. On 11 May 2017, the Group entered into an agreement with Schibsted ASA to sell its ownership interest of 50% in SnT Classifieds for a cash consideration of NOK 4.3 billion. The carrying amount of the Group's 50% ownership interest before disposal was NOK 1.2 billion. The transaction was closed on 30 June 2017, and a gain of NOK 3.1 billion was recognised on the disposal after reclassification of accumulated currency losses of NOK 60 million from other comprehensive income to income statement.

701Search Pte. Ltd

The Group had an ownership interest of 33.3% in 701Search Pte Ltd. which owns online classified sites in Malaysia, Vietnam and Myanmar. On 11 May 2017, the Group entered into an agreement with Schibsted ASA and Singapore Press Holdings to acquire 66.7% ownership interest in Search Pte Ltd. for a cash consideration of NOK 1.7 billion. The carrying amount of the Group's 33.3% ownership interest in Search Pte Ltd. was NOK 347 million before this transaction. As a result of this, the Group re-measured its previously owned equity interest at an implied fair value arising from this transaction and recognised a gain of NOK 352 million.

Note 5 – Interest-bearing liabilities

Concurrently with the equity offering of the VEON ADSs on 15 September 2016, Telenor East Holding II AS, an indirectly wholly owned subsidiary of Telenor ASA ("Telenor"), placed USD 1,000 million aggregate principal amount of senior, unsecured bonds (the "Bonds") exchangeable into VEON ADSs. The Bonds have an expected maturity of 3 years and will pay a fixed coupon of 0.25% per annum, payable semi-annually. The exchangeable bond is in the statement of financial position split into an interest-bearing liability recognised at amortised cost and a financial derivative recognised at fair value. As of the placement date the carrying amount of the interest-bearing liability was NOK 7.9 billion (USD 956 million).

Each USD 200,000 bond is exchangeable for 43,205 VEON ADSs (adjusted for VEON dividend and subject to further adjustments), which represents an exchange price of approximately USD 4.63. The initial exchange price represented a 40% premium to the reference equity offering price of USD 3.50 per ADS. Underlying the exchangeable bonds are approximately 216 million VEON ADSs (subject to certain adjustments), corresponding to approximately 12.3% of VEON's total share capital.

Upon the maturity of the Bonds, the Issuer may redeem each USD 200,000 bond that has not been previously exchanged by paying cash, by transferring up to 64,808 ADSs (150% of 43,205 ADS underlying each bond) or by paying and transferring a mix of cash and ADSs, in each case with a market value of USD 200,000.

Additionally, Telenor may redeem the bonds at their USD 200,000 principal amount, together with accrued interest, for cash at any time on or after 12 October 2018 provided that the market value of the 43,205 VEON ADSs underlying each Bond is at least USD 260,000, effectively encouraging bondholders to exercise their exchange right and accelerating Telenor's divestment of its VEON ADSs.

Following these transactions and assuming that 100% of the VEON ADSs underlying the Bonds are delivered to bondholders at or before the Bond's maturity in September 2019, Telenor's residual stake in VEON would be 7.4% of VEON's total share capital, equal to 130.7 million ADSs as of 30 June 2017. The Bonds are listed on the Open Market (Freiverkehr) segment of Frankfurt stock exchange.

Fair value of interest-bearing liabilities recognised at amortised cost:

	30 June 2017	
NOK in millions	Carrying amount	Fair value
Interest-bearing liabilities	(78 006)	(80 949)
of which fair value level 1		(57 440)
of which fair value level 2		(23 509)

	31 December 2016	
NOK in millions	Carrying amount	Fair value
Interest-bearing liabilities	(86 361)	(90 160)
of which fair value level 1		(61 320)
of which fair value level 2		(28 840)

	30 June 2016	
NOK in millions	Carrying amount	Fair value
Interest-bearing liabilities	(81 091)	(86 031)
of which fair value level 1		(54 364)
of which fair value level 2		(31 667)

Note 6 – Fair value of financial instruments

Financial derivatives are recognised at fair value based on observable market data (level 2). See note 29 in the Annual Report 2016 for valuation methodologies. The financial derivatives are classified in the consolidated statement of financial position as disclosed in the table:

(NOK in millions)	30 June 2017	31 December 2016	30 June 2016
Other non-current assets	2 087	2 951	3 115
Other current financial assets	559	725	556
Non-current non-interest-bearing liabilities	(1 453)	(3 224)	(2 641)
Non-current interest-bearing liabilities	-	(26)	-
Current non-interest-bearing liabilities	(2 218)	(1 843)	(720)
Current interest-bearing liabilities	(12)	-	-
Total	**(1 037)**	**(1 417)**	**310**

Note 7 – Legal disputes

Telenor Norway

The Norwegian Competition Authority (NCA) and EFTA Surveillance Authority (ESA) carried out an inspection of Telenor Norge AS on 4-13 December 2012 based on suspected abuse of dominant position and/or anti-competitive collaboration concerning Telenor Norway's mobile operation. On 23 November 2016, Norwegian Competition Authority sent a Statement of Objection setting out its preliminary assessment of Telenor's behaviour in the mobile market; NCA is considering imposing a fine of NOK 906 million against Telenor for an alleged breach of competition law. Telenor submitted its response to the NCA on 7 April 2017 in which it contests the allegations of having breached the competition law.

Telenor Sweden

On 25 April, the European Commission has initiated an investigation on the premises of Telenor Sverige in Stockholm regarding possible abuse of a collective dominant market position and/or possible anti-competitive practices between mobile network operators in Sweden. Similar investigations were simultaneously initiated towards other Swedish mobile network operators.

Telenor Pakistan

China Mobile Pak Ltd (with its brand name Zong) has filed a petition before the Islamabad High Court, whereby it challenges the legality of the Telecommunication Policy 2015 ("Policy") and the Policy Directive ("Directive") dated 26 April 2016, pursuant to which Telenor Pakistan has been granted the 4G License in 850 MHz spectrum. The primary ground on which the petition has been filed is that, based on the Supreme Court's decision in a separate matter, allegedly the Policy and the Directive did not receive the sanction of the Federal Government, as constituted by the Prime Minister and the Federal Cabinet. Therefore, it is claimed by Zong that the Directive was not validly issued and therefore all decisions taken under the authority of the Directive have no legal effect. Telenor Pakistan was initially not a party to this case, but has now joined the proceedings since it is the beneficiary of the decisions taken under the Policy and the Directive. Telenor Pakistan has followed the spectrum auction process in a transparent manner and any decision by the Court against the Policy/Directive would be on account of procedural error by the Government of Pakistan and such a decision would be vigorously appealed by Telenor Pakistan.

Grameenphone – Bangladesh

SIM tax on replacement SIM cards case as referred in the Annual Report 2016 note 33 for the period July 2007 to December 2011. In July 2017 LTU-VAT issued a show-cause notice to Grameenphone relating to SIM tax on replacement SIMs, for the period July 2012 – June 2015. To the extent this Show Cause Notice could lead to a final Tax Demand, the total demand for the period from July 2007 to December 2011 and July 2012 to June 2015 may be up to NOK 1.5 billion, without interests. GP is preparing next course of action on the notice.

Note 8 – Events after the reporting period

Digi – Malaysia

On 12 July 2017, the Board of Directors of Digi declared the second interim dividend for 2017 of MYR 0.046 per share, which corresponds to approximately NOK 0.7 billion total dividend and approximately NOK 0.34 billion for Telenor ownership share.

Grameenphone – Bangladesh

On 12 July 2017, the Board of Directors of Grameenphone Ltd. declared interim dividend for 2017 of BDT 10.5 per share which corresponds to approximately NOK 1.5 billion total dividend and approximately NOK 0.8 billion for Telenor ownership share.

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

Financial information related to Telenor Banka, previously reported as part of Telenor Montenegro and Serbia and Telenor Microfinance Bank including Easypaisa, previously reported as part of Telenor Pakistan is now reported as part of Other units. The segment information for 2016 has been restated to reflect this.

Daxcom AB, previously reported as part of Telenor Norway is now reported as part of Telenor Sweden. Daxcom AB delivers customer specific solutions in Sweden. The segment information for 2016 has been restated to reflect this.

Telenor Cloud Services AS, previously reported as part of Other units is now reported as part of Telenor Norway. Telenor Cloud Services AS delivers internet-based services like webhosting, office tools (Office 365), messaging and communication solutions. The segment information for 2016 has been restated to reflect this.

Telenor IT Partner A/S (TIP), previously reported as part of other units is now reported as part of Telenor Denmark. TIP developed the new business support system, now used by Telenor Denmark. The segment information for 2016 has been restated to reflect this.

The operations

Second quarter

	Total revenues			of which internal		EBITDA before other income and other expenses[1]			
(NOK in millions)	2017	2016 Restated	Growth	2017	2016 Restated	2017	Margin	2016 Restated	Margin
Norway	6 464	6 487	(0.3%)	91	87	2 843	44.0%	2 631	40.6%
Sweden	3 139	3 093	1.5%	14	21	1 009	32.1%	990	32.0%
Denmark	1 288	1 241	3.8%	20	31	234	18.1%	136	10.9%
Hungary	1 149	1 101	4.3%	12	13	398	34.6%	332	30.2%
Bulgaria	780	768	1.7%	14	10	302	38.7%	295	38.5%
Montenegro & Serbia	955	961	(0.6%)	44	41	364	38.1%	360	37.5%
dtac - Thailand	4 818	4 629	4.1%	22	18	1 972	40.9%	1 541	33.3%
Digi - Malaysia	3 049	3 411	(10.6%)	7	7	1 408	46.2%	1 541	45.2%
Grameenphone - Bangladesh	3 432	2 965	15.8%	-	-	2 102	61.2%	1 609	54.3%
Pakistan	2 113	1 896	11.4%	33	20	1 017	48.1%	867	45.7%
Myanmar	1 734	1 802	(3.8%)	59	68	836	48.2%	827	45.9%
Broadcast	1 547	1 561	(0.9%)	61	40	529	34.2%	512	32.8%
Other units	2 268	2 229	1.8%	884	864	(289)	nm	(262)	nm
Eliminations	(1 269)	(1 219)	-	(1 262)	(1 219)	(4)	-	-	-
Group	**31 470**	**30 926**	**1.8%**	**-**	**-**	**12 719**	**40.4%**	**11 381**	**36.8%**

First half year

	Total revenues			of which internal		EBITDA before other income and other expenses[1]			
(NOK in millions)	2017	2016 Restated	Growth	2017	2016 Restated	2017	Margin	2016 Restated	Margin
Norway	12 694	12 818	(1.0%)	168	164	5 418	42.7%	5 397	42.1%
Sweden	6 195	6 215	(0.3%)	25	36	1 929	31.1%	1 884	30.3%
Denmark	2 537	2 496	1.7%	40	58	456	18.0%	292	11.7%
Hungary	2 202	2 218	(0.7%)	22	27	746	33.9%	686	30.9%
Bulgaria	1 512	1 525	(0.8%)	25	15	581	38.4%	582	38.1%
Montenegro & Serbia	1 809	1 901	(4.9%)	83	83	664	36.7%	677	35.6%
dtac - Thailand	9 569	9 890	(3.2%)	51	45	3 629	37.9%	3 320	33.6%
Digi - Malaysia	6 037	6 816	(11.4%)	12	8	2 762	45.7%	2 973	43.6%
Grameenphone - Bangladesh	6 709	6 010	11.6%	-	-	4 005	59.7%	3 293	54.8%
Pakistan	4 141	3 789	9.3%	61	41	2 005	48.4%	1 676	44.2%
Myanmar	3 484	3 525	(1.2%)	127	130	1 582	45.4%	1 546	43.9%
Broadcast	3 035	3 326	(8.7%)	113	80	990	32.6%	1 244	37.4%
Other units	4 520	4 277	5.7%	1 778	1 699	(576)	(12.7%)	(560)	(13.1%)
Eliminations	(2 518)	(2 386)	-	(2 506)	(2 386)	(8)	-	-	-
Group	**61 927**	**62 420**	**(0.8%)**	**-**	**-**	**24 181**	**39.0%**	**23 010**	**36.9%**

[1] The segment profit is EBITDA before other income and other expenses.

[2] Investments consist of capex and investments in businesses.

Reconciliation

	Second quarter		First half year		Year
(NOK in millions)	2017	2016	2017	2016	2016
EBITDA	**13 000**	**11 084**	**24 283**	**22 573**	**45 049**
Other income	510	16	585	25	528
Other expenses	(230)	(313)	(483)	(462)	(1 446)
EBITDA before other income and other expenses	**12 719**	**11 381**	**24 181**	**23 010**	**45 966**

EBITDA				Operating profit (loss)				Investments[2]	
2017	Margin	2016 Restated	Margin	2017	Margin	2016 Restated	Margin	2017	2016 Restated
2 922	45.2%	2 593	40.0%	1 957	30.3%	1 679	25.9%	1 568	1 284
999	31.8%	989	32.0%	651	20.7%	587	19.0%	538	336
224	17.4%	125	10.1%	135	10.5%	25	2.0%	304	147
382	33.3%	330	29.9%	265	23.0%	173	15.7%	62	77
290	37.1%	294	38.3%	150	19.3%	150	19.6%	54	86
361	37.8%	359	37.4%	223	23.3%	236	24.6%	84	95
1 940	40.3%	1 431	30.9%	383	8.0%	174	3.7%	1 022	1 003
1 408	46.2%	1 541	45.2%	1 027	33.7%	1 245	36.5%	455	344
2 100	61.2%	1 507	50.8%	1 475	43.0%	948	32.0%	343	462
1 013	48.0%	868	45.8%	636	30.1%	596	31.4%	298	3 671
804	46.4%	827	45.9%	544	31.4%	614	34.1%	732	766
876	56.6%	499	31.9%	709	45.9%	323	20.7%	95	93
(331)	nm	(280)	nm	(884)	nm	(447)	nm	1 992	436
9	-	-	-	9	-	1	-	(13)	-
13 000	**41.3%**	**11 084**	**35.8%**	**7 282**	**23.1%**	**6 304**	**20.4%**	**7 534**	**8 801**

EBITDA				Operating profit (loss)				Investments[2]	
2017	Margin	2016 Restated	Margin	2017	Margin	2016 Restated	Margin	2017	2016 Restated
5 357	42.2%	5 282	41.2%	3 430	27.0%	3 446	26.9%	2 723	2 192
1 907	30.8%	1 882	30.3%	1 213	19.6%	1 066	17.1%	845	672
436	17.2%	273	11.0%	263	10.4%	70	2.8%	412	380
704	32.0%	681	30.7%	471	21.4%	362	16.3%	102	123
550	36.4%	581	38.1%	277	18.3%	288	18.9%	78	119
661	36.5%	677	35.6%	396	21.9%	430	22.6%	152	166
3 594	37.6%	3 172	32.1%	576	6.0%	689	7.0%	2 098	2 142
2 762	45.7%	2 973	43.6%	2 047	33.9%	2 356	34.6%	823	696
3 986	59.4%	3 190	53.1%	2 759	41.1%	2 072	34.5%	822	1 466
1 998	48.3%	1 673	44.2%	1 251	30.2%	1 110	29.3%	699	3 977
1 552	44.6%	1 545	43.8%	1 046	30.0%	1 142	32.4%	1 002	1 331
1 320	43.5%	1 229	37.0%	983	32.4%	764	23.0%	189	189
(550)	nm	(585)	nm	(1 260)	nm	(893)	nm	2 216	3 654
6	-	-	-	7	-	2	-	(13)	-
24 283	**39.2%**	**22 573**	**36.2%**	**13 457**	**21.7%**	**12 903**	**20.7%**	**12 151**	**17 108**

Responsibility statement

We confirm that, to the best of our knowledge, the condensed consolidated interim financial statements for the first half of 2017, which have been prepared in accordance with IFRS as adopted by EU and IAS 34 Interim Financial Reporting, give a true and fair view of the Company's consolidated assets, liabilities, financial position and results of operations. To the best of our knowledge, the interim report for the first half of 2017 includes a fair review of important events that have occurred during the period and their impact on the condensed financial statements, the principal risks and uncertainties for the remaining half of 2017, and major related party transactions.

Fornebu, 14 July 2017

Gunn Wærsted
Chair

Jørgen Kildahl
Deputy Chair

Jon Erik Reinhardsen
Board member

Jacob Aqraou
Board member

Grethe Viksaas
Board member

Sally Davis
Board member

Sabah Qayyum
Board member

Roger Rønning
Board member

Harald Stavn
Board member

Sigve Brekke
President & CEO

Definitions

Alternative performance measures

Telenor Group's financial information is prepared in accordance with international financial reporting standards (IFRS). In addition it is management's intent to provide alternative performance measures that are regularly reviewed by management to enhance the understanding of Telenor's performance, but not instead of, the financial statements prepared in accordance with IFRS. The alternative performance measures presented may be determined or calculated differently by other companies.

Organic revenue growth

Organic revenue is defined as revenue adjusted for the effects of acquisition and disposal of operations and currency effects. We believe that the measure provides useful and necessary information to investors and other related parties for the following reasons:

- it provides additional information on underlying growth of the business without the effect of certain factors unrelated to its operating performance;
- it is used for internal performance analysis; and
- it facilitates comparability of underlying growth with other companies (although the term "organic" is not a defined term under IFRS and may not, therefore, be comparable with similarly titled measures reported by other companies).

(NOK in millions)	Change second quarter 2017	Change YoY	Change second quarter 2016	Change YoY	Change first half year 2017	Change YoY
Reported revenue growth	543	1.8%	881	2.9%	(492)	(0.8%)
Impact using exchange rates for 2017	98		(709)		1 222	
M&A	5		(160)		8	
Organic revenue growth	**646**	**2.1%**	**12**	**0.0%**	**738**	**1.2%**

Operating expenditures (opex)

Operating expenditure (opex) is a key financial parameter for Telenor and is derived directly from the income statement, consisting of salaries and personnel cost and other operating expenses. Telenor's continuously effort to improve efficiencies makes opex a key financial parameter to follow. It is also used for internal performance analysis.

	Second quarter		First half year		Year
(NOK in millions)	2017	2016	2017	2016	2016
Salaries and personnel cost	(3 173)	(3 317)	(6 477)	(6 585)	(12 690)
Other operating expenditure	(8 047)	(8 480)	(16 169)	(17 034)	(34 192)
Operating expenditure	**(11 220)**	**(11 797)**	**(22 646)**	**(23 619)**	**(46 882)**

EBITDA before other income and other expenses

Earnings before interest, tax, depreciations and amortisations (EBITDA) is a key financial parameter for Telenor. EBITDA before other income and other expenses is defined as EBITDA less gains and losses on disposals of fixed assets and operations, workforce reductions, onerous contracts and one-time pension costs, and is reconciled in the section Group overview. This measure is useful to users of Telenor's financial information in evaluating operating profitability on a more variable cost basis as it excludes depreciations and amortisation expense related primarily to capital expenditures and acquisitions that occurred in the past, non-recurring items, as well as evaluating operating performance in relation to Telenor's competitors.

The EBITDA margin presented is defined as EBITDA before other income and other expenses divided by total revenues.

Organic EBITDA growth

Organic EBITDA growth is defined as EBITDA (before other income and other expenses) adjusted for the effects of acquisition and disposal of operations and currency effects. We believe that the measure provides useful and necessary information to investors, and other related parties for the following reasons:

- it provides additional information on underlying growth of the business without the effect of certain factors unrelated to its operating performance;
- it is used for internal performance analysis.

(NOK in millions)	Change second quarter 2017	Change YoY	Change second quarter 2016	Change YoY	Change first half year 2017	Change YoY
Reported EBITDA growth	1 338	11.8%	720	6.8%	1 171	5.1%
Impact using exchange rates for 2017	69		(195)		51	
M&A	7		50		480	
Organic EBITDA growth	**1 415**	**12.6%**	**575**	**5.2%**	**1 702**	**7.6%**

Capital expenditures

Capital expenditures (capex) are investments in tangible and intangible assets, excluding business combinations and asset retirement obligations. Capex is a measure of investments made in the operations in the relevant period and is useful to users of Telenor's financial information in evaluating the capital intensity of the operations. Capex is deemed to better gauge the actual investments committed in the period than in the purchases of property, plant and equipment (PPE) and intangible assets in the cash flow statement.

	Second quarter		First half year		Year
(NOK in millions)	2017	2016	2017	2016	2016
Purchases of PPE and intangible assets (cash flow statement)	4 503	6 685	5 377	6 223	23 727
Working capital movement in respect of capital expenditure	1 079	1 957	(894)	(616)	2 500
Less:					
Asset retirement obligations	48	(25)	37	(29)	32
Discontinued operations	14	(203)	13	(409)	(917)
Capital expenditures	**5 644**	**8 413**	**4 533**	**5 169**	**25 342**
Licence and spectrum fee - capitalised	(1 252)	(3 365)	-	(32)	(3 502)
Capital expenditures excluding licence and spectrum fee	**4 392**	**5 049**	**4 533**	**5 138**	**21 840**
Revenue	31 470	30 926	30 458	31 494	125 395
Capex excl. Licences and spectrum/Revenues (%)	**14.0%**	**16.3%**	**14.9%**	**16.3%**	**17.4%**

Investments in businesses (business combinations)

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

Net interest-bearing debt excluding licence obligations (Net debt)

Net debt consists of both current and non-current interest-bearing liabilities, excluding licence obligations, less related current and non-current hedging instruments, financial instruments, such as debt instruments and derivatives, and cash and cash equivalents.

Net debt is a measure of the Group's net indebtedness that provides an indicator of the overall balance sheet strength. It is also a single measure that can be used to assess both the Group's cash position and its indebtedness. The use of the term 'net debt' does not necessarily mean that the cash included in the net debt calculation is available to settle the liabilities included in this measure.

Net debt is considered to be an alternative performance measure as it is not defined in IFRS. The most directly comparable IFRS measure is the aggregate interest-bearing liabilities (both current and non-current) and cash and cash equivalents. A reconciliation from these to net debt is provided below.

(NOK in millions)	30 June 2017	31 December 2016	30 June 2016
Non-current interest-bearing liabilities	51 380	60 391	57 913
Current interest-bearing liabilities	26 626	25 970	23 178
Less:			
Cash and cash equivalents	(20 635)	(23 085)	(13 327)
Adjustments:			
Licence obligations	(2 788)	(4 884)	(5 052)
Hedging instruments	(1 653)	(2 329)	(2 650)
Financial instruments	(1 033)	(1 683)	(1 094)
Net interest-bearing debt excluding licence obligations	**51 896**	**54 381**	**58 969**

Free cash flow

Free cash flow is defined as net cash flow from operating activities plus net cash flow from investing activities, less dividends paid to and purchases of shares from non-controlling interest, payments in Supply Chain Financing programmes (classified as repayments of borrowings) and payments on interest-bearing licence obligations.

Free cash flow is a useful measure of Telenor's liquidity and ability to generate cash through operations.

Reconciliation

	Second quarter		First half year		Year
(NOK in millions)	2017	2016	2017	2016	2016
Net cash flows from operating activities	11 601	8 880	20 765	20 096	39 778
Net cash flows from investing activities	440	(6 387)	(4 932)	(15 759)	(21 105)
Repayments of borrowings - licence obligations	(292)	(238)	(441)	(1 194)	(1 562)
Repayments of borrowings - supply chain financing	(877)	(810)	(2 010)	(1 773)	(3 672)
Dividends paid to and purchase of shares from non-controlling interest	(926)	(949)	(1 269)	(1 643)	(3 139)
Free cash flow	**9 946**	**497**	**12 113**	**(272)**	**10 300**

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 or until there has been no revenues or outgoing/incoming traffic during the last three months. 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/multi SIM cards are excluded. Total subscriptions are voice SIM cards plus data only SIM cards used for mobile broadband.

Active mobile internet users

Active mobile internet users are subscriptions with at least 150 KB of data during the last three months.

Average traffic minutes per subscription per month (AMPU)

Traffic minutes per subscription per month are calculated based on total outgoing and incoming rated minutes from the company's own subscriptions less data only 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, traffic charges and connection fees for xDSL, cable and fibre, in addition to revenues from TV services. High speed fixed internet include fibre, cable and VDSL.

Data services

Consist of Nordic Connect/IP-VPN and security.

Other

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

Wholesale

Consist of sale to service providers of telephony (PSTN/ISDN), Bitstream, LLUB, national and international interconnect, transit traffic, leased lines and other wholesale products.

Key Figures

Subscriptions

Telephony consist of PSTN, ISDN and VoIP subscriptions. Internet consists of broadband access over xDSL, fibre and cable. 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

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.

telenor group

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