Q1 / 2012

Interim report
January–March 2012

Contents

Maintaining growth momentum

Highlights first quarter 2012

- Organic revenue growth of 8% [1]
- EBITDA margin of 31%
- Operating cash flow of NOK 5.3 billion [2]
- Earnings per share of NOK 0.37

Jon Fredrik Baksaas
President & CEO

"I am pleased to present another quarter with strong operational performance by the Telenor Group. We are maintaining the growth momentum from 2011 with organic revenue growth of 8%, margins in line with last year and improved operating cash flow. During the quarter, more than five million new customers connected to Telenor.

The revenue growth is fuelled by strong growth in our Asian operations where customer growth continues and the demand for data services is increasing rapidly. I am delighted to see that Telenor Pakistan delivered an outstanding quarter on all financial parameters clearly demonstrating this organisation's strive for continuous improvement.

In Norway, we are starting to see positive effects from the market activities in the previous quarter with migration to new bundled mobile tariffs. The introduction of pricing that reflects the change towards data usage, and investments in better network capabilities, will enable us to further pursue mobile data opportunities. Reduced demand for fixed line services requires continued efficiency measures. We are in the midst of launching new operating models in the Nordic region and have recently entered into agreements for network sharing and a partnership for customer service in Denmark.

Uninor in India continues to demonstrate operating performance on track towards communicated targets. The strong customer uptake continues, and by the end of March, more than 30 million customers were connected to Uninor's network. We are impressed by the Uninor employees' ability to deliver at this level under the present circumstances. The recent recommendation from the regulator on spectrum auction, following the Supreme Court's ruling to revoke all licences issued in 2008, has severe negative impact on both the telecom industry in India and Uninor. If this should be approved by the Department of Telecommunications, it will be almost impossible for us to participate in the auction. We are working actively to safeguard our investment and urge the Government of India to clarify a sound framework for the industry.

In February, Telenor acquired 234 million preferred shares in VimpelCom Ltd. from Weather Investments. In April, another 65 million common shares were acquired. The transactions brought Telenor's ownership position back to the level prior to the Wind Telecom transaction. The first transaction has been challenged by Russian authorities. We are confident that we have fully complied with applicable laws and regulations.

Based on the high uncertainty in India, we are currently providing financial guidance for 2012 for the Group not including Uninor. On a comparable basis, the positive outlook is maintained."

Key figures Telenor Group

	First quarter		Year
(NOK in millions except earnings per share)	2012	2011	2011
Revenues	25 119	24 092	98 516
EBITDA before other income and expenses	7 739	7 359	30 526
EBITDA before other income and expenses/Revenues (%)	30.8	30.5	31.0
Adjusted operating profit [3]	4 003	3 654	15 217
Adjusted operating profit/Revenues (%)	15.9	15.2	15.4
Profit after taxes and non-controlling interests	583	2 793	7 165
Earnings per share from total operations, basic, in NOK	0.37	1.71	4.45
Capex	2 682	2 610	11 907
Capex excl. licences and spectrum	2 487	2 403	11 441
Capex excl. licences and spectrum/Revenues (%)	9.9	10.0	11.6
Operating cash flow [2]	5 252	4 956	19 085
Net interest-bearing liabilities	19 336	15 088	18 222

Extract from outlook for 2012

Based on the current group structure not including Uninor and with currency rates as of 31 March 2012, Telenor expects organic revenue [1] growth above 4%. The EBITDA margin before other income and expenses is expected to be in the range of 35–36%, while capital expenditure as a proportion of revenues, excluding licences and spectrum, is expected to be in the range of 10–12%.

Please refer to page 10 for the full outlook for 2012, and page 16 for definitions.

[1] Organic revenue is defined as revenue adjusted for the effects of acquisition and disposal of operations and currency effects.
[2] Operating cash flow is defined as EBITDA before other income and expenses – Capex, excluding licences and spectrum.
[3] Adjusted operating profit is defined as Operating profit less other income and expenses and impairment losses.

Interim report

Telenor's operations

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

Nordic

Norway

	First quarter		Year
(NOK in millions)	2012	2011	2011
Revenues mobile operation			
Subscription and traffic	2 418	2 400	9 623
Interconnect revenues	271	265	1 074
Other mobile revenues	331	311	1 318
Non-mobile revenues	238	232	887
Total revenues mobile operation	**3 258**	**3 209**	**12 903**
Revenues fixed operation			
Telephony	802	902	3 433
Internet and TV	1 177	1 169	4 735
Data services	126	136	529
Other fixed revenues	351	314	1 372
Total retail revenues	**2 456**	**2 521**	**10 069**
Wholesale revenues	507	563	2 192
Total revenues fixed operation	**2 964**	**3 084**	**12 262**
Total revenues	**6 222**	**6 293**	**25 165**
EBITDA before other items	2 442	2 609	9 973
Operating profit	**1 722**	**1 834**	**6 295**
EBITDA before other items/Total revenues (%)	39.3	41.5	39.6
Capex	975	845	3 718
Investments in businesses	-	18	40
Mobile ARPU – monthly (NOK)	285	291	290
Fixed Telephony ARPU	266	275	270
Fixed Internet ARPU	306	313	313
TV ARPU	241	230	240
No. of subscriptions – Change in quarter/Total (in thousands):			
Mobile	6	(18)	3 146
Fixed telephony	(24)	(25)	1 016
Fixed Internet	1	3	860
TV	4	14	504

From 2012, Telenor Global Services AS is moved from Telenor Norway to Other units. IP-VPN subscriptions are excluded from fixed Internet subscriptions. Historical figures have been reclassified accordingly.

- The number of total mobile subscriptions increased by 6,000 due to growth in mobile broadband subscriptions. At the end of the first quarter, the mobile subscription base was 3.5% higher compared to the same quarter last year.
- Mobile ARPU remained stable adjusted for the temporary effects from the campaign offers in the fourth quarter 2011. Domestic price pressure in the business segment was partly offset by increased data revenues.
- Total revenues decreased by 1%.
- Mobile revenues increased by 2% as a result of growth in the subscription base, partly offset by reduced ARPU.
- Fixed revenues decreased by 4%. Reduced number of telephony subscriptions combined with lower ARPU and lower wholesale revenues were partly offset by an increase in Other fixed, Internet and TV revenues.
- The EBITDA margin decreased by 2 percentage points mainly due to reduction in fixed revenues, the temporary ARPU effect from the mobile campaigns in the fourth quarter and increased operation and maintenance costs due to unfavourable weather conditions and storms at the end of the fourth quarter last year.
- Capital expenditure increased due to investments in mobile coverage, capacity, fibre and TV.

Sweden

	First quarter		Year
(NOK in millions)	2012	2011	2011
Revenues mobile operation			
Subscription and traffic	1 277	1 279	5 085
Interconnect revenues	172	185	729
Other mobile revenues	82	75	331
Non-mobile revenues	394	275	1 509
Total revenues mobile operation	**1 924**	**1 814**	**7 654**
Revenues fixed operation	**621**	**694**	**2 652**
Total revenues	**2 545**	**2 508**	**10 307**
EBITDA before other items	626	652	2 497
Operating profit (loss)	**339**	**193**	**840**
EBITDA before other items/Total revenues (%)	24.6	26.0	24.8
Capex	243	492	1 487
Mobile ARPU – monthly (NOK)	216	237	229
No. of subscriptions – Change in quarter/Total (in thousands):			
Mobile	33	13	2 214
Fixed telephony	(5)	(6)	354
Fixed Internet	(4)	(2)	509
TV	5	4	257
Exchange rate	0.8570	0.8827	0.8631

On 1 January 2012, Canal Digital's Swedish cable TV business was acquired by Telenor Sweden. Historical figures have been reclassified accordingly. Please see note 5 for details.

- The number of mobile subscriptions increased by 33,000 during the quarter, reflecting the strong growth in consumer voice subscriptions despite high competitive pressure. At the end of the quarter the subscription base was 8% higher than at the end of the first quarter last year.
- Mobile ARPU in local currency decreased by 6% of which 3 percentage points were due to reduced roaming charges and interconnect rates. Reduced subscription fees were partly offset by increased data usage.
- Total revenues in local currency increased by 5%. Mobile revenues in local currency increased by 9% primarily due to higher handsets revenues. Subscription and traffic revenues increased by 3% in local currency as the effect from a larger subscription base was partly offset by reduced ARPU.
- Fixed revenues in local currency decreased by 8% driven by the reduced number of telephony and broadband subscriptions combined with lower telephony ARPU.
- The EBITDA margin decreased by 1 percentage point due to a rise in handset sales with low margin together with increased sales costs due to higher sales volumes. EBITDA in local currency decreased by 1%.
- Capital expenditure excluding spectrum licence fee in the first quarter of 2012 was on the same level as last year.

Denmark

	First quarter		Year
(NOK in millions)	2012	2011	2011
Revenues mobile operation			
Subscription and traffic	745	884	3 411
Interconnect revenues	188	253	900
Other mobile revenues	53	161	569
Non-mobile revenues	285	176	1 057
Total revenues mobile operation	**1 270**	**1 473**	**5 936**
Revenues fixed operation	**231**	**276**	**1 056**
Total revenues	**1 501**	**1 749**	**6 992**
EBITDA before other items	296	429	1 782
Operating profit	**57**	**199**	**814**
EBITDA before other items/Total revenues (%)	19.7	24.5	25.5
Capex	136	199	655
Investments in businesses	-	-	24
Mobile ARPU – monthly (NOK)	156	189	180
No. of subscriptions – Change in quarter/Total (in thousands):			
Mobile	(21)	(33)	2 007
Fixed telephony	(9)	(8)	183
Fixed Internet	(14)	(4)	218
Exchange rate	1.0204	1.0495	1.0459

- The number of mobile subscriptions decreased by 21,000 during the quarter, mainly as a result of churn on inactive prepaid cards and the loss of a major corporate customer. The total mobile subscription base remained stable compared to the same period last year.
- Mobile ARPU in local currency decreased by 15% of which half was due to interconnect regulations with effect from May and August 2011 as well as from March 2012. In addition, the new product portfolio launched last year effectively reduced ARPU through more attractive offerings while reducing handset subsidies.
- Total revenues in local currency decreased by 12%.
- Mobile revenues decreased by 11% due to reduced ARPU and lower wholesale revenues, partly offset by higher handset sales. Subscription and traffic revenues fell 13% in local currency.
- Fixed revenues in local currency decreased by 14% driven by a declining fixed telephony subscription base and continuous price pressure in the fixed broadband market.
- The EBITDA margin declined by 5 percentage points mainly due to increase in handset sales with low margin together with reduced fixed and mobile retail in addition to mobile wholesale revenues.
- Capital expenditure in local currency decreased primarily due to 900 MHz rollout running in the first quarter of 2011, together with postponed rollout this quarter awaiting the network cooperation with Telia.
- Telenor Denmark has finalised the agreement with Telia regarding network sharing for all three mobile technologies: 4G (LTE), 3G and 2G. This is an important step towards improved network quality and reduced network costs.
- In March, Telenor Denmark announced the intention to outsource the customer service function aiming to improve customer service as well as increase the focus on core business.
- On 1 March 2012, the interconnect rates were reduced from DKK 0.33 to DKK 0.22 per minute.

Central and Eastern Europe

Hungary

(NOK in millions)	First quarter 2012	First quarter 2011	Year 2011
Revenues			
Subscription and traffic	746	806	3 347
Interconnect revenues	153	193	789
Other mobile revenues	20	25	95
Non-mobile revenues	46	54	258
Total revenues	**964**	**1 078**	**4 488**
EBITDA before other items	351	377	1 537
Operating profit	**238**	**178**	**741**
EBITDA before other items/Total revenues (%)	36.4	35.0	34.2
Capex	262	61	426
No. of subscriptions – Change in quarter/			
Total (in thousands):	(60)	(40)	3 370
ARPU – monthly (NOK)	90	97	102
Exchange rate	0.0256	0.0287	0.0280

- The number of subscriptions decreased by 60,000 during the quarter, mainly due to churn from Christmas campaigns. At the end of the quarter, the subscription base was 2% lower than at the end of first quarter 2011.
- ARPU in local currency increased by 3% following increased voice and data usage partly offset by reduced interconnect rates from 1 January 2012. Excluding the change in interconnect rates, ARPU increased by 5%.
- Revenues in local currency remained unchanged as the increase in ARPU was offset by a lower subscription base.
- The EBITDA margin increased by 1 percentage point mainly due to reduced interconnect costs and lower sales and marketing costs. In this quarter, NOK 58 million were recognised for the telecommunication tax. Adjusted for the telecommunication tax, the EBITDA margin was 42%, an increase of 1% from last year.
- Operating profit was affected by NOK 26 million in accelerated depreciation related to the network modernisation.
- The increase in capital expenditure was mainly due to NOK 186 million paid for the 1.8 MHz awarded in the GSM 900 frequency auction in January. The network modernisation programme was finalised in the quarter.
- In April 2012, the Hungarian Government presented plans for a new telecom sales tax to be charged to the consumers through the telecom operators, starting from 1 July 2012. The details of the new tax are not yet decided. The current telecom tax levied on the telecom operators continues to apply until the end of 2012.
- On 1 January 2012, the interconnect rates were reduced from HUF 11.86 to HUF 9.46.

Serbia

(NOK in millions)	First quarter 2012	First quarter 2011	Year 2011
Revenues			
Subscription and traffic	453	460	2 022
Interconnect revenues	141	132	601
Other mobile revenues	28	36	144
Non-mobile revenues	35	29	143
Total revenues	**656**	**657**	**2 911**
EBITDA before other items	257	278	1 214
Operating profit	**169**	**145**	**623**
EBITDA before other items/Total revenues (%)	39.1	42.3	41.7
Capex	46	89	391
No. of subscriptions – Change in quarter/			
Total (in thousands):	(27)	52	3 137
ARPU – monthly (NOK)	63	65	71
Exchange rate	0.0702	0.0753	0.0764

- The number of subscriptions decreased by 27,000 during the quarter as high uptake of contract subscribers did not compensate for churn in the prepaid segment. At the end of the quarter the subscription base was 2% higher than at the end of the first quarter last year.
- ARPU in local currency increased by 4% due to increased subscription fees and higher usage.
- Revenues in local currency increased by 7% following higher ARPU and a larger subscription base in addition to higher handset sales, partly offset by lower inbound roaming revenues.
- The EBITDA margin decreased by 3 percentage points compared to last year mainly due to increased handset sales with low margin following prepaid to contract migration.
- Capital expenditures were lower than last year mainly due to network modernisation which was completed this quarter.

Montenegro

(NOK in millions)	First quarter 2012	First quarter 2011	Year 2011
Revenues	120	133	627
EBITDA before other items	43	50	283
Operating profit	**29**	**36**	**235**
EBITDA before other items/Total revenues (%)	35.8	37.3	45.1
Capex	18	15	23
No. of subscriptions – Change in quarter/			
Total (in thousands):	(60)	(45)	461
Exchange rate	7.5868	7.8236	7.7926

- The number of subscriptions decreased by 60,000 in the quarter mainly due to prepaid subscriptions cards being deactivated as part of the prepaid registration requirements. At the end of the quarter, the subscription base was 5% lower than at the end of the first quarter last year.
- ARPU in local currency decreased 2% driven by reduced interconnection revenues combined with a challenging macroeconomic environment, partly offset by deactivation of low ARPU subscriptions
- Revenues in local currency decreased by 7% mainly due to reduced ARPU.
- The EBITDA margin decreased slightly following reduced revenues and increased handset subsidies offset by lower operating expenditures.
- On 25 April 2012, the Montenegrin Government presented plans for a new tax of 1 Euro per month on mobile SIM cards effective from May. The new tax is scheduled to be approved by the Parliament in May.

Asia

DTAC – Thailand

(NOK in millions)	First quarter 2012	First quarter 2011	Year 2011
Revenues			
Subscription and traffic	2 785	2 549	10 237
Interconnect revenues	767	765	3 037
Other mobile revenues	60	83	264
Non-mobile revenues	595	295	1 047
Total revenues	**4 209**	**3 692**	**14 585**
EBITDA before other items	1 261	1 351	5 004
Operating profit	**855**	**966**	**3 430**
EBITDA before other items/Total revenues (%)	30.0	36.6	34.3
Capex	139	62	1 072
No. of subscriptions – Change in quarter/			
Total (in thousands):	217	725	23 217
ARPU – monthly (NOK)	51	50	49
Exchange rate	0.1867	0.1874	0.1838

- The number of subscriptions increased by 217,000 during the quarter and the subscription base was 5% higher than at the end of first quarter last year.
- ARPU in local currency increased by 2% due to increased data growth offsetting flattening voice usage.
- Total revenues in local currency increased by 14% driven by a larger subscription base and higher ARPU in addition to strong handset sales, the latter contributing with 7 percentage points of the total revenue increase.
- The EBITDA margin decreased by 7 percentage points, primarily due to increased revenue share costs and high sales of low margin handsets. The revenue share payable to the concession owner CAT increased from 25% to 30% in September 2011.
- Capital expenditure was mainly related to network capacity and 3G rollout. DTAC is in the midst of a major network modernisation programme and a rampup of 3G rollout, hence capital expenditures are expected to increase going forward.

DiGi – Malaysia

(NOK in millions)	First quarter 2012	First quarter 2011	Year 2011
Revenues			
Subscription and traffic	2 530	2 285	9 423
Interconnect revenues	203	185	752
Other mobile revenues	26	29	122
Non-mobile revenues	209	187	632
Total revenues	**2 968**	**2 687**	**10 929**
EBITDA before other items	1 391	1 220	5 063
Operating profit	**765**	**836**	**2 903**
EBITDA before other items/Total revenues (%)	46.9	45.4	46.3
Capex	222	154	1 116
No. of subscriptions – Change in quarter/			
Total (in thousands):	16	78	9 920
ARPU – monthly (NOK)	92	94	91
Exchange rate	1.8911	1.8782	1.8325

- The number of subscriptions increased by 16,000 during the quarter. At the end of the quarter, the subscription base was 12% higher than at the end of first quarter last year.
- ARPU in local currency declined by 2% as a result of growth in lower revenue generating segments and price pressure in the prepaid segment, partly offset by increased data usage.
- Total revenues in local currency increased by 10%, driven by an enlarged subscription base and higher take-up of handset bundled offerings more than offsetting the reduction ARPU.
- The EBITDA margin increased by 1 percentage point, following higher revenues and stable operating expenses.
- Operating profit was negatively affected by NOK 265 million in accelerated depreciations related to the ongoing network modernisation.
- Capital expenditure was related to the ongoing network modernisation and site rollout aimed at improving 3G capacity and coverage.

Grameenphone – Bangladesh

(NOK in millions)	First quarter 2011	First quarter 2010	Year 2010
Revenues			
Subscription and traffic	1 422	1 443	5 864
Interconnect revenues	162	160	655
Other mobile revenues	11	6	33
Non-mobile revenues	32	51	179
Total revenues	**1 627**	**1 659**	**6 730**
EBITDA before other items	898	791	3 595
Operating profit	**612**	**471**	**2 472**
EBITDA before other items/Total revenues (%)	55.2	47.7	53.4
Capex	260	165	977
No. of subscriptions – Change in quarter/			
Total (in thousands):	1 141	2 012	36 493
ARPU – monthly (NOK)	14	17	16
Exchange rate	0.0700	0.0802	0.0755

- The number of subscriptions increased by 1.1 million during the quarter, and the subscription base was 18% higher than at the end of first quarter last year.
- ARPU in local currency decreased by 6% due to dilution effect of subscription growth in low-ARPU segments.
- Revenues in local currency increased by 12% driven by subscription growth, partly offset by the decline in ARPU and reduced handset sales.
- The EBITDA margin increased by 8 percentage points mainly as a result of higher revenues, reduced low margin handset sales and lower SIM tax. EBITDA in local currency increased by 30%.
- Capital expenditure increased primarily from spending on voice capacity enhancement.
- Grameenphone is still waiting for the formal renewal of its 2G licence, as the VAT dispute is still ongoing. Grameenphone has filed a petition with the Appellate Division regarding rebate on the 15% VAT amount to Bangladesh Telecom Regulatory Commission as the proposed rebate mechanism is not workable under present VAT scheme.

Pakistan

	First quarter		Year
(NOK in millions)	2012	2011	2011
Revenues			
Subscription and traffic	1 058	945	3 924
Interconnect revenues	219	180	778
Other mobile revenues	5	4	22
Non-mobile revenues	105	49	294
Total revenues	**1 387**	**1 179**	**5 017**
EBITDA before other items	568	393	1 847
Operating profit (loss)	**(25)**	**88**	**455**
EBITDA before other items/Total revenues (%)	41.0	33.3	36.8
Capex	93	90	532
No. of subscriptions – Change in quarter/			
Total (in thousands):	1 218	1 061	28 131
ARPU – monthly (NOK)	15	15	15
Exchange rate	0.0639	0.0669	0.0649

- The number of subscriptions increased by 1.2 million during the quarter and the subscription base was 14% higher than at the end of first quarter last year.
- ARPU in local currency increased by 4%, resulting from increased usage levels following several successful on-net offerings.
- Total revenues in local currency increased by 23%, as a result of an increased subscription base and higher ARPU. Financial services contributed to 3 percentage points of the overall growth.
- The EBITDA margin increased by 8 percentage points mainly due to strong revenue growth, as well as a 3 percentage points improvement in gross margins from a larger proportion of on-net traffic and higher financial services revenues. EBITDA in local currency increased by 52%.
- Capital expenditure continued to be focused on network capacity investments to align with current subscription growth and traffic volumes.
- The previously announced 3G auction has been postponed by the Telecommunication Regulatory Authority of Pakistan. A date for the auction is still not finalised.

Uninor – India

	First quarter		Year
(NOK in millions)	2012	2011	2011
Revenues	1 009	548	3 019
EBITDA before other items	(622)	(1 019)	(3 414)
Operating profit (loss)	**(4 684)**	**(1 246)**	**(8 514)**
Capex	142	320	972
No. of subscriptions – Change in quarter/			
Total (in thousands):	3 170	5 184	28 326
ARPU – monthly (NOK)	11	12	12
Exchange rate	0.1152	0.1264	0.1203

*) Please note that the definition for active subscriptions in Uninor is more conservative than the Group definition on page 16, due to high churn in the Indian market. In Uninor, subscriptions are counted as active if there has been activity during the last 30 days.

- The number of subscriptions increased by 3.2 million during the quarter taking the total subscription base up to 31.5 million.
- From first quarter 2012, Uninor has changed the method for booking activation revenues which has negative effect on revenues and ARPU, but no effect on EBITDA.
- Underlying ARPU in local currency improved slightly from previous quarter.
- Total revenues in local currency increased by 8% compared to fourth quarter 2011 contributed by an increased subscription base. The underlying growth was 16%. Compared to the first quarter of 2011, revenues increased by 102%.
- Total EBITDA loss for the quarter was NOK 622 million. The EBITDA improvement was due to the increase in subscription base. Underlying EBITDA improved from the fourth quarter of 2011 as this quarter was positively affected by reversal of accruals related to energy and tower rental.
- Capital expenditure was NOK 142 million. Investments were primarily related to radio access network and core to cater for increase in subscription base. The number of sites was reduced by 109 in the quarter due to relocation and implementation of cluster strategy. The number of sites at the end of the quarter was 27,863.
- Please see note 2 for information on regulatory status.
- On 23 April 2012, the Telecom Regulatory Authority of India submitted a recommendation to the Department of Telecommunications of India relating to the Indian 2G licence re-auction. Based on the high uncertainty of the terms and conditions for the re-allocation of licences, Telenor ASA has recognised an impairment loss of NOK 3.9 billion in the first quarter of 2012. Please see note 3 for details.

Broadcast

	First quarter		Year
(NOK in millions)	2012	2011	2011
Revenues			
Canal Digital DTH	1 101	1 120	4 478
Satellite Broadcasting	250	239	998
Norkring	237	237	944
Conax	139	128	557
Other/Eliminations	(56)	(15)	(76)
Total revenues	**1 672**	**1 710**	**6 900**
EBITDA before other items			
Canal Digital DTH	162	117	545
Satellite Broadcasting	178	162	663
Norkring	120	117	465
Conax	60	48	214
Other/Eliminations	(6)	(6)	(6)
Total EBITDA before other items	**515**	**438**	**1 881**
Operating profit			
Canal Digital DTH	145	103	453
Satellite Broadcasting	116	103	408
Norkring	57	63	219
Conax	39	37	148
Other/Eliminations	(9)	(19)	(47)
Total operating profit	**348**	**286**	**1 181**
EBITDA before other items/Total revenues (%)	30.8	25.6	27.3
Capex	62	56	276
Investments in businesses	-	-	(2)
No. of subscriptions – Change in quarter/Total (in thousands):			
DTH TV	(11)	(11)	965

On 1 January 2012, Canal Digital's Swedish cable TV business was moved from Broadcast to Telenor Sweden. Historical figures have been reclassified accordingly. Please see note 5 for details.

- Total revenues decreased by 2%, mainly due to the sale of Canal Digital Cable TV in Denmark in October 2011. Total EBITDA increased by 17% and the EBITDA margin increased by 5 percentage points to 31%.
- Revenues in Canal Digital DTH decreased by 2% as the effect of price increases and increased sale of hardware and services was offset by effects of a reduced subscriber base, lower revenues from sale to housing associations in Denmark and negative currency effects.
- The EBITDA margin in Canal Digital DTH increased by 4 percentage points to 15% due to reduced content and operating cost.
- Revenues and EBITDA in Satellite Broadcasting increased due to higher revenues from Canal Digital, data communication and satellite lease, and reduced operating cost due to reversal of provision for bad debt.
- Revenues and EBITDA in Norkring were on level with the first quarter of 2011 as increased revenues in Belgium related to termination of an AM transmission contract were offset by reduced revenues in Norway.
- Revenues and EBITDA in Conax increased as higher volume of smart cards and revenues from other services was only partly offset by reduced prices.
- Capital expenditure was on level with the first quarter of 2011.

Other units

	First quarter		Year
(NOK in millions)	2012	2011	2011
Revenues			
International wholesale	450	472	1 901
Digital Services Portfolio	120	75	428
Corporate functions	551	567	2 270
Eliminations	(9)	(10)	(43)
Total revenues	**1 112**	**1 104**	**4 557**
EBITDA before other items			
International wholesale	22	20	84
Digital Services Portfolio	(19)	(55)	(118)
Corporate functions	(256)	(173)	(689)
Eliminations	-	-	-
Total EBITDA before other items	**(253)**	**(209)**	**(723)**
Operating profit (loss)			
International wholesale	17	15	68
Digital Services Portfolio	(39)	(59)	(110)
Corporate functions	(356)	(262)	(1 076)
Eliminations	-	-	-
Total operating profit (loss)	**(378)**	**(306)**	**(1 119)**
Capex	85	61	262
Investments in businesses	2 178	4	335

From 2012, Telenor Global Services AS is moved from Telenor Norway to Other units and is included in 'International wholesale'. Historical figures have been reclassified accordingly.

- Revenues from international wholesale were reduced from price erosion offsetting stable volumes. EBITDA improved from operational efficiency measures.
- Revenues and EBITDA increased in Digital service portfolio driven by improved results in Connexion and Maritime Communication Partner.
- EBITDA in Corporate functions decreased as a result of increased costs from legal and financial support related to Uninor and VimpelCom.
- Investment in business was related to the acquisition of 234 million VimpelCom preferred shares from Weather Investments. See note 2 for further details.

Group overview

The statements below are related to Telenor's development in 2012 compared to 2011 unless otherwise stated. Please refer to note 5 for further information.

Revenues

- Revenues increased by NOK 1.0 billion or 4.3% as the continued strong subscription growth in the Asian operations more than offset the reduced revenues in Denmark and Norway and negative currency effect of NOK 0.6 billion.

EBITDA before other items

- EBITDA increased by NOK 0.4 billion as improved performance in Uninor, Grameenphone, Pakistan, DiGi and Broadcast more than offset weaker results in Norway, Denmark and DTAC. In addition, EBITDA was negatively affected by NOK 0.1 billion due to currency effects.

Specification of other income and expenses

	First quarter		Year
(NOK in millions)	2012	2011	2011
EBITDA before other income and expenses	7 739	7 359	30 526
EBITDA margin before other income and expenses (%)	30.8	30.5	31.0
Gains (losses) on disposal of fixed assets and operations	(31)	144	30
Workforce reductions and loss contracts	(90)	(119)	(532)
One-time effects to pension costs	-	17	18
EBITDA	**7 618**	**7 401**	**30 041**
EBITDA margin (%)	30.3	30.7	30.5

- In the first quarter of 2012 workforce reductions are mainly related to Telenor Norway (NOK 31 million) and Telenor Denmark (NOK 22 million). The remaining amounts in other income and expenses are related to disposal of fixed assets, workforce reductions and loss contracts in several operations.

Impairment

- As a consequence of the 2G auction recommendations from regulatory authority to the Government of India, an impairment loss of NOK 3.9 billion (NOK 2.6 billion after non-controlling interest) was recognised related to the remaining tangible and intangible assets in Uninor. See note 3 for more information.

Operating profit

- Operating profit decreased by NOK 3.7 billion compared to last year due to impairment of assets in Uninor of NOK 3.9 billion as described above.
- Excluding the impairment related to Uninor, operating profit increased by NOK 0.2 billion compared to last year primarily due to improved EBITDA in the Asian business units and Broadcast as explained above.

Associated companies

	First quarter		Year
(NOK in millions)	2012	2011	2011
Telenors share of			
Profit after taxes	618	1 154	2 784
Amortisation of Telenor's net excess values	(22)	(53)	(126)
Impairment losses of Telenor's net excess values	-	-	(543)
Gains (losses) on disposal of ownership interests	-	(1)	1 662
Profit (loss) from associated companies	**596**	**1 100**	**3 777**

- Included in the net result from associated companies is the gain of NOK 406 million attributable to Telenor related to A-Pressen AS from the sale of TV2 to Egmont.
- Telenor's share of net result from associated companies in the first quarter of 2012 includes NOK 202 million related to VimpelCom's net income for the fourth quarter of 2011, adjusted for Telenor's share of significant transactions and events which was recognised in the year of 2011.
- Telenor's share of net result in VimpelCom was reduced by NOK 899 million compared to 2011, mainly as a result of dilution of economic interest from 39.67% to 31.67% due to the Wind Telecom transaction, as well as higher interest expenses, resulting from higher gross debt after the acquisition of Wind Telecom and higher depreciation and amortisation charges associated with the Wind Telecom transaction.
- On 15 February 2012, Telenor purchased 234 million preferred shares in VimpelCom from Weather Investments II for a consideration of NOK 2.2 billion, thereby increasing Telenor's voting stake in VimpelCom from 25.01% to 36.36%. On 4 April 2012, Telenor purchased depository receipts representing 65 million VimpelCom common shares for a consideration of NOK 4.1 billion, thereby increasing its economic and voting interests in VimpelCom to 35.66% and 39.51% respectively.
- In January 2012, Telenor's ownership interest of 45% in TV2 Zebra was sold to TV2.

Financial items

	First quarter		Year
(NOK in millions)	2012	2011	2011
Financial income	146	198	812
Financial expenses	(650)	(488)	(2 207)
Net currency gains (losses)	45	35	(277)
Net change in fair value of financial instruments	789	(126)	27
Net gains (losses and impairment) of financial assets and liabilities	-	1	52
Net financial income (expenses)	**330**	**(380)**	**(1 593)**
Gross interest expenses	(604)	(457)	(2 042)
Net interest expenses	(474)	(279)	(1 318)

- Financial income decreased mainly due to higher proportion of placements in low-yielding currencies.
- Financial expenses increased mainly due to higher proportion of interest bearing debt in Indian Rupee.
- Net change in fair value of financial instruments also includes increased value of the total return swap with 65 million VimpelCom Ltd. ADRs as underlying asset. The main driver of the fair value of this instrument is the VimpelCom share price. The total return swap was terminated on 4 April 2012.

Taxes

- The estimated effective tax rate for the first quarter of 2012 was 141% due to the impairment losses of NOK 3.9 billion related to Uninor. The effective tax rate for year 2012 is estimated to be around 34% including the impairment losses related to Uninor.

Investments

	First quarter		Year
(NOK in millions)	2012	2011	2011
Capex	2 682	2 610	11 907
Capex excl. licences and spectrum	2 487	2 403	11 441
Capex excl. licences and spectrum/Revenues (%)	9.9	10.0	11.6

- Capital expenditure (excl. licences) increased by NOK 84 million as higher network investments in Norway, DTAC, DiGi, and Grameenphone more than offset reduced investments in Uninor, Serbia, Denmark and Sweden.

Financial position

- During the first quarter of 2012, total assets decreased by NOK 3.6 billion to NOK 162.7 billion primarily due to impairment of fixed assets in Uninor.
- Net interest bearing liabilities increased by NOK 1.1 billion to NOK 19.3 billion mainly due to increase in short term investments offset by increase in short term and long term debt raised by DTAC.
- Total comprehensive income, mainly consisting of net income and the reducing effect from translation differences, decreased equity by NOK 3 billion. The decrease was mainly related to translation differences. Total equity decreased by NOK 3.2 billion to NOK 83.7 billion.

Cash flow

- Net cash inflow from operating activities during the first quarter of 2012 was NOK 6.3 billion, a decrease of NOK 1.1 billion compared to the first quarter of 2011. This is partly explained by more taxes paid during the first quarter of 2012 of NOK 0.4 billion, mainly due to withholding taxes paid on dividends received by Telenor companies from DTAC. In addition, dividends from VimpelCom Ltd. of NOK 0.5 billion was received during the first quarter of 2011.
- Net cash outflow to investing activities during the first quarter of 2012 was NOK 8.1 billion, an increase of NOK 1.4 billion compared to the first quarter of 2011. The increase is explained by the NOK 2.2 billion purchase of VimpelCom Ltd. shares during the first quarter of 2012, partly offset by lower level of investment in short term placements during the first quarter of 2012 compared to the first quarter of 2011.
- Net cash inflow from financing activities during the first quarter of 2012 was NOK 1.8 billion, an increase of NOK 0.5 billion compared to the first quarter of 2011. The increase of NOK 0.5 billion was composed of an increase in proceeds from interest-bearing liabilities of NOK 3.0 billion partly offset by higher dividends paid to non-controlling interests of NOK 2.5 billion in the first quarter of 2012. Increase in proceeds from interest-bearing liabilities is mainly explained by first quarter 2012 debt uptake in DTAC of NOK 3.7 billion and in DiGi of NOK 0.7 billion, while there was a reduction of Uninor debt uptake of NOK 1.4 billion compared to first quarter of 2011. Higher dividends paid to non-controlling interests in the first quarter of 2012 compared to the first quarter of 2011 is mainly explained by NOK 2.4 billion dividends paid to non-controlling interests in DTAC during the first quarter of 2012.
- Cash and cash equivalents decreased by NOK 0.2 billion during the quarter to NOK 12.7 billion as of 31 March 2012.

Transactions with related parties

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

Outlook for 2012

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

Based on the current group structure not including Uninor and with currency rates as of 31 March 2012 Telenor expects:

- Organic revenue growth above 4%.
- EBITDA margin before other income and expenses in the range of 35–36%.
- Capital expenditure as a proportion of revenues, excluding licences and spectrum, in the range of 10–12%.

Risks and uncertainties

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

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

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

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

Shareholding and legal disputes

See note 2 for details.

Financial aspects

As of 7 May 2012, Uninor had NOK 9.2 billion in current interest-bearing borrowings, all with financial guarantees from Telenor ASA. This is an increase of NOK 1.1 billion since 31 December 2011. As of 31 March 2012, the guarantees amounted to NOK 8.8 billion. Uninor's loan agreements contain typical bank loan provisions including material adverse effect clauses.

As of 7 May 2012, Uninor had NOK 1.1 billion in purchased bank guarantees (State Bank of India) with counter guarantee from Telenor ASA, as disclosed in Telenor's Annual Report 2011 note 32. See note 3 for further information.

Disclaimer

This report contains statements regarding the future in connection with Telenor's growth initiatives, profit figures, outlook, strategies and objectives. In particular, the section 'Outlook for 2012' contains forward-looking statements regarding the Group's expectations. All statements regarding the future are subject to inherent risks and uncertainties, and many factors can lead to actual profits and developments deviating substantially from what has been expressed or implied in such statements.

Fornebu, 7 May 2012
The Board of Directors of Telenor ASA

Condensed Interim Financial Information

Consolidated Income Statement

Telenor Group

	First quarter		Year
(NOK in millions except earnings per share)	2012	2011	2011
Revenues	25 119	24 092	98 516
Costs of materials and traffic charges	(7 148)	(6 714)	(27 541)
Salaries and personnel costs	(2 782)	(2 814)	(10 814)
Other operating expenses	(7 450)	(7 204)	(29 635)
Other income and (expenses)	(121)	42	(485)
EBITDA	**7 618**	**7 401**	**30 041**
Depreciation and amortisation	(3 736)	(3 705)	(15 309)
Impairment losses	(3 862)	-	(4 340)
Operating profit	**20**	**3 696**	**10 393**
Share of net income from associated companies	595	1 100	2 114
Gain on disposal of associated companies	-	(1)	1 662
Net financial items	330	(380)	(1 593)
Profit before taxes	**945**	**4 416**	**12 575**
Taxes	(1 335)	(1 412)	(5 358)
Net income (loss)	**(390)**	**3 003**	**7 217**
Net income attributable to:			
Non-controlling interests (Minority interests)	(973)	210	52
Equity holders of Telenor ASA	583	2 793	7 165
Earnings per share in NOK			
From continuing operations:			
Basic	0.37	1.71	4.45
Diluted	0.37	1.71	4.44
From total operations:			
Basic	0.37	1.71	4.45
Diluted	0.37	1.71	4.44

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

Consolidated statement of comprehensive income

Telenor Group

	First quarter		Year
(NOK in millions)	2012	2011	2011
Net income (loss)	**(390)**	**3 003**	**7 217**
Translation differences on net investment in foreign operations	(1 871)	(1 954)	(1 196)
Income taxes	392	80	(124)
Amount reclassified from equity to profit and loss on disposal	-	(1)	536
Net gain (loss) on hedge of net investment	544	65	3
Income taxes	(152)	(18)	(1)
Net gain (loss) on available-for-sale-investment	(4)	6	9
Amount reclassified from equity to profit and loss on disposal	-	-	(55)
Share of other comprehensive income (loss) of associated companies	(1 568)	(175)	(210)
Amount reclassified from equity to profit and loss	-	-	416
Other comprehensive income (loss), net of taxes	**(2 659)**	**(1 997)**	**(622)**
Total comprehensive income (loss)	**(3 049)**	**1 006**	**6 595**
Total comprehensive income (loss) attributable to:			
Non-controlling interests	(1 076)	(329)	(246)
Equity holders of Telenor ASA	(1 972)	1 335	6 841

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

Consolidated Statement of Financial Position

Telenor Group

(NOK in millions)	31 March 2012	31 March 2011	31 December 2011
Deferred tax assets	1 289	1 883	1 275
Goodwill	21 879	24 541	22 145
Intangible assets	20 960	25 664	21 774
Property, plant and equipment	44 240	51 085	49 620
Associated companies	34 686	30 624	33 967
Other non-current assets	3 100	2 700	3 241
Total non-current assets	**126 154**	**136 497**	**132 022**
Trade receivables	7 844	7 754	8 563
Other current assets	10 295	8 811	10 130
Assets classified as held for sale	4	-	86
Other financial current assets	5 744	4 822	2 638
Cash and cash equivalents	12 687	15 207	12 899
Total current assets	**36 575**	**36 594**	**34 317**
Total assets	**162 729**	**173 091**	**166 339**
Equity attributable to equity holders of Telenor ASA	82 524	89 266	83 992
Non-controlling interests (minority interests)	1 168	7 703	2 910
Total equity	**83 692**	**96 969**	**86 902**
Non-current interest-bearing liabilities	26 078	25 070	23 157
Non-current non-interest-bearing liabilities	1 037	1 235	1 659
Deferred tax liabilities	1 999	2 655	2 188
Pension obligations	2 048	1 854	1 933
Other provisions	2 977	1 883	2 911
Total non-current liabilities	**34 139**	**32 697**	**31 848**
Current interest-bearing liabilities	11 898	10 206	10 767
Trade payables	6 277	6 049	6 494
Current non-interest-bearing liabilities	26 723	27 170	30 328
Total current liabilities	**44 898**	**43 425**	**47 589**
Total equity and liabilities	**162 729**	**173 091**	**166 339**
Equity ratio including non-controlling interests (%)	51.4	56.0	52.2
Net interest-bearing liabilities	19 336	15 088	18 222

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

Consolidated Statement of Cash Flows

Telenor Group

	First quarter		Year
(NOK in millions)	2012	2011	2011
Profit before taxes from total operations	945	4 416	12 575
Income taxes paid	(1 868)	(1 459)	(5 932)
Net (gains) losses from disposals, impairments and change in fair value of financial assets and liabilities	(758)	(19)	(104)
Depreciation, amortisation and impairment losses	7 598	3 705	19 649
Loss (profit) from associated companies	(595)	(1 100)	(3 776)
Dividends received from associated companies	-	542	2 293
Currency (gains) losses not related to operating activities	(43)	32	181
Changes in other operating working capital assets and liabilities	1 019	1 318	2 208
Net cash flow from operating activities	**6 299**	**7 435**	**27 093**
Purchases of property, plant and equipment (PPE) and intangible assets	(3 043)	(2 926)	(13 261)
Purchases of subsidiaries and associated companies, net of cash acquired	(2 162)	(22)	(393)
Proceeds of PPE, intangible assets and businesses, net of cash disposed	284	34	514
Proceeds and purchases of other investments	(3 132)	(3 728)	(1 311)
Net cash flow from investing activities	**(8 053)**	**(6 642)**	**(14 451)**
Proceeds from and repayments of borrowings	4 658	1 684	496
Proceeds from issuance of shares, incl. from non-controlling interests in subsidiaries	-	-	1
Share buyback by Telenor ASA	-	-	(4 535)
Repayment of equity and dividends paid to non-controlling interests in subsidiaries	(2 848)	(329)	(2 624)
Dividends paid to equity holders of Telenor ASA	-	-	(6 206)
Net cash flow from financing activities	**1 810**	**1 355**	**(12 868)**
Effects of exchange rate changes on cash and cash equivalents	(269)	(547)	(481)
Net change in cash and cash equivalents	**(212)**	**1 601**	**(706)**
Cash and cash equivalents at the beginning of the period	12 899	13 606	13 606
Cash and cash equivalents at the end of the period [1)]	**12 687**	**15 207**	**12 899**

[1)] The first quarter of 2012 includes restricted cash of NOK 124 million, while the first quarter of 2011 included restricted cash of NOK 10 million.

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

Consolidated Statement of Changes in Equity

Telenor Group

	Attributable to equity holders of Telenor ASA						
(NOK in millions)	Paid in capital	Other reserves	Retained earnings	Cumulative translation differences	Total	Non-controlling interests	Total equity
Equity as of 31 December 2010	**9 859**	**8 771**	**75 036**	**(5 800)**	**87 867**	**8 351**	**96 218**
Net income for the period	-	-	7 165	-	7 165	52	7 217
Other comprehensive income for the period	-	160		(484)	(324)	(298)	(622)
Total comprehensive income for the period	**-**	**160**	**7 165**	**(484)**	**6 841**	**(246)**	**6 595**
Transactions with non-controlling interests	-	(99)	-	-	(99)	(163)	(262)
Equity adjustments in associated companies	-	63	-	-	63	-	63
Dividends	-	-	(6 206)	-	(6 206)	(5 033)	(11 239)
Share buy back	(294)	(4 240)	-	-	(4 535)	-	(4 535)
Sale of shares, share issue, and share options to employees	9	52	-	-	61	-	61
Equity as of 31 December 2011	**9 574**	**4 707**	**75 995**	**(6 284)**	**83 992**	**2 910**	**86 902**
Net income for the period	-	-	583	-	583	(972)	(389)
Other comprehensive income for the period	-	(1 572)	-	(983)	(2 555)	(105)	(2 659)
Total comprehensive income for the period	**-**	**(1 572)**	**583**	**(983)**	**(1 971)**	**(1 076)**	**(3 048)**
Transactions with non-controlling interests	-	156	-	-	156	32	188
Equity adjustments in associated companies	-	326	-	-	326	-	326
Dividends	-	-	-	-	-	(698)	(698)
Sale of shares, share issue, and share options to employees	5	16	-	-	21	-	21
Equity as of 31 March 2012	**9 579**	**3 634**	**76 578**	**(7 267)**	**82 524**	**1 167**	**83 691**

	Attributable to equity holders of the parent						
(NOK in millions)	Paid in capital	Other reserves	Retained earnings	Cumulative translation differences	Total	Non-controlling interests	Total equity
Equity as of 31 December 2010	**9 859**	**8 771**	**75 036**	**(5 800)**	**87 867**	**8 351**	**96 218**
Net income for the period	-	-	2 793	-	2 793	210	3 003
Other comprehensive income for the period	-	(168)	-	(1 290)	(1 458)	(539)	(1 997)
Total comprehensive income for the period	**-**	**(168)**	**2 793**	**(1 290)**	**1 335**	**(329)**	**1 006**
Transactions with non-controlling interests	-	-	-	-	-	1	1
Equity adjustments in associated companies	-	53	-	-	53	-	53
Dividends	-	-	-	-	-	(320)	(320)
Sale of shares, share issue, and share options to employees	7	4	-	-	11	-	11
Equity as of 31 March 2011	**9 867**	**8 660**	**77 829**	**(7 090)**	**89 266**	**7 703**	**96 969**

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

Notes to the Consolidated Interim Financial Statements

Note 1 – General accounting principles

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

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

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

Note 2 – Shareholding and legal disputes

The issues described below are updates compared to information included in the Annual Report 2011 note 35 and have to be read in connection with this.

Grameenphone

BTRC – Claim in relation to licence renewal

On 13 February 2012, the High Court has directed Grameenphone to add 15% VAT amount to BTRC (Bangladesh Telecom Regulatory Commission) receivables and pay an additional 15% VAT to NBR (National Board of Revenue). The Court has allowed Grameenphone to obtain rebate on this VAT thereby, limiting Grameenphone's total Renewal cost to 100%. As the proposed rebate mechanism is not workable under present VAT scheme, Grameenphone has filed a petition with the Appellate Division.

BTRC has however not yet renewed Grameenphone's licence to run its mobile operation, which expired in November 2011. However, Grameenphone is operating under a 'continuation letter' issued by BTRC asking the renewing operators to continue while the licence renewal issue is being handled by the courts.

VimpelCom Ltd.

Telenor has learned that the Federal Antimonopoly Service of the Russian Federation (FAS) filed a claim in the Moscow Arbitrazh Court against Telenor East Holding II AS and Weather Investments II S.à.r.l. The companies OJSC VimpelCom, OOO Altimo, VimpelCom Ltd., VimpelCom Holdings B.V. and Altimo Cooperatief U.A. are named in the claim as interested third parties. Telenor has not yet been formally notified of the Claim by the FAS or the Court. Telenor understands the FAS has alleged that the share purchase and option transactions that Telenor and Weather Investments entered into on 15 February 2012 violated the Russian Strategic Investment Law and requests the court to invalidate those transactions, require Telenor to return the VimpelCom Ltd. shares it acquired to Weather Investments and require Telenor, VimpelCom Ltd. and Altimo to enter into a new shareholders agreement with substantially the same terms as the VimpelCom shareholders agreement terminated by Altimo last year. Telenor has learned that the FAS also filed an application with the Moscow Arbitrazh Court requesting that, prior to the Court reaching a decision on the merits of the FAS's claim, the Court issue an injunction that would (a) prevent VimpelCom Ltd. and VimpelCom Holdings B.V. from voting their shares in OJSC VimpelCom, (b) prevent Telenor East and Weather II (as shareholders of VimpelCom Ltd.) from changing the governing bodies of VimpelCom Ltd. (i.e., the VimpelCom Ltd. board), and (c) prevent Telenor East and Weather II from exercising their rights under the option agreement.

Uninor – India

On 2 February 2012 the Indian Supreme Court quashed all 122 licences, including those granted to Uninor. Uninor has requested the Supreme Court for relief against the Supreme Court's previous order of cancellation of its licences, but this petition was rejected by the Supreme Court on 3 April 2012. The quashing of licences is effective from no later than 7 September 2012, according to a decision by the Supreme Court on 24 April 2012. Further, on 23 April 2012 TRAI made new recommendations for grant of licences and allocation of spectrum in 2G band by auction. Those recommendations shall be approved by the Indian Government.

As a further consequence of the judgment passed by the Supreme Court of India on 2 February 2012, where Uninor's licences were quashed, Uninor's board of directors decided on 21 February 2012 to carry out a business transfer of the Uninor business at fair market value to a newly incorporated Indian legal entity. Unitech has challenged Uninor's business transfer decision. On this background, both Telenor Asia Pte Ltd and Unitech have therefore, by separate petitions, brought the matter before the Company Law Board (CLB). CLB passed an order on 12 April 2012 where the Telenor petition was disposed of, referring the parties to arbitration in accordance with the Arbitration Rules of the Singapore International Arbitration Centre.

Note 3 – Impairment

As stated in note 18 of Telenor's Annual Report 2011, minor changes in key assumptions would result in further impairment losses relating to the carrying amount of remaining assets in Uninor. As a consequence of the 2G auction recommendations dated 23 April 2012 from TRAI (The Telecom Regulatory Authority of India) to DOT (the Department of Telecommunications), an impairment loss of NOK 3.9 billion (NOK 2.6 billion attributable to Telenor) was recognised relating to the remaining tangible and intangible assets in Uninor. After the impairment, there were no further accounting exposure related to India as of 31 March 2012.

Telenor has not provided for expected losses from continued operations after 31 March 2012 in Uninor. Furthermore, no provision has been recognised for the purchased bank guarantees (State Bank of India) described under 'Risk and uncertainties' on page 10 as Telenor believes that Uninor operates in line with the licence conditions.

Note 4 – Events after the balance sheet date

VimpelCom

On 4 April 2012, Telenor East Holding II AS terminated its cash-settled total return swap (TRS) in respect of VimpelCom Ltd. shares that it had entered into with J.P. Morgan Securities Ltd. on 22 July 2011 and amended on 7 October 2011. Following such termination, Telenor East Holding II AS purchased depositary receipts representing 65 million VimpelCom common shares from J.P. Morgan Securities Ltd. for a purchase price of NOK 4.1 billion, thereby increasing Telenor's economic and voting interests in VimpelCom Ltd. to 35.66% and 39.51%, respectively.

Grameenphone

On 10 April 2012, the annual general meeting of Grameenphone Ltd. approved final dividend for 2011 of BDT 6.5 per share which correspond to approximately NOK 0.6 billion total dividend and approximately NOK 0.34 billion for the Telenor ownership share.

DiGi

On 25 April 2012, the Board of Directors of DiGi declared the first interim dividend for 2012 of MYR 0.059 per share which correspond to approximately NOK 0.9 billion total dividend and approximately NOK 0.4 billion for the Telenor ownership share.

Note 5 – Segment table and reconciliation of ebitda before other income and expenses

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

First quarter

	Total revenues			of which internal		EBITDA before other income and expenses *)			
(NOK in millions)	2012	2011	Growth	2012	2011	2012	Margin	2011	Margin
Norway	6 222	6 293	(1.1%)	98	112	2 442	39.3%	2 609	41.5%
Sweden	2 545	2 508	1.5%	26	27	626	24.6%	652	26.0%
Denmark	1 501	1 749	(14.2%)	32	43	296	19.7%	429	24.5%
Hungary	964	1 078	(10.5%)	6	6	351	36.4%	377	35.0%
Serbia	656	657	(0.2%)	31	31	257	39.1%	278	42.3%
Montenegro	120	133	(9.5%)	8	7	43	35.8%	50	37.3%
DTAC – Thailand	4 209	3 692	14.0%	10	7	1 261	30.0%	1 351	36.6%
DiGi – Malaysia	2 968	2 687	10.5%	1	3	1 391	46.9%	1 220	45.4%
Grameenphone – Bangladesh	1 627	1 659	(1.9%)	1	1	898	55.2%	791	47.7%
Pakistan	1 387	1 179	17.6%	5	1	568	41.0%	393	33.3%
Uninor – India	1 009	548	84.2%	1	-	(622)	nm	(1 019)	nm
Broadcast	1 672	1 710	(2.2%)	41	44	515	30.8%	438	25.6%
Other units	1 112	1 104	0.8%	612	622	(253)	nm	(209)	nm
Eliminations	(872)	(904)	-	(872)	(904)	(34)	-	(2)	-
Group	**25 119**	**24 092**	**4.3%**	**-**	**-**	**7 739**	**30.8%**	**7 359**	**30.5%**

*) The segment profit is EBITDA before other income and expenses

Definitions

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

Mobile operations

Revenues

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

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

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

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

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

Key Figures

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

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

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

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

EBITDA				Operating profit (loss)			
2012	Margin	2011	Margin	2012	Margin	2011	Margin
2 400	38.6%	2 644	42.0%	1 722	27.7%	1 834	29.1%
625	24.6%	651	26.0%	339	13.3%	193	7.7%
264	17.6%	419	24.0%	57	3.8%	199	11.4%
339	35.2%	375	34.8%	238	24.7%	178	16.5%
257	39.1%	278	42.3%	169	25.8%	145	22.0%
40	33.4%	50	37.4%	29	24.1%	36	27.2%
1 261	30.0%	1 354	36.7%	855	20.3%	966	26.2%
1 392	46.9%	1 218	45.3%	765	25.8%	836	31.1%
899	55.2%	791	47.7%	612	37.6%	471	28.4%
563	40.6%	396	33.6%	(25)	nm	88	7.5%
(621)	nm	(1 020)	nm	(4 684)	nm	(1 246)	nm
494	29.6%	432	25.3%	348	20.8%	286	16.8%
(261)	nm	(194)	nm	(378)	nm	(306)	nm
(34)	-	7	-	(27)	-	15	-
7 618	**30.3%**	**7 401**	**30.7%**	**20**	**0.1%**	**3 696**	**15.3%**

Reconciliation

	First quarter		Year
(NOK in millions)	2012	2011	2011
Net income (loss)	**(390)**	**3 003**	**7 217**
Income taxes	(1 335)	(1 412)	(5 358)
Profit before taxes	**945**	**4 416**	**12 575**
Net financial income (expenses)	330	(380)	(1 593)
Profit from associated companies	595	1 100	3 776
Depreciation and amortisation	(3 736)	(3 705)	(15 309)
Impairment losses	(3 862)	-	(4 340)
EBITDA	**7 618**	**7 401**	**30 041**
Gains (losses) on disposal of fixed assets and operations	(31)	144	30
Workforce reductions and loss contracts	(90)	(119)	(532)
One-time effects to pension costs	-	17	18
EBITDA before other income and expenses	**7 739**	**7 359**	**30 526**

Fixed operations

Revenues

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

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

Data services
– consist of Nordic Connect/IP-VPN.

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

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

Key Figures

Subscriptions
Telephony consist of PSTN, ISDN and VoIP subscriptions.

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

TV consists of TV services over fibre and cable.

Subscriptions are counted until the subscription is terminated.

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

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

TV ARPU is calculated based on revenues from TV services.

Broadcast

Revenues

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

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

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

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

Other
– consist of revenues from Telenor Media and Content Services.

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