



Q2/ 2013

Interim report
January–June 2013

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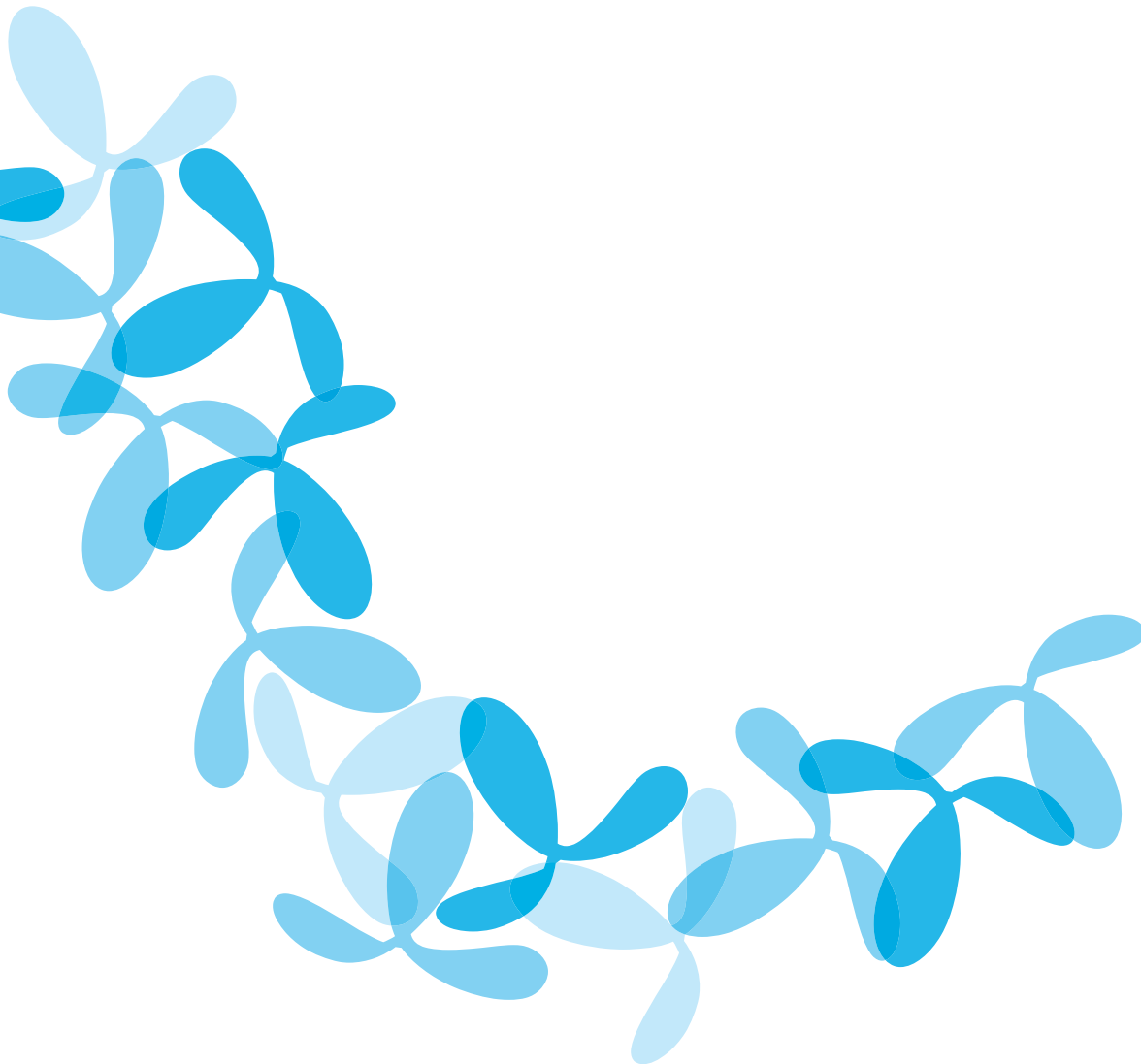
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Improved growth and profitability

Highlights second quarter 2013

- Organic revenue growth of 2%¹⁾
- EBITDA margin of 34%
- Operating cash flow of NOK 5.4 billion²⁾
- Earnings per share of NOK 2.13

Highlights first half year 2013

- Organic revenue growth of 1%¹⁾
- EBITDA margin of 34%
- Operating cash flow of NOK 10.9 billion²⁾
- Earnings per share of NOK 4.46

Jon Fredrik Baksaas
Jon Fredrik Baksaas
President & CEO

“Telenor’s geographical footprint covers both advanced and growing economies, offering growth opportunities and profitability as demonstrated in the second quarter. At the same time, regulatory issues remain a challenge, particularly visible in Bangladesh and India during this period.

The Group’s organic revenue growth improved from the first quarter combined with stronger margins. With these trends, we maintain the outlook for this year.

During the second quarter, Telenor gained more than five million new customers driven by strong growth in Asia. In Thailand, dtac’s network investments and high customer uptake is resulting in solid revenue growth as our customers embrace new services enabled through 3G. In Norway and Sweden, we saw subscription growth picking up in the consumer segment as a result of new data centric offerings.

Telenor was recently declared a successful applicant for a telecommunications licence in Myanmar, and we are currently awaiting the telecom law and final licence conditions from the local authorities. Our acquisition of Bulgaria’s second largest telecom operator Globul has been approved by the EU Commission, and I am looking forward to welcoming our new colleagues in a region well known to Telenor.

Telenor’s operational performance and strong financial position enables healthy shareholder remuneration. I am pleased to announce that we are initiating another share buyback programme for approximately 1 per cent of the outstanding shares, to be completed before the AGM in 2014.”

Key figures Telenor Group

(NOK in millions except earnings per share)	2nd quarter		1st half year		Year
	2013	2012 Restated	2013	2012 Restated	2012 Restated
Revenues	25 747	25 357	50 463	50 475	101 718
EBITDA before other income and expenses	8 857	8 064	17 280	15 824	32 848
EBITDA before other income and expenses/Revenues (%)	34.4	31.8	34.2	31.4	32.3
Adjusted operating profit ³⁾	5 466	4 508	10 451	8 533	18 446
Adjusted operating profit/Revenues (%)	21.2	17.8	20.7	16.9	18.1
Profit after taxes and non-controlling interests	3 249	2 067	6 850	2 651	8 809
Earnings per share from total operations, basic, in NOK	2.13	1.31	4.46	1.68	5.63
Capex	3 484	2 959	6 351	5 641	21 511
Capex excl. licences and spectrum	3 484	2 904	6 351	5 392	12 299
Capex excl. licences and spectrum/Revenues (%)	13.5	11.5	12.6	10.7	12.1
Operating cash flow ²⁾	5 374	5 159	10 929	10 433	20 549
Net interest-bearing liabilities ⁴⁾	-	-	31 660	27 708	33 082

Please refer to page 10 for the full outlook for 2013, and page 20 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.

⁴⁾ Net interest-bearing liabilities are defined as interest-bearing debt excluding net present value of licence liabilities.

Interim report

Telenor's operations

The comments below are related to Telenor's development in the second quarter of 2013 compared to the second quarter of 2012, 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



Norway

(NOK in millions)	2nd quarter		1st half year		Year
	2013	2012 Restated	2013	2012 Restated	2012 Restated
Revenues mobile operation					
Subscription and traffic	2 465	2 563	4 976	4 981	10 247
Interconnect revenues	193	277	381	548	992
Other mobile revenues	345	338	660	669	1 353
Non-mobile revenues	253	195	485	433	1 048
Total revenues mobile operation	3 257	3 373	6 501	6 631	13 639
Revenues fixed operation					
Telephony	710	765	1 442	1 567	3 096
Internet and TV	1 248	1 214	2 480	2 391	4 858
Data services	105	133	226	259	501
Other fixed revenues	343	335	686	686	1 384
Total retail revenues	2 407	2 447	4 834	4 904	9 838
Wholesale revenues	489	507	981	1 014	2 027
Total revenues fixed operation	2 895	2 954	5 815	5 918	11 865
Total revenues	6 152	6 327	12 317	12 549	25 504

EBITDA before other items	2 616	2 690	5 335	5 145	10 854
Operating profit	1 803	1 967	3 722	3 702	7 845

EBITDA before other items/Total revenues (%)	42.5	42.5	43.3	41.0	42.6
Capex	1 119	944	2 107	1 919	4 144
Investments in businesses	7	-	26	-	173

Mobile ARPU - monthly (NOK)	280	299	282	292	296
Fixed Telephony ARPU	271	260	270	263	267
Fixed Internet ARPU	325	310	322	308	319
TV ARPU	246	254	246	247	249

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

Mobile	10	23	3 180	3 175	3 175
Fixed telephony	(29)	(21)	857	971	917
Fixed Internet	(1)	(6)	867	855	870
TV	(1)	3	526	510	524

- The number of mobile subscriptions increased by 10,000 during the quarter. Increased number of contract subscriptions was partly offset by migration from pure mobile broadband contracts to bundled tariffs. The subscription base remained stable compared to the same period last year.
- During the second quarter, Telenor launched unlimited included voice and SMS on its most popular consumer tariffs in addition to improved roaming price packages with daily price caps.
- In the second quarter of 2013, Telenor Norway recognised a one-time correction affecting both mobile content revenues and EBITDA of NOK 114 million related to the periods Q1 2011 to Q1 2013.
- Reported mobile ARPU declined by 7% (NOK 19). The one-time correction described above impacted ARPU negatively by NOK 12. Interconnect rate reductions from July 2012 and January 2013 affected ARPU negatively with NOK 9, partly offset by increased revenues from bundled services and data. Adjusted for the one-time correction, mobile ARPU declined by 3%.
- Mobile revenues declined 3% from reduced ARPU, partly offset by increased handset sales. Adjusted for the one-time correction, mobile revenues were stable.
- Fixed revenues decreased by 2%. Reduced number of telephony subscriptions and reduction in wholesale revenues were partly offset by increased fixed telephony ARPU and higher revenues from Internet and TV services. In the second quarter, Telenor added 5,000 fibre customers bringing the total customer base on fibre to 65,000.

- Reported EBITDA margin was stable as improved gross profit related to domestic interconnect and TV was offset by the one-time correction to mobile revenues, increased handset sales and higher operating expenses related to market communication.
- Capital expenditure increased mainly related to 4G and fibre coverage, mobile backhaul capacity and modernisation of core network supporting fixed and mobile traffic growth. By the end of the second quarter, Telenor Norway's 4G network covered more than 40% of the population.

Sweden

(NOK in millions)	2nd quarter		1st half year		Year
	2013	2012 Restated	2013	2012 Restated	2012 Restated
Revenues mobile operation					
Subscription and traffic	1 308	1 277	2 586	2 554	5 152
Interconnect revenues	149	174	289	346	641
Other mobile revenues	72	74	139	156	311
Non-mobile revenues	470	466	888	860	1 995
Total revenues mobile operation	1 999	1 992	3 902	3 915	8 099
Revenues fixed operation	673	607	1 309	1 229	2 508
Total revenues	2 672	2 599	5 211	5 144	10 607

EBITDA before other items	805	620	1 510	1 250	2 698
Operating profit	435	244	816	587	1 403

EBITDA before other items/Total revenues (%)	30.1	23.9	29.0	24.3	25.4
Capex	324	284	607	527	1 173
Investments in businesses	(1)	143	3	143	326

Mobile ARPU - monthly (NOK)	203	213	200	215	210
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No. of subscriptions - Change in quarter/Total (in thousands):

Mobile	24	47	2 408	2 294	2 385
Fixed telephony	(17)	(6)	303	343	333
Fixed Internet	(8)	(8)	534	497	545
TV	(1)	2	289	264	284

Exchange rate		0.8816	0.8529	0.8593	
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- The number of mobile subscriptions increased by 24,000 during the quarter. At the end of the quarter, the subscription base was 5% higher than at the end of the second quarter last year.
- Mobile ARPU in local currency decreased by 9% driven by reduced interconnect rates and discounts for new subscriptions, which are mainly handset related. Excluding these effects, ARPU improved by 2% (NOK 5) as the growth in data centric bundled offerings more than offset the decline in voice and messaging revenues.
- Mobile revenues in local currency decreased by 4% due to reduced ARPU, partly offset by increased customer base.
- Fixed revenues in local currency increased by 6% due to revenues from acquired companies in 2012, partly offset by lower ARPU and reduced number of telephony and Internet subscriptions. Excluding the effect from the acquired companies, fixed revenues decreased by 3%.
- Total revenues in local currency decreased by 2% mainly due to lower mobile revenues. Excluding the effect from the acquired companies, total revenues decreased by 4%.
- The EBITDA in local currency increased by SEK 176 million, while the EBITDA margin increased by 6 percentage points. Improved gross profit from the fixed operation and lower sales volumes as well as effects from several operational efficiency initiatives were the main drivers.
- Capital expenditure increased by 9% due to completion of the 3G swap.

Denmark

(NOK in millions)	2nd quarter		1st half year		Year
	2013	2012	2013	2012	2012
Revenues mobile operation					
Subscription and traffic	701	741	1 395	1 486	2 943
Interconnect revenues	72	153	141	341	630
Other mobile revenues	21	50	45	103	191
Non-mobile revenues	260	258	478	543	1 115
Total revenues mobile operation	1 052	1 202	2 060	2 473	4 879
Revenues fixed operation	179	227	363	458	850
Total revenues	1 231	1 429	2 423	2 931	5 729

EBITDA before other items	222	283	475	579	1 158
Operating profit (loss)	24	105	33	162	(3 594)

EBITDA before other items/Total revenues (%)	18.0	19.8	19.6	19.8	20.2
Capex	96	213	212	349	575
Investments in businesses	-	-	-	-	5

Mobile ARPU - monthly (NOK)	135	150	132	155	148
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No. of subscriptions - Change in quarter/Total (in thousands):

Mobile	(31)	34	1 896	2 020	2 015
Fixed telephony	(5)	(16)	126	158	138
Fixed Internet	(5)	(7)	175	197	184

Exchange rate		1.0085	1.0186	1.0041	
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- The number of mobile subscriptions decreased by 31,000 during the second quarter. Compared to the end of the same period last year, the subscription base declined by 6%.
- Mobile ARPU in local currency decreased by 11% mainly as a consequence of a 65% reduction in interconnect rate from 1 January 2013. In addition, a reduction in service revenues caused a 3% fall in ARPU.
- Mobile revenues decreased by 13% following the reduced ARPU and customer base.
- Total revenues in local currency declined by 14%, of which lower interconnect rates constitute 6 percentage points and lower fixed revenues 3 percentage points of the reduction.
- The EBITDA margin decreased by 2 percentage points. The effect from reduced operating expenses was more than offset by reduced gross profit, as a result of market activities with higher subsidies.
- Capital expenditure decreased primarily due to savings related to the infrastructure joint venture with Telia. The majority of capital expenditure is related to 3G network roll-out.

Hungary

(NOK in millions)	2nd quarter		1st half year		Year
	2013	2012	2013	2012	2012
Revenues					
Subscription and traffic	789	748	1 530	1 494	3 140
Interconnect revenues	126	147	240	300	606
Other mobile revenues	22	21	39	40	86
Non-mobile revenues	44	49	102	95	259
Total revenues	980	965	1 910	1 930	4 090
EBITDA before other items	380	339	735	690	1 317
Operating profit	273	233	529	471	926

EBITDA before other items/Total revenues (%)	38.7	35.2	38.5	35.8	32.2
Capex	40	88	102	350	497

No. of subscriptions - Change in quarter/ Total (in thousands):	(4)	(47)	3 249	3 263	3 322
ARPU - monthly (NOK)	94	91	90	90	95
Exchange rate			0.0254	0.0256	0.0259

- The number of subscriptions decreased by 4,000 during the quarter. The subscription base remained stable compared to the same period last year.
- ARPU in local currency increased by 3%. Price increases more than offset the effect of reduced interconnect rates from 1 January 2013.
- Revenues in local currency increased by 1% mainly due to higher ARPU and handset revenues offsetting a slightly lower subscription base and reduced non-mobile revenues.
- The EBITDA margin increased by 4 percentage points mainly due to reduced interconnect rates and lower operating expenses partly offset by increased handset costs and telecommunication tax.
- The consumption based telecommunication tax introduced in July 2012 is higher than the crisis telecommunication tax which was in effect second quarter last year. In this quarter, NOK 75 million was recognised as cost of goods sold for the telecommunication tax. The telecommunication tax rate in the corporate segment will increase from August 2013.

Serbia

(NOK in millions)	2nd quarter		1st half year		Year
	2013	2012	2013	2012	2012
Revenues					
Subscription and traffic	494	463	957	915	1 879
Interconnect revenues	156	144	298	285	580
Other mobile revenues	23	33	44	60	121
Non-mobile revenues	44	34	88	69	155
Total revenues	717	674	1 386	1 329	2 735
EBITDA before other items	295	265	563	522	1 080
Operating profit	226	191	419	360	733

EBITDA before other items/Total revenues (%)	41.1	39.4	40.6	39.3	39.5
Capex	43	61	89	107	221

No. of subscriptions - Change in quarter/ Total (in thousands):	(47)	22	3 167	3 132	3 207
ARPU - monthly (NOK)	68	65	65	64	65
Exchange rate			0.0672	0.0683	0.0661

- The number of subscriptions decreased by 47,000 during the quarter mainly due to churn of prepaid subscriptions. The subscription base was 1% higher than at the end of the second quarter last year.
- ARPU in local currency increased by 3%, mainly driven by the continued migration from prepaid to contract subscriptions.
- Revenues in local currency increased by 4% mainly driven by higher ARPU and a larger subscription base.
- The EBITDA margin increased by 2 percentage points due to lower operating expenses, reduced subsidies on customer equipment and improved margin on interconnect.
- Capital expenditure fell due to reduced investments in network coverage and capacity.

Montenegro

(NOK in millions)	2nd quarter		1st half year		Year
	2013	2012	2013	2012	2012
Revenues	129	143	235	264	584
EBITDA before other items	47	44	85	87	245
Operating profit	39	30	69	59	203

EBITDA before other items/Total revenues (%)	36.4	30.5	36.3	33.0	42.0
Capex	12	10	16	28	46

No. of subscriptions - Change in quarter/ Total (in thousands):	21	21	393	422	400
Exchange rate			7.5207	7.5731	7.4744

- The number of subscriptions increased by 21,000 during the quarter mainly due to new prepaid subscribers as the summer season starts. At the end of the quarter, the subscription base was 7% lower than last year.
- ARPU in local currency decreased by 5% mainly as a result of reduced domestic interconnect rates introduced from 1 January 2013 and the challenging macroeconomic environment.
- Revenues in local currency decreased by 10% as a result of the lower subscription base combined with reduced ARPU.
- Excluding one-off effects in both quarters, the EBITDA margin remained stable at around 40% following the reduced revenues offset by lower operating expenditures.

dtac - Thailand

(NOK in millions)	2nd quarter		1st half year		Year
	2013	2012	2013	2012	2012
Revenues					
Subscription and traffic	3 292	2 801	6 381	5 586	11 375
Interconnect revenues	802	755	1 600	1 523	3 036
Other mobile revenues	67	74	163	134	306
Non-mobile revenues	631	450	1 167	1 046	2 059
Total revenues	4 792	4 080	9 311	8 289	16 776
EBITDA before other items	1 456	1 243	2 879	2 504	5 016
Operating profit	911	817	1 766	1 672	3 226
EBITDA before other items/Total revenues (%)					
	30.4	30.5	30.9	30.2	29.9
Capex	564	421	786	559	4 144
No. of subscriptions - Change in quarter/ Total (in thousands) *):					
	622	179	27 231	24 310	26 318
ARPU - monthly (NOK)	51	49	50	49	49
Exchange rate			0.1918	0.1876	0.1872

*) Please note that the number of subscriptions and accordingly ARPU have been restated for 2012.

- The number of subscriptions increased by 622,000 during the quarter. At the end of the quarter, the subscription base was 12% higher than at the end of second quarter last year.
- ARPU in local currency decreased by 1% as the decline in voice revenues was almost offset by growth in data revenues.
- Total revenues in local currency increased by 14% driven by a larger subscription base and higher handset sales. Service revenue growth was 11% in the quarter driven by data usage. Excluding a one-time effect, service revenue growth was 10%.
- The EBITDA margin was stable as slightly lower gross margin due to higher handset sales was offset by a lower increase in operating expenditures relative to sales.
- Capital expenditure increased due to the roll-out of 3G coverage on the 2100 MHz frequency band. dtac will launch 3G services on this frequency at the end of July.
- The Thai regulator (NBTC) has recommended a new interconnect rate at THB 0.45 down from THB 1, with effect from 1 July 2013. As of today, no bilateral agreement has been signed at this rate.

DiGi - Malaysia

(NOK in millions)	2nd quarter		1st half year		Year
	2013	2012	2013	2012	2012
Revenues					
Subscription and traffic	2 673	2 552	5 158	5 082	10 196
Interconnect revenues	188	201	370	403	807
Other mobile revenues	37	32	65	57	102
Non-mobile revenues	239	206	548	415	882
Total revenues	3 136	2 990	6 141	5 958	11 986
EBITDA before other items	1 419	1 412	2 722	2 804	5 499
Operating profit	949	789	1 723	1 555	2 991
EBITDA before other items/Total revenues (%)					
	45.3	47.2	44.3	47.1	45.9
Capex	354	336	703	558	1 319
No. of subscriptions - Change in quarter/ Total (in thousands):					
	175	294	10 548	10 230	10 494
ARPU - monthly (NOK)	92	91	88	91	90
Exchange rate			1.8608	1.8919	1.8843

- The number of subscriptions increased by 175,000 during the quarter mainly due to growth in the prepaid segment. At the end of the quarter, the subscription base was 3% higher than at the end of second quarter last year.
- ARPU in local currency remained stable as strong take-up of data services offset the softening in voice, caused by both regulatory and competitive factors on domestic as well as international traffic.
- Total revenues in local currency increased by 5% due to a bigger subscription base and higher handset sales. Service revenue growth improved to 4% in the quarter.
- The EBITDA margin decreased by 2 percentage points. Adjusted for positive one-off effects last year, the EBITDA margin remained stable at 45% as improved opex efficiency offset the dilution effect from low margin on increased handset sales.
- Operating profit continued to be impacted by accelerated depreciation of NOK 87 million related to the on-going modernisation of networks and IT systems. Accelerated depreciation in the second quarter of 2012 amounted to NOK 274 million.
- Capital expenditure was mainly related to the network modernisation, 3G upgrades, deployment of fibre and IT-related investments. The network modernisation is expected to be completed in the third quarter of 2013.

Grameenphone - Bangladesh

(NOK in millions)	2nd quarter		1st half year		Year
	2013	2012	2013	2012	2012
Revenues					
Subscription and traffic	1 547	1 463	2 965	2 885	5 690
Interconnect revenues	179	163	347	325	652
Other mobile revenues	5	9	14	20	37
Non-mobile revenues	57	35	134	67	162
Total revenues	1 788	1 670	3 460	3 297	6 541
EBITDA before other items	916	873	1 711	1 771	3 483
Operating profit	632	606	1 164	1 218	2 396
EBITDA before other items/Total revenues (%)					
	51.3	52.3	49.5	53.7	53.3
Capex	157	275	243	534	3 021
No. of subscriptions - Change in quarter/ Total (in thousands):					
	2 176	1 660	43 968	39 294	40 021
ARPU - monthly (NOK)	13	14	13	14	14
Exchange rate			0.0729	0.0710	0.0711

- The number of subscriptions increased by 2.2 million during the quarter as promotional campaigns contributed positively to both growth and reduced churn. At the end of the quarter, the subscription base was 12% higher than at the end of second quarter last year.
- ARPU in local currency decreased by 9% due to price regulation and discounts adapting to competition, in addition to growth in lower revenue generating segments.
- Revenues in local currency increased by 3%, driven by a larger subscription base in addition to increase in site sharing and financial services. Service revenues increased by 2%.
- The EBITDA margin decreased by 1 percentage point as increased market activities and commissions were partly offset by a reduction in SIM tax from BDT 605 to BDT 300 effective from 16 May 2013.
- Continued prioritisation and planned deferrals kept capital expenditure low during the quarter.
- The licence auction for 3G spectrum has been postponed until 2 September 2013.

Pakistan

(NOK in millions)	2nd quarter		1st half year		Year
	2013	2012	2013	2012	2012
Revenues					
Subscription and traffic	1 090	1 104	2 036	2 161	4 176
Interconnect revenues	131	239	263	458	845
Other mobile revenues	4	8	11	13	35
Non-mobile revenues	208	122	409	227	597
Total revenues	1 433	1 473	2 719	2 859	5 654
EBITDA before other items	575	569	1 071	1 137	2 233
Operating profit (loss)	216	(139)	217	(164)	(243)

EBITDA before other items/Total revenues (%)	40.1	38.7	39.4	39.8	39.5
Capex	428	27	855	120	749

No. of subscriptions - Change in quarter/ Total (in thousands):	2013	2012	2013	2012	2012
ARPU - monthly (NOK)	13	15	12	15	14
Exchange rate			0.0583	0.0640	0.0624

- The number of subscriptions increased by 1.3 million during the quarter. At the end of the quarter, the subscription base was 7% higher than the same quarter last year.
- Total revenues in local currency increased by 5% primarily through increase in subscription and traffic revenues. A 2 percentage points growth from financial services was offset by reduced revenues from incoming traffic.
- The reported ARPU reduction was caused by shifting revenues from incoming international traffic through International Clearing House (ICH) to non-mobile revenues, as well as intensified competition and growth in lower ARPU segments.
- The EBITDA margin improved by 1 percentage point driven by higher revenues combined with stable operational expenditures. Initiatives to improve efficiency and secure market position will be prioritised going forward.
- Operating profit increased due to lower accelerated depreciation following the network modernisation as well as negative other items last year.
- Capital expenditure continued to increase as network modernisation progress as scheduled towards completion at the end of 2013.
- Federal Board of Revenue increased withholding tax on telecom services from 10% to 15% with effect from 1 July 2013. This will effectively increase prices through reduced customer recharge amount with the adverse effect on future revenues for all mobile operators.

India

(NOK in millions)	2nd quarter		1st half year		Year
	2013	2012	2013	2012	2012
Revenues	728	1 034	1 436	2 043	3 716
EBITDA before other items	(153)	(625)	(338)	(1 246)	(1 981)
Operating profit (loss)	(107)	(619)	(301)	(5 303)	(6 283)
Capex	41	-	78	142	4 526
No. of subscriptions - Change in quarter/ Total (in thousands) *):	920	2 226	24 505	33 722	26 840
ARPU - monthly (NOK)	10	11	10	11	10
Exchange rate			0.1040	0.1122	0.1091

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

- During the quarter, Telenor India continue to strengthen the "sabse sasta - most affordable" value proposition in the remaining six operating circles.
- The number of subscriptions increased by 0.9 million in the quarter taking the total subscriber base to 24.5 million. In the second quarter of 2012, the comparable six circle subscription base closed at 23.5 million.
- The quality of the customer base improved, resulting in an increase of ARPU in local currency from INR 94 in first quarter to INR 97 in second quarter. The monthly churn rate was 6%.
- Revenues in local currency in the six circles increased by 7% compared to second quarter last year despite negative development in Maharashtra following closure of neighbouring Mumbai circle earlier this year.
- The EBITDA loss improved to NOK 153 million mainly as a result of the revenue development and product optimisation positively impacting the gross margin.
- Even though Telenor has fulfilled its part of the conditions for continued operations in India, the Indian authorities have still not given the necessary approvals for the business transfer from Uninor to Telewings, nor have they issued the Unified Licences required in order to utilise the spectrum obtained by Telewings in the GSM auction that was closed on 14 November 2012. As a result thereof, Telenor is operating its business in India through Uninor under the old spectrum as an interim measure until the business is transferred to Telewings, consistent with the intention of the Supreme Court order not to be disruptive to the business of successful bidders in the spectrum auctions.

Broadcast

(NOK in millions)	2nd quarter		1st half year		Year
	2012		2012		2012
	2013	Restated	2013	Restated	Restated
Revenues					
Canal Digital DTH	1 119	1 109	2 239	2 210	4 428
Satellite Broadcasting	246	248	483	499	980
Norkring	260	227	505	465	946
Conax	161	141	291	280	569
Other/Eliminations	(119)	(68)	(241)	(167)	(402)
Total revenues	1 667	1 658	3 277	3 287	6 521

EBITDA before other items

Canal Digital DTH	203	159	368	321	635
Satellite Broadcasting	158	165	318	344	674
Norkring	127	117	249	238	494
Conax	63	63	105	122	230
Other/Eliminations	(7)	(14)	(24)	(34)	(55)
Total EBITDA before other items	543	490	1 016	991	1 979

Operating profit

Canal Digital DTH	187	144	339	289	570
Satellite Broadcasting	100	102	201	218	424
Norkring	66	70	121	127	254
Conax	54	53	86	92	180
Other/Eliminations	(15)	(22)	(32)	(45)	(62)
Total operating profit	392	347	716	683	1 365

EBITDA before other items/Total revenues (%)	32.6	29.5	31.0	30.2	30.3
Capex	139	108	268	171	417

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

DTH TV	(3)	(2)	934	952	945
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- Total revenues increased by 1%, mainly caused by increases in Norkring, Conax and Canal Digital. Total EBITDA increased by 11% and the EBITDA margin by 3 percentage point.
- Revenues in Canal Digital DTH increased by 1% as higher average revenue per customer and currency effects was only partly offset by reduced hardware sales and effects of a lower DTH subscriber base.
- The EBITDA margin in Canal Digital DTH was 18% and 4 percentage points higher due to reduced content and operating cost.
- Revenues in Satellite Broadcasting decreased by 1% mainly due to the phase-out of the Thor 2 satellite. EBITDA decreased by 4% due to higher operating costs.
- Revenues in Norkring increased by 14% and EBITDA by 8% due to digital audio broadcasting (DAB) roll out and installation revenues.
- Revenues in Conax increased by 14% due to more smart card sales. EBITDA remained stable as operating cost increased and more sales in low price markets resulted in declining average price and gross margin per card.
- Capital expenditure increased primarily due to digital audio broadcasting (DAB) network investments in Norkring in Norway and platform investments in Canal Digital DTH.

Other units

(NOK in millions)	2nd quarter		1st half year		Year
	2012		2012		2012
	2013	Restated	2013	Restated	Restated
Revenues					
International wholesale	432	485	876	935	1 921
Digital Services	143	118	267	230	454
Corporate functions	550	568	1 078	1 116	2 232
Eliminations	64	53	110	97	207
Total revenues	1 189	1 224	2 332	2 379	4 815

EBITDA before other items

International wholesale	15	20	31	42	91
Digital Services	(91)	(28)	(166)	(84)	(198)
Corporate functions	(195)	(124)	(353)	(326)	(600)
Eliminations	17	1	17	2	23
Total EBITDA before other items	(254)	(132)	(471)	(365)	(685)

Operating profit (loss)

International wholesale	7	15	19	31	63
Digital Services	(137)	(30)	(224)	(96)	(216)
Corporate functions	(309)	(244)	(593)	(545)	(1 033)
Eliminations	5	(10)	(4)	(18)	(22)
Total operating profit (loss)	(434)	(269)	(802)	(628)	(1 209)

Capex	173	192	292	278	656
Investments in businesses	8	4 153	32	6 331	6 997

- Revenues in International wholesale decreased due to lower prices.
- EBITDA in Digital Services decreased mainly due to development of new services, offset by improved results in Connexion.
- EBITDA in Corporate functions decreased mainly due to higher corporate activities.

Group overview

The comments below are related to Telenor's development in 2013 compared to 2012 unless otherwise stated. Please refer to note 9 for further information.

Revenues

- Revenues remained stable in the first half of 2013 compared to the first half of 2012. Solid growth in dtac was offset by a weaker Danish market and reduced scale of the Indian operation in addition to lower revenues from the Norwegian operation. Currency effects on revenues were NOK -103 million.

EBITDA before other items

- EBITDA increased by NOK 1.5 billion or 9.2% mainly as a result of improved performance in India, dtac, Sweden and Norway. EBITDA in the Danish operation weakened as a result of the deteriorating market conditions.

Specification of other income and expenses

(NOK in millions)	2nd quarter		1st half year		Year
	2013	2012 Restated	2013	2012 Restated	2012 Restated
EBITDA before other income and expenses	8 857	8 064	17 280	15 824	32 848
EBITDA margin before other income and expenses (%)	34.4	31.8	34.2	31.4	32.3
Gains (losses) on disposal of fixed assets and operations	41	(47)	(47)	(78)	(161)
Workforce reductions and loss contracts	(134)	(154)	(315)	(244)	(692)
One-time effects to pension costs	(1)	1	(2)	1	(16)
EBITDA	8 763	7 864	16 916	15 504	31 980
EBITDA margin (%)	34.0	31.0	33.5	30.7	31.4

In the second quarter of 2013 'Other income and expenses' mainly consisted of the following items:

- Workforce reductions mainly in Telenor Norway (NOK 51 million), Telenor Sweden (NOK 37 million) and in Corporate Functions (NOK 13 million).
- Onerous contracts in Digital Services (NOK 37 million).
- Gains on disposal of fixed assets were mainly related to compensation received in dtac (NOK 34 million) and sale of fixed assets in Telenor Sweden (NOK 15 million).

First half of 2013 'Other income and expenses' also include:

- Workforce reductions and onerous contracts mainly in Telenor Norway and Telenor Denmark.
- Gains (losses) on disposal of fixed assets were mainly related to scrapping of intangible assets in dtac.

Operating profit

- Operating profit increased by NOK 5.7 billion compared to last year primarily due to impairment of assets in Uninor of NOK 3.9 billion in the first quarter of 2012.
- Adjusted for the impairment related to Uninor in the first quarter of 2012, operating profit increased by NOK 1.9 billion compared to last year primarily due to improved EBITDA as explained above and lower depreciation in most business units.

Associated companies

(NOK in millions)	2nd quarter		1st half year		Year
	2013	2012 Restated	2013	2012 Restated	2012 Restated
Telenors share of					
Profit after taxes	980	744	2 127	1 362	3 050
Amortisation of Telenor's net excess values	(79)	(22)	(162)	(44)	(244)
Impairment losses	(308)	-	(311)	-	(22)
Gains (losses) on disposal of ownership interests	(363)	-	(359)	-	-
Profit from associated companies	230	722	1 295	1 318	2 784

- Net result from associated companies in the second quarter of 2013 includes NOK 940 million for Telenor's share of VimpelCom's reported results for the first quarter of 2013.
- The net result from VimpelCom improved by NOK 236 million compared to the second quarter of 2012 mainly as a result of better operational performance coupled with declining amortisation related to the Wind Telecom acquisition's excess values. Telenor's share of VimpelCom's net result for the first quarter of 2013 was 35.7% compared to 31.7% for the first quarter of 2012.
- As a consequence of Altimio's conversion of its 128.5 million preferred shares into common shares of VimpelCom Ltd., Telenor's economic interest was diluted from 35.7% to 33.0%. The transaction is accounted for as deemed disposal and resulted in a loss of NOK 385 million recognised in the second quarter of 2013. There is no cash effect related to the transaction.
- An impairment loss of NOK 311 million was recognised relating to the remaining carrying amount of investment in C More Group AB. Impairment was recognised mainly due to weak subscriber development.

Financial items

(NOK in millions)	2nd quarter		1st half year		Year
	2013	2012 Restated	2013	2012 Restated	2012 Restated
Financial income	192	154	338	299	605
Financial expenses	(607)	(794)	(1 174)	(1 464)	(2 898)
Net currency gains (losses)	(235)	(180)	(67)	(136)	(156)
Net change in fair value of financial instruments	347	(285)	393	504	687
Net gains (losses and impairment) of financial assets and liabilities	(17)	(2)	(16)	(2)	(7)
Net financial income (expenses)	(321)	(1 108)	(528)	(798)	(1 769)
Gross interest expenses	(457)	(658)	(921)	(1 262)	(2 272)
Net interest expenses	(296)	(544)	(681)	(1 018)	(1 828)

- Financial expenses decreased mainly due to lower proportion of interest-bearing debt in Indian Rupee in addition to lower interest rate levels.
- The net currency losses were primarily related to financial assets and liabilities in other currencies than the Norwegian krone.
- The change in fair value of financial instruments was primarily related to derivatives used for economic hedges that do not fulfil the requirements for hedge accounting.

Taxes

- The estimated effective tax rate for the second quarter and the first half year of 2013 was 28% and 26%, respectively. In the second quarter of 2013, the Tax Appeal Committee ("Skatteklagenemnda") ruled the 2006-reassessment in our favour concerning a Total Return Swap (TRS) agreement in Telenor ASA. Telenor was notified a total repayment of NOK 0.5 billion, which was recognised as a reduction of tax expenses and interest income. See note 4 for more information. This positive effect is partly offset by the negative effect of increased tax rate from 35% to 40% effective from 1 January 2012 in Grameenphone in Bangladesh, amounting to NOK 0.3 billion.
- The effective tax rate for the year of 2013 is estimated to be around 26%.

Investments

(NOK in millions)	2nd quarter		1st half year		Year
	2013	2012	2013	2012	2012
Capex	3 484	2 959	6 351	5 641	21 511
Capex excl. licences and spectrum	3 484	2 904	6 351	5 392	12 299
Capex excl. licences and spectrum/Revenues (%)	13.5	11.5	12.6	10.7	12.1

- Capital expenditure (excl. licences) increased by NOK 1.0 billion as higher network and infrastructure investments in Pakistan, dtac, Norway and DiGi more than offset reduced investments in Grameenphone, Hungary and Denmark.

Financial position

- During the first two quarters, total assets increased by NOK 9.5 billion to NOK 177 billion primarily due to weakening of the Norwegian Krone against all major currencies.
- Net interest-bearing liabilities decreased by NOK 1.4 billion to NOK 31.7 billion. Cash position improved by NOK 8.1 billion and gross interest bearing liabilities increased by NOK 5.7 billion.
- Total equity decreased by NOK 1.6 billion to NOK 74.8 billion. The decrease is mainly explained by NOK 13.5 billion in total shareholders return, consisting of NOK 10.4 billion in dividends and NOK 3.1 billion in share buyback, partly offset by net income of NOK 8.0 billion and positive currency translation effects of NOK 4.0 billion due to weakening of the Norwegian Krone.

Cash flow

- Net cash inflow from operating activities during the first half of 2013 was NOK 19.9 billion, an increase of NOK 7.6 billion compared to the first half of 2012. This is mainly explained by higher EBITDA of NOK 1.4 billion during first half of 2013 compared to first half of 2012. In addition, dividends from associated company, VimpelCom Ltd. of NOK 6.5 billion were received during the first half of 2013.
- Net cash outflow to investing activities during the first half of 2013 was NOK 5.2 billion, a decrease of NOK 9.0 billion compared to the first half of 2012. The decrease is mainly explained by purchase of VimpelCom Ltd. shares for NOK 6.3 billion and short term interest-bearing placements for NOK 1.7 billion during the first half of 2012.
- Net cash outflow to financing activities during the first half of 2013 was NOK 7.3 billion, a decrease of NOK 10.6 billion compared to the first half of 2012. The decrease is mainly explained by lower borrowings of NOK 7.5 billion in Uninor, dtac and DiGi partly offset by higher borrowings in Telenor ASA of NOK 0.5 billion during the first half of 2013 compared to the first half of 2012. During the first half of 2013 there were higher repayments on interest-bearing liabilities of NOK 4.6 billion in Telenor ASA, Uninor and Grameenphone compared to the first half of 2012. In addition, there were lower dividends paid to non-controlling interests of NOK 2.7 billion mainly in dtac and DiGi and higher dividends paid to shareholders of Telenor ASA of NOK 1.8 billion during the first half of 2013 as compared to the first half of 2012.
- Cash and cash equivalents increased by NOK 8.3 billion during the first half of 2013 to NOK 16.9 billion as of 30 June 2013.

Transactions with related parties

For detailed information on related party transactions refer to Note 34 in Telenor's Annual Report 2012.

In addition to transactions described in the Annual Report the following new significant related party transactions occurred in 2013:

- At the Annual General Meeting on 15 May 2013, redemption of shares owned by the Kingdom of Norway through the Ministry of Trade and Industry was approved. Accordingly a liability of NOK 2.5 billion was recognised and will be paid in the third quarter of 2013. See Annual Report 2012 note 34 and 37 for more information.

Outlook for 2013

Based on the current group structure including India and with currency rates as of 30 June 2013 Telenor expects:

- Organic revenue growth in the range of 2-4%.
- EBITDA margin before other income and expenses around 34%.
- Capital expenditure as a proportion of revenues, excluding licences and spectrum, in the range of 12-14%.

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.

For additional explanations regarding risks and uncertainties, please refer to the Report of the Board of Directors for 2012, section Risk Factors and Risk Management, and Telenor's Annual Report 2012 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 developments of risks and uncertainties since the publication of Telenor's Annual Report for 2012 are:

Legal disputes

See note 2 for details.

Financial aspects

As of 30 June 2013, Telenor ASA had issued NOK 2.6 billion in bank guarantees related to India, of which NOK 1.4 billion relates to interest-bearing debt. The remaining NOK 1.2 billion relates to guarantees issued to the Indian Department of Telecom.

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 2013' 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, 22 July 2013

The Board of Directors of Telenor ASA

Condensed interim financial information

Consolidated income statement

Telenor Group

(NOK in millions except earnings per share)	2nd quarter		1st half year		Year
	2013	2012 Restated	2013	2012 Restated	2012 Restated
Revenues	25 747	25 357	50 463	50 475	101 718
Costs of materials and traffic charges	(7 034)	(7 126)	(13 785)	(14 274)	(29 187)
Salaries and personnel costs	(2 707)	(2 775)	(5 455)	(5 536)	(10 683)
Other operating expenses	(7 148)	(7 392)	(13 943)	(14 841)	(29 000)
Other income and expenses	(94)	(199)	(364)	(320)	(868)
EBITDA	8 763	7 864	16 916	15 504	31 980
Depreciation and amortisation	(3 391)	(3 555)	(6 829)	(7 291)	(14 402)
Impairment losses	-	-	(2)	(3 862)	(7 823)
Operating profit	5 372	4 309	10 085	4 351	9 755
Share of net income from associated companies	592	722	1 654	1 317	2 785
Gain (loss) on disposal of associated companies	(363)	-	(359)	-	-
Net financial income (expenses)	(321)	(1 108)	(528)	(798)	(1 769)
Profit before taxes	5 281	3 924	10 852	4 870	10 770
Income taxes	(1 458)	(1 501)	(2 821)	(2 836)	(1 743)
Net income	3 823	2 422	8 031	2 034	9 028

Net income (loss) attributable to:

Non-controlling interests	574	356	1 181	(617)	219
Equity holders of Telenor ASA	3 249	2 067	6 850	2 651	8 809

Earnings per share in NOK

Basic	2.13	1.31	4.46	1.68	5.63
Diluted	2.12	1.31	4.46	1.68	5.62

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

Consolidated statement of comprehensive income

Telenor Group

(NOK in millions)	2nd quarter		1st half year		Year
	2013	2012 Restated	2013	2012 Restated	2012 Restated
Net income	3 823	2 422	8 031	2 034	9 028
Translation differences on net investment in foreign operations	2 456	1 529	5 612	(340)	(4 531)
Income taxes	81	(1)	37	391	114
Amount reclassified from equity to profit and loss on disposal	55	14	55	14	14
Net gain (loss) on hedge of net investment	(1 301)	(337)	(2 250)	207	1 335
Income taxes	366	94	632	(58)	(374)
Amount reclassified from equity to profit and loss on disposal	(7)	-	(7)	-	-
Net gain (loss) on available-for-sale-investment	29	33	29	29	13
Amount reclassified from equity to profit and loss on disposal	-	-	-	-	5
Share of other comprehensive income (loss) of associated companies	73	(89)	22	(1 657)	(1 540)
Amount reclassified from equity to profit and loss on disposal	240	-	240	-	-
Items that may be reclassified subsequently to income statement	1 992	1 243	4 370	(1 414)	(4 964)
Remeasurement of defined benefit pension plans	(513)	-	(537)	-	1 805
Income taxes	144	-	148	-	(504)
Items that will not be reclassified to income statement	(370)	-	(388)	-	1 301
Other comprehensive income (loss), net of taxes	1 622	1 243	3 982	(1 414)	(3 663)
Total comprehensive income	5 445	3 665	12 013	620	5 365
Total comprehensive income (loss) attributable to:					
Non-controlling interests	598	607	1 459	(469)	273
Equity holders of Telenor ASA	4 846	3 058	10 554	1 089	5 092

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

Consolidated statement of financial position

Telenor Group

	30 June 2013	31 March 2013	30 June 2012	31 December 2012
(NOK in millions)			Restated	Restated
Deferred tax assets	4 236	4 143	1 591	4 090
Goodwill	18 607	18 124	21 938	17 682
Intangible assets	29 379	29 985	21 126	28 818
Property, plant and equipment	45 345	44 349	43 919	43 596
Associated companies	37 239	39 488	39 997	39 433
Other non-current assets	3 878	4 188	3 248	4 309
Total non-current assets	138 683	140 276	131 819	137 928
Prepaid taxes	243	267	133	162
Inventories	1 182	1 317	1 138	1 198
Trade and other receivables	19 051	18 042	17 654	18 209
Other financial current assets	1 219	1 875	4 328	1 567
Assets classified as held for sale	-	-	2	-
Cash and cash equivalents	16 944	9 838	13 945	8 805
Total current assets	38 639	31 338	37 200	29 941
Total assets	177 321	171 615	169 019	167 868
Equity attributable to equity holders of Telenor ASA	71 296	78 345	71 303	73 355
Non-controlling interests	3 557	3 554	4 184	3 057
Total equity	74 853	81 898	75 487	76 412
Non-current interest-bearing liabilities	47 033	38 805	33 191	39 826
Non-current non-interest-bearing liabilities	1 033	1 267	1 410	1 275
Deferred tax liabilities	1 501	1 505	1 688	1 640
Pension obligations	2 045	1 479	3 234	1 497
Other provisions	3 243	3 228	2 868	3 286
Total non-current liabilities	54 855	46 285	42 391	47 523
Current interest-bearing liabilities	9 126	8 780	14 522	10 275
Trade and other payables	30 452	28 993	28 972	28 034
Current tax payables	2 954	3 627	3 266	3 696
Current non-interest-bearing liabilities	4 105	967	3 625	651
Provisions and obligations	977	1 064	756	1 277
Total current liabilities	47 613	43 431	51 142	43 933
Total equity and liabilities	177 321	171 615	169 019	167 868
Equity ratio including non-controlling interests (%)	42.2	47.7	44.7	45.5
Net interest-bearing liabilities	31 660	28 853	27 708	33 082

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

Consolidated statement of cash flows

Telenor Group

(NOK in millions)	2nd quarter		1st half year		Year
	2013	2012 Restated	2013	2012 Restated	2012 Restated
Profit before taxes from total operations	5 281	3 924	10 852	4 870	10 770
Income taxes paid	(2 159)	(1 950)	(3 790)	(3 817)	(6 041)
Net (gains) losses from disposals, impairments and change in fair value of financial assets and liabilities	(383)	309	(341)	(449)	(523)
Depreciation, amortisation and impairment losses	3 391	3 555	6 831	11 153	22 225
Loss (profit) from associated companies	(229)	(722)	(1 295)	(1 317)	(2 785)
Dividends received from associated companies	3 938	353	6 533	353	354
Currency (gains) losses not related to operating activities	146	75	182	32	110
Changes in other operating working capital assets and liabilities	1 857	470	968	1 488	(108)
Net cash flow from operating activities	11 842	6 014	19 941	12 312	24 002
Purchases of property, plant and equipment (PPE) and intangible assets	(3 003)	(3 371)	(5 710)	(6 414)	(16 892)
Purchases of subsidiaries and associated companies, net of cash acquired	(10)	(4 277)	(70)	(6 439)	(7 533)
Proceeds of PPE, intangible assets and businesses, net of cash disposed	95	56	129	340	575
Proceeds and purchases of other investments	352	1 384	434	(1 748)	932
Net cash flow from investing activities	(2 566)	(6 208)	(5 217)	(14 261)	(22 918)
Proceeds from and repayments of borrowings	7 109	10 017	3 226	14 676	13 239
Proceeds from issuance of shares, incl. from non-controlling interests in subsidiaries	-	-	6	-	-
Share buyback by Telenor ASA	-	-	(538)	-	(4 022)
Repayment of equity and dividends paid to non-controlling interests in subsidiaries	(943)	(936)	(1 128)	(3 784)	(6 015)
Dividends paid to equity holders of Telenor ASA	(8 844)	(7 595)	(8 844)	(7 595)	(7 925)
Net cash flow from financing activities	(2 678)	1 486	(7 278)	3 296	(4 723)
Effects of exchange rate changes on cash and cash equivalents	509	(33)	694	(302)	(456)
Net change in cash and cash equivalents	7 107	1 258	8 140	1 046	(4 095)
Cash and cash equivalents at the beginning of the period	9 838	12 687	8 805	12 899	12 899
Cash and cash equivalents at the end of the period ¹⁾	16 944	13 945	16 944	13 945	8 805

¹⁾ The first half year of 2013 includes restricted cash of NOK 175 million, while the first half year of 2012 included restricted cash of NOK 141 million.

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

Consolidated statement of changes in equity

Telenor Group

(NOK in millions)	Attributable to equity holders of the parent					Non-controlling interests	Total equity
	Total paid in capital	Other reserves	Retained earnings	Cumulative translation differences	Total		
Equity as of 31 December 2011 - as previously reported	9 574	4 707	75 995	(6 284)	83 992	2 910	86 902
Implementation effect of revised IAS 19 (Note 1)	-	-	(923)	-	(923)	-	(923)
Equity as of 1 January 2012 - restated	9 574	4 707	75 072	(6 284)	83 069	2 910	85 979
Net income for the period	-	-	8 809	-	8 809	219	9 028
Other comprehensive income for the period	-	(222)	-	(3 495)	(3 717)	54	(3 663)
Total comprehensive income for the period	-	(222)	8 809	(3 495)	5 092	273	5 365
Transactions with non-controlling interests	-	(3 267)	-	-	(3 267)	3 553	286
Equity adjustments in associated companies	-	319	-	-	319	-	319
Dividends	-	-	(7 925)	-	(7 925)	(3 678)	(11 603)
Share buyback	(249)	(3 773)	-	-	(4 022)	-	(4 022)
Sale of shares, share issue, and share options to employees	9	80	-	-	89	-	89
Equity as of 31 December 2012	9 334	(2 155)	75 956	(9 779)	73 355	3 057	76 412
Net income for the period	-	-	6 850	-	6 850	1 181	8 031
Other comprehensive income for the period	-	(98)	-	3 802	3 704	278	3 982
Total comprehensive income for the period	-	(98)	6 850	3 802	10 554	1 459	12 013
Transactions with non-controlling interests	-	(174)	-	-	(174)	181	7
Equity adjustments in associated companies	-	(26)	-	-	(26)	-	(26)
Dividends	-	-	(9 239)	-	(9 239)	(1 140)	(10 379)
Share buyback	(167)	(2 912)	-	-	(3 080)	-	(3 080)
Sale of shares, share issue, and share options to employees	-	(96)	-	-	(96)	-	(96)
Equity as of 30 June 2013	9 168	(5 462)	73 567	(5 977)	71 295	3 557	74 852

(NOK in millions)	Attributable to equity holders of the parent					Non-controlling interests	Total equity
	Total paid in capital	Other reserves	Retained earnings	Cumulative translation differences	Total		
Equity as of 31 December 2011 - as previously reported	9 574	4 707	75 995	(6 284)	83 992	2 910	86 902
Implementation effect of revised IAS 19 (Note 1)	-	-	(923)	-	(923)	-	(923)
Equity as of 1 January 2012 - restated	9 574	4 707	75 072	(6 284)	83 069	2 910	85 979
Net income for the period	-	-	2 651	-	2 651	(617)	2 034
Other comprehensive income for the period	-	(1 628)	-	66	(1 562)	148	(1 414)
Total comprehensive income for the period	-	(1 628)	2 651	66	1 089	(469)	620
Transactions with non-controlling interests	-	(2 972)	-	-	(2 972)	3 154	181
Equity adjustments in associated companies	-	343	-	-	343	-	343
Dividends	-	-	(7 925)	-	(7 925)	(1 411)	(9 336)
Share buyback	(156)	(2 167)	-	-	(2 324)	-	(2 324)
Sale of shares, share issue, and share options to employees	5	18	-	-	23	-	23
Equity as of 30 June 2012	9 424	(1 700)	69 797	(6 218)	71 303	4 184	75 487

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

Notes to the consolidated interim financial statements

Note 1 – General accounting principles

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

These interim condensed consolidated financial statements for the six months ending 30 June 2013, 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 2012. 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 2012.

For information about the standards and interpretations effective from 1 January 2013, please refer to Note 1 in the Group's Annual report 2012. The group has early adopted the following new and revised standards and interpretations, with effect from 1 January 2013.

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IAS 27 (as revised in 2011) Separate Financial Statements
- IAS 28 (as revised in 2011) Investment in Associates and Joint Ventures

The following standards and interpretations adopted with effect from 1 January 2013 have implementation impact on the Group's consolidated interim financial statements:

- IAS 1 Presentation of Financial statements – amended. The amendment to IAS 1 changes the grouping of items presented in Other Comprehensive Income. Items that may be reclassified (or 'recycled') to profit or loss (when specific conditions are met) are presented separately from items that will never be reclassified. The amendment affects presentation of the Consolidated Statement of Comprehensive Income only and has no impact on the Group's financial position or performance.
- IAS 19 (as revised in 2011) Employee Benefits: The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as: to eliminate the corridor approach and recognise all actuarial gains and losses in Other Comprehensive Income as they occur; to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). The changes shall be applied retrospectively and as a consequence, Telenor recognised the impact of these changes as of the date of initial application (1 January 2012) against the opening balance in equity.

Telenor is of the opinion that the presentation of net interest cost element as financial items gives better information of the Group's financial performance and has decided to present net interest amount as financial items in the consolidated income statement. This change is applied retrospectively and the consolidated income statements for 2012 are restated.

The implementation effects of the changes in IAS 19 including the reclassification of the net interest amount are:

(NOK in millions)	As of 1 January 2012	As of 30 June 2012	As of 31 December 2012
Consolidated Statement of Financial Position			
Deferred tax assets	318	316	(194)
Associated companies	(99)	(99)	(99)
Pension obligations	1 142	1 137	(671)
Equity	(923)	(920)	378

(NOK in millions)	Second quarter 2012	First half year 2012	Year 2012
Consolidated Income Statement			
Pension costs	23	44	93
Financial expenses	(21)	(41)	(86)
Income taxes	(1)	(1)	(7)
Net income(loss)	1	2	-

Consolidated Statement of Comprehensive Income			
Net income	1	2	-
Other comprehensive income (loss), net of taxes *)	-	1	1 301
Total Comprehensive income (loss)	1	3	1 301

*) Effect recognised in Other comprehensive income for the year of 2012 due to the change of discount rate used to determine pension obligations as of 31 December 2012. Please refer to Note 27 in the Group's Annual report 2012 for more information about the assumptions used.

- IAS 28 (as revised in 2011) Investment in Associates and Joint Ventures: The changes in IAS 28 scope in joint ventures to be accounted for under equity method and requires that if an investment in an associate becomes an investment in a joint venture or vice versa, the entity shall not remeasure the retained interest. The changes shall be applied retrospectively and as a consequence, the Group's share of fair value gain arising from increase in VimpelCom's stake in Euroset from 49.9% to 50.0% recognised in 2012 (see note 20 in the Group's Annual Report 2012), has been reversed and the consolidated financial statements for 2012 are restated with the following impacts:

(NOK in millions)	2012
Consolidated Statement of Financial Position	
Associated companies	(1 203)
Consolidated Income Statement	
Share of net income from associated companies	(1 258)
Other comprehensive income (loss)	55

Note 2 – Legal disputes

The issues described below are updates compared to information included in the Annual Report 2012 note 35 and have to be read in conjunction with this. No provisions have been made for the legal disputes described in this note.

Grameenphone

BTRC-Audit claim

On 15 May 2013, the High Court Division extended the stay order for the claim until the final hearing of the appeal.

dtac

Dispute between dtac and CAT regarding revenue sharing payment under Concession Agreement

On 23 April 2013, CAT filed a new statement of claim to the Arbitration Tribunal requesting for additional revenue sharing for the 18th concession year (16 September 2008 to 15 September 2009) from dtac in the amount of NOK 683 million, plus penalty interest at the rate of 15% p.a.

Note 3 – Associated companies

C More

Impairment of associated companies of NOK 0.3 billion is related to C More, in which an impairment was recorded mainly due to weaker subscriber development.

VimpelCom

On 16 April 2013, Altimo Cooperatief U.A (“Altimo”) converted its 128.5 million preferred shares into common shares of VimpelCom Ltd. by paying premium of USD 10.84 per share (USD 1.3 billion in total). As a consequence of Altimo’s conversion of preferred shares, Telenor’s economic interest was diluted from 35.66% to 33.05%, whereas Telenor’s voting interest remains unaffected. The deemed disposal of the economic interest in VimpelCom Ltd. resulted in an accounting loss of NOK 385 million recognised in the income statement.

Note 4 – Income taxes

During the third quarter of 2010, Telenor ASA received a reassessment by the Norwegian tax authorities of its 2006 and 2007 tax returns, concerning gain on a Total Return Swap agreement related to shares in OJSC VimpelCom as the underlying object. Following the receipt of the reassessment Telenor provided for a tax expense of NOK 0.8 billion, which was paid in 2010. Telenor disagreed with the tax authorities’ position and has appealed the reassessment.

In the second quarter of 2013, the Tax Appeal Committee (“Skatteklagenemnda”) ruled the 2006-reassessment in Telenor ASA’s favour, due to statute of limitations rules. Telenor ASA was notified a total repayment of NOK 0.5 billion, which was recognised as a reduction of tax expenses and interest income. The repayment was received in July 2013.

Note 5 – Interest-bearing liabilities

Telenor issued two bonds under the EMTN programme on 13 May 2013 of which one EUR 650 million bond with maturity May 2025 and one USD 500 million bond with maturity May 2018.

Note 6 – Pension obligations

In the second quarter of 2013, a new mortality table for collective pension insurance (K-2013) was made public by Finance Norway. The Financial Supervisory Authority of Norway (“Finanstilsynet”) has added security margins on certain assumptions to accommodate for specific characteristics in the insurance portfolio (socioeconomic effects). The rationale and sizes of these adjustments are disputed. Consequently, Telenor has adapted the new mortality assumptions without these security margins. This has increased Telenor’s pension obligations by NOK 515 million and is recognised as re-measurement of pension plans in Other Comprehensive Income in the second quarter of 2013.

Note 7 – Transactions with related parties

At the Annual General Meeting on 15 May 2013, redemption of shares owned by the Kingdom of Norway through the Ministry of Trade and Industry was approved. Accordingly a liability of NOK 2.5 billion was recognised and will be paid in the third quarter of 2013. See Annual Report 2012 note 37 for more information.

Note 8 – Events after the balance sheet date

On 4 July 2013, the European Commission approved Telenor Group’s agreement with OTE to acquire Bulgarian mobile operator Globul and the leading telecom retailer Germanos Bulgaria, for a total amount of EUR 717 million on a cash and debt free basis. The transaction is expected to be completed later in the third quarter of 2013.

On 17 July 2013, the Board of Directors of Grameenphone Ltd. declared interim dividend for 2013 of BDT 9.0 per share which corresponds to approximately NOK 0.9 billion total dividend and approximately NOK 0.5 billion for the Telenor ownership share.

On 19 July 2013, the Board of Directors of Total Access Communication Public Company Limited (dtac) declared interim dividend for 2013 of THB 1.28 per share which corresponds to approximately NOK 0.6 billion total dividend and approximately NOK 0.4 billion for Telenor ownership share.

On 19 July 2013, the Board of Directors of DiGi declared the second interim dividend for 2013 of MYR 0.048 per share which corresponds to approximately NOK 0.7 billion total dividend and approximately NOK 0.3 billion for the Telenor ownership share.

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

The operating segments remain unchanged in the first half of 2013. Nevertheless there have been some structural changes in the composition of the different segments. ABC Startsiden previously reported as a part of Broadcast is reported under Other units from 1 January 2013. The figures for previous periods are reclassified accordingly.

The operations**Second quarter**

(NOK in millions)	Total revenues			of which internal		EBITDA before other income and expenses *)			
	2013	2012 Restated	Growth	2013	2012	2013	Margin	2012 Restated	Margin
Norway	6 152	6 327	(2.8%)	85	96	2 616	42.5%	2 690	42.5%
Sweden	2 672	2 599	2.8%	43	28	805	30.1%	620	23.9%
Denmark	1 231	1 429	(13.9%)	19	25	222	18.0%	283	19.8%
Hungary	980	965	1.6%	3	4	380	38.7%	339	35.2%
Serbia	717	674	6.4%	34	34	295	41.1%	265	39.4%
Montenegro	129	143	(9.8%)	18	14	47	36.4%	44	30.5%
dtac - Thailand	4 792	4 080	17.4%	20	4	1 456	30.4%	1 243	30.5%
DiGi - Malaysia	3 136	2 990	4.9%	1	1	1 419	45.3%	1 412	47.2%
Grameenphone - Bangladesh	1 788	1 670	7.1%	1	1	916	51.3%	873	52.3%
Pakistan	1 433	1 473	(2.7%)	-	4	575	40.1%	569	38.7%
India	728	1 034	(29.6%)	-	-	(153)	nm	(625)	nm
Broadcast	1 667	1 658	0.5%	46	52	543	32.6%	490	29.5%
Other units	1 189	1 224	(2.8%)	597	648	(254)	nm	(132)	nm
Eliminations	(868)	(910)	-	(868)	(910)	(10)	-	(10)	-
Group	25 747	25 357	1.5%	-	-	8 857	34.4%	8 064	31.8%

First half year

(NOK in millions)	Total revenues			of which internal		EBITDA before other income and expenses *)			
	2013	2012 Restated	Growth	2013	2012	2013	Margin	2012 Restated	Margin
Norway	12 317	12 549	(1.8%)	174	194	5 335	43.3%	5 145	41.0%
Sweden	5 211	5 144	1.3%	74	54	1 510	29.0%	1 250	24.3%
Denmark	2 423	2 931	(17.3%)	35	57	475	19.6%	579	19.8%
Hungary	1 910	1 930	(1.0%)	7	10	735	38.5%	690	35.8%
Serbia	1 386	1 329	4.3%	64	64	563	40.6%	522	39.3%
Montenegro	235	264	(10.7%)	31	22	85	36.3%	87	33.0%
DTAC - Thailand	9 311	8 289	12.3%	34	13	2 879	30.9%	2 504	30.2%
DiGi - Malaysia	6 141	5 958	3.1%	2	2	2 722	44.3%	2 804	47.1%
Grameenphone - Bangladesh	3 460	3 297	5.0%	5	2	1 711	49.5%	1 771	53.7%
Pakistan	2 719	2 859	(4.9%)	1	9	1 071	39.4%	1 137	39.8%
India	1 436	2 043	(29.7%)	-	1	(338)	nm	(1 246)	nm
Broadcast	3 277	3 287	(0.3%)	87	93	1 016	31.0%	991	30.2%
Other units	2 332	2 379	(2.0%)	1 181	1 260	(471)	nm	(365)	nm
Eliminations	(1 695)	(1 781)	-	(1 695)	(1 781)	(13)	-	(44)	-
Group	50 463	50 475	(0.0%)	-	-	17 280	34.2%	15 824	31.4%

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

Reconciliation

(NOK in millions)	2nd quarter		1st half year		Year
	2013	2012 Restated	2013	2012 Restated	2012 Restated
Net income	3 823	2 422	8 031	2 034	9 028
Income taxes	(1 458)	(1 501)	(2 821)	(2 836)	(1 743)
Profit before taxes	5 281	3 924	10 852	4 870	10 770
Net financial income (expenses)	(321)	(1 108)	(528)	(798)	(1 769)
Profit (loss) from associated companies	229	722	1 295	1 317	2 785
Depreciation and amortisation	(3 391)	(3 555)	(6 829)	(7 291)	(14 402)
Impairment losses	-	-	(2)	(3 862)	(7 823)
EBITDA	8 763	7 864	16 916	15 504	31 980
Gains (losses) on disposal of fixed assets and operations	41	(47)	(47)	(78)	(161)
Workforce reductions and loss contracts	(134)	(154)	(315)	(244)	(692)
One-time effects to pension costs	(1)	1	(2)	1	(16)
EBITDA before other income and expenses	8 857	8 064	17 280	15 824	32 848

EBITDA				Operating profit (loss)			
2013	Margin	2012 Restated	Margin	2013	Margin	2012 Restated	Margin
2 555	41.5%	2 643	41.8%	1 803	29.3%	1 967	31.1%
774	29.0%	531	20.4%	435	16.3%	244	9.4%
203	16.5%	293	20.5%	24	2.0%	105	7.4%
368	37.5%	337	34.9%	273	27.9%	233	24.2%
295	41.2%	265	39.4%	226	31.5%	191	28.3%
47	36.4%	40	28.3%	39	30.0%	30	21.1%
1 490	31.1%	1 244	30.5%	911	19.0%	817	20.0%
1 421	45.3%	1 421	47.5%	949	30.3%	789	26.4%
916	51.2%	863	51.7%	632	35.4%	606	36.3%
577	40.3%	516	35.1%	216	15.1%	(139)	nm
(106)	nm	(624)	nm	(107)	nm	(619)	nm
534	32.0%	489	29.5%	392	23.5%	347	20.9%
(310)	nm	(154)	nm	(434)	nm	(269)	nm
-	-	(1)	-	12	-	6	-
8 763	34.0%	7 864	31.0%	5 372	20.9%	4 309	17.0%

EBITDA				Operating profit (loss)			
2013	Margin	2012 Restated	Margin	2013	Margin	2012 Restated	Margin
5 227	42.4%	5 056	40.3%	3 722	30.2%	3 702	29.5%
1 478	28.4%	1 159	22.5%	816	15.7%	587	11.4%
388	16.0%	558	19.0%	33	1.3%	162	5.5%
712	37.3%	676	35.0%	529	27.7%	471	24.4%
563	40.6%	522	39.3%	419	30.2%	360	27.0%
85	36.2%	81	30.6%	69	29.2%	59	22.5%
2 807	30.1%	2 505	30.2%	1 766	19.0%	1 672	20.2%
2 724	44.4%	2 813	47.2%	1 723	28.1%	1 555	26.1%
1 710	49.4%	1 762	53.4%	1 164	33.6%	1 218	37.0%
1 075	39.5%	1 080	37.8%	217	8.0%	(164)	nm
(298)	nm	(1 245)	nm	(301)	nm	(5 303)	nm
1 008	30.7%	970	29.5%	716	21.8%	683	20.8%
(560)	nm	(396)	nm	(802)	nm	(628)	nm
(4)	-	(35)	-	15	-	(22)	-
16 916	33.5%	15 504	30.7%	10 085	20.0%	4 351	8.6%

Responsibility statement

We confirm that, to the best of our knowledge, the condensed financial statements for the first half of 2013 which have been prepared in accordance with IAS 34 Interim Financial Reporting give a true and fair view of the Company's consolidated assets, liabilities, financial position and results of operations, and that the interim report includes a fair review of the information under the Norwegian Securities Trading Act section 5–6 fourth paragraph.

Fornebu, 22 July 2013

Svein Aaser
Chairman of the Board of Directors

Frank Dangeard
Deputy Chairman of the Board of Directors

Marit Vaagen
Board member

Hallvard Bakke
Board member

Burckhard Bergmann
Board member

Sally Davis
Board member

Dag J. Opedal
Board member

Barbara Milian Thoralfsson
Board member

Bjørn André Anderssen
Board member

Brit Østby Fredriksen
Board member

Harald Stavn
Board member

Jon Fredrik Baksaas
President and CEO

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 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.

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 (AMPUP)

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 and connection fees for xDSL and fibre, subscription fees and traffic charges for Dial Up Internet in addition to revenues from TV services.

Data services

- consist of Nordic Connect/IP-VPN, Global communication 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 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.

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 Invest.

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