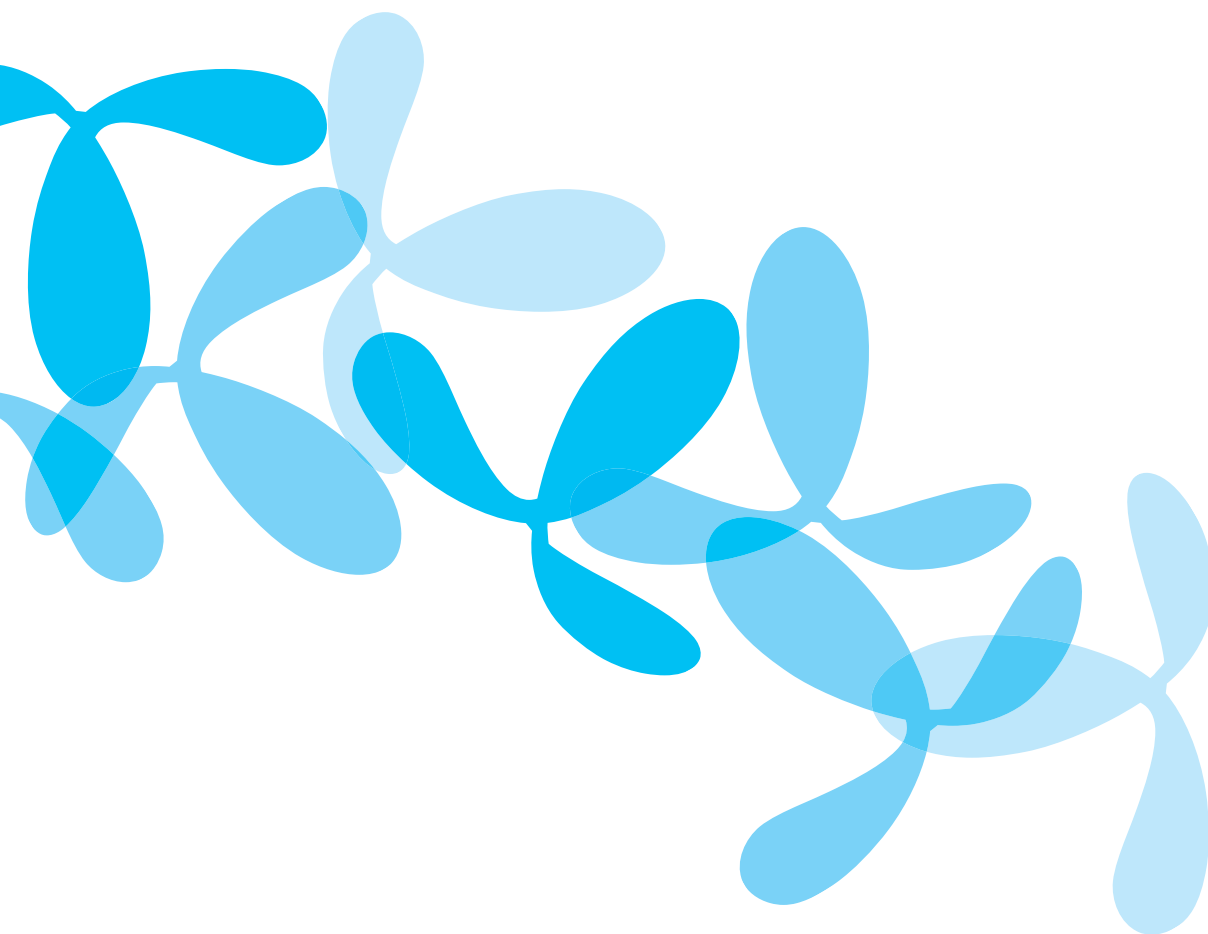


# Q1 2010

Interim report  
January–March 2010



telenor  
group



# Contents

Highlights // 1

Interim report // 2

Telenor's operations // 2

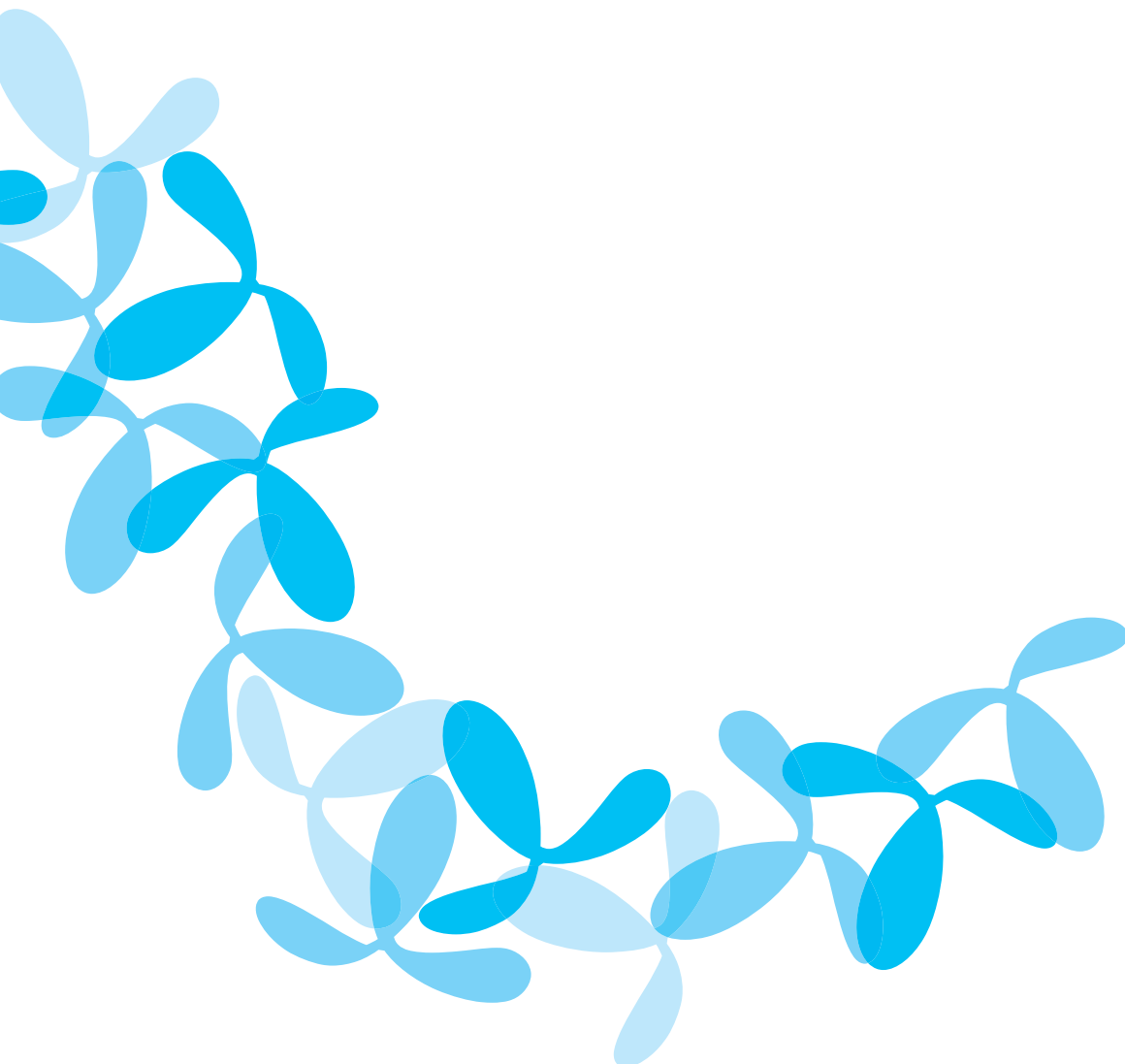
Group overview // 8

Outlook for 2010 // 10

Condensed interim financial information // 11

Notes to the consolidated interim financial statements // 15

Definitions // 16



# Strong momentum into 2010

## Highlights first quarter 2010

- Organic revenue growth of 3%
- EBITDA margin of 30%
- Cash flow margin of 20%
- Earnings per share of NOK 0.63 <sup>1)</sup>

*Jon Fredrik Baksaas*  
Jon Fredrik Baksaas  
President & CEO



"The Telenor Group started the year with a strong quarter. Current trends in the Asian and Nordic regions are positive and I am pleased to see that the Telenor Group had a rebound in organic revenue growth. Operating cash flow was close to NOK 5 billion due to a combination of strong financial results and low investments. During the quarter our mobile operations added 5 million subscriptions, reaching a total of 179 million.

The successful completion of the VimpelCom Ltd. transaction was a milestone for the Telenor Group. The VimpelCom Ltd. share started trading on the New York Stock Exchange on 22 April 2010 and the market value of Telenor Group's 39.6% economic stake in the company was NOK 55 billion after the first day of trading. VimpelCom Ltd.'s strong operations, combined with a significantly improved governance structure, is a good foundation for future value creation.

Our operations in the Nordic region continued their strong performance, driven by positive development in the mobile businesses. During the last year, we saw increased demand for user-friendly smartphones, boosting mobile

data usage and revenues. While executing the planned upgrades of mobile networks in all Nordic markets, we expect to maintain annual operating cash flow at around NOK 10 billion.

The established Asian operations confirmed the recovery in this region with a positive trend in financial performance this quarter. In India, we are pleased to see that the roll-out activities continued at high speed. Network quality is already high in the circles where we have launched, and 180,000 points of sale and around 2,500 employees are in place to support Uninor's development in the market. In this initial phase, we are experiencing some challenges. To secure healthy pick-up of quality subscribers, we are continuously working on developing the distribution system.

As a result of recovery in Asia and improved performance in the Nordic region, we expect a slightly stronger EBITDA margin for 2010 compared to our previous outlook. In addition, we revise our expected capex to sales ratio slightly downwards, following the development in Uninor and lower overall investments during the first quarter."

## Key figures

	First quarter		Year
	2010	2009	2009
(NOK in millions except earnings per share)	Group	Group	Group
Revenues	23 952	24 614	97 650
EBITDA before other income and expenses <sup>2)</sup>	7 173	7 900	31 122
EBITDA before other income and expenses/Revenues (%)	29.9	32.1	31.9
Adjusted operating profit	3 115	4 053	15 805
Adjusted operating profit/Revenues (%)	13.0	16.5	16.2
Profit after taxes and non-controlling interests <sup>1)</sup>	1 038	1 622	8 653
Earnings per share from total operations, basic, in NOK	0.63	0.98	5.22
Capex	2 467	2 996	16 107
Capex excl. licences and spectrum	2 467	2 996	16 107
Capex excl. licences and spectrum/Revenues (%)	10.3	12.2	16.5
Operating cash flow <sup>3)</sup>	4 705	4 904	15 015
Net interest-bearing liabilities	21 252	39 874	26 332

## Extract from outlook for 2010

Based on the current group structure including Uninor and currency rates as of 31 March 2010, Telenor expects low single digit organic revenue<sup>4)</sup> growth. The EBITDA margin before other income and expenses is expected to be around 28%, while capital expenditure as a proportion of revenues, excluding licences and spectrum, is expected to be 13–14%, which is higher than actual figures for the first quarter.

Please refer to page 10 for the full outlook for 2010, and page 16 for definitions.

<sup>1)</sup> Until 31 December 2009, 'Profit after taxes and non-controlling interests' included actual figures for Kyivstar and estimated results for OJSC VimpelCom. As of the first quarter 2010, figures for OJSC VimpelCom and Kyivstar will be included with a one quarter lag. Please refer to 'Associated companies' on page 8 for further details.

<sup>2)</sup> EBITDA before other income and expenses have been restated for the year 2009. See Specification of other income and expenses on page 8 for further details.

<sup>3)</sup> Operating cash flow is defined as EBITDA before other income and expenses – Capex, excluding licences and spectrum.

<sup>4)</sup> Organic revenue is defined as revenue adjusted for the effects of acquisition and disposal of operations and currency effects.

# Interim report

## Telenor's operations

Unless otherwise stated, the statements below are related to Telenor's development in the first quarter of 2010 compared to the first quarter of 2009. All comments on EBITDA are made on development in EBITDA before other income and expenses (other items). Please refer to page 8 for specifications of other income and expenses.

Additional information is available at: [www.telenor.com/ir](http://www.telenor.com/ir)



## Nordic

### Telenor – Norway

(NOK in millions)	First quarter		Year
	2010	2009	2009
<b>Revenues mobile operation</b>			
Subscription and traffic	2 395	2 223	9 444
Interconnect revenues	337	340	1 353
Other mobile revenues	367	371	1 530
Non-mobile revenues	253	138	759
<b>Total revenues mobile operation</b>	<b>3 352</b>	<b>3 072</b>	<b>13 085</b>
<b>Revenues fixed operation</b>			
Telephony	1 030	1 121	4 273
Broadband	666	675	2 731
Data services	148	171	631
Other fixed revenues	400	343	1 458
<b>Total retail revenues</b>	<b>2 243</b>	<b>2 309</b>	<b>9 093</b>
Wholesale revenues	950	1 046	4 071
<b>Total revenues fixed operation</b>	<b>3 193</b>	<b>3 356</b>	<b>13 164</b>
<b>Total revenues</b>	<b>6 545</b>	<b>6 428</b>	<b>26 249</b>
EBITDA before other items	2 699	2 585	10 476
<b>Operating profit</b>	<b>1 774</b>	<b>1 877</b>	<b>7 425</b>

EBITDA before other items/Total revenues (%)	41,2	40,2	39,9
Capex	540	731	2 597
Investments in businesses	-	5	9

Mobile ARPU – monthly (NOK)	305	296	307
-----------------------------	-----	-----	-----

#### No. of subscriptions – Total (in thousands):

Mobile	3 001	2 888	2 991
Fixed telephony	1 158	1 271	1 190
Fixed broadband	621	643	628

\*<sup>1</sup>) As of the first quarter of 2010, Telenor – Norway is reported as one operating segment and all internal transactions between the mobile and fixed operations are eliminated. Mobile and fixed revenues for 2010 are therefore reported with net figures in the table above. Historical figures have been restated accordingly.

- The total number of mobile subscriptions increased by 10,000 during the quarter, while the estimated voice subscription market share decreased slightly to 52%. The number of mobile broadband subscriptions increased by 31,000 to 330,000.
- The fixed broadband subscription market share remained stable, while the number of fixed telephony subscriptions fell by 32,000 during the quarter.
- Mobile ARPU increased by 3% compared to last year mainly due to increased mobile data usage, partly offset by decreased revenues from voice and messaging.
- Mobile revenues increased by 9% mainly due to increased handset sales, a larger subscription base and increased mobile data usage.
- Fixed revenues fell by 5% driven by the reduction in the number of telephony and broadband subscriptions, in addition to decreased wholesale revenues from international interconnect and transit traffic impacted by negative exchange rates and lower prices.
- EBITDA increased as a result of higher revenues and decreased personnel costs in addition to lower operation and maintenance expenses.
- Capital expenditure was primarily driven by network roll-out related to fixed and mobile broadband and maintenance of core network. Accelerated depreciation of NOK 147 million has been applied to the existing mobile network equipment in the quarter due to the ongoing network replacement.
- From 1 April 2010, the new EU regulation on international roaming, with effect from 1 July 2009 in EU member states, was implemented in Norway. The implementation in Norway was according to national implementation procedures of EU regulations under the EFTA pillar.

## Telenor – Sweden

(NOK in millions)	First quarter		Year
	2010	2009	2009
<b>Revenues mobile operation</b>			
Subscription and traffic	1 087	1 026	4 308
Interconnect revenues	182	196	792
Other mobile revenues	85	60	288
Non-mobile revenues	232	181	902
<b>Total revenues mobile operation</b>	<b>1 587</b>	<b>1 463</b>	<b>6 290</b>
<b>Revenues fixed operation</b>	<b>641</b>	<b>715</b>	<b>2 826</b>
Eliminations	-	(18)	(85)
<b>Total revenues</b>	<b>2 228</b>	<b>2 160</b>	<b>9 031</b>
EBITDA before other items	549	385	1 959
<b>Operating profit (loss)</b>	<b>26</b>	<b>(126)</b>	<b>(185)</b>

EBITDA before other items/Total revenues (%)	24.7	17.8	21.7
Capex	205	243	825
Investments in businesses	-	-	1

Mobile ARPU – monthly (NOK)	214	214	221
-----------------------------	-----	-----	-----

### No. of subscriptions – Total (in thousands):

Mobile	1 978	1 912	1 970
Fixed telephony	412	438	419
Fixed broadband	566	610	574
Exchange rate	0.8148	0.8185	0.8223

\*<sup>1</sup>) As of the first quarter of 2010, Telenor – Sweden is reported as one operating segment and all internal transactions between the mobile and fixed operations are eliminated. Mobile and fixed revenues for 2010 are therefore reported with net figures in the table above. Historical figures have not been restated.

- The number of mobile subscriptions increased by 8,000 during the quarter driven by a continued growth in the number of mobile broadband subscriptions. The estimated mobile subscription market share was stable at 17%. The number of mobile broadband subscriptions increased by 20,000 to 282,000.
- The number of fixed broadband subscriptions was 566,000 at the end of the quarter. The estimated subscription market share for fixed broadband in the consumer market remained at 20%.
- Total revenues in local currency increased by 4%.
- Mobile revenues in local currency increased by 10% mainly due to higher handset sales, increased retail revenues and higher roaming volumes, partly offset by lower interconnect revenues. Interconnect rates and roaming charges were reduced from 1 July 2009.
- Fixed revenues in local currency decreased by 9% driven by the reduction in number of telephony and broadband subscriptions combined with lower telephony ARPU.
- The EBITDA margin increased by 7 percentage points mainly due to reduced operating expenses and improved gross margin in the mobile operation driven by increased revenues. Operating expenses declined by 10% following effects from ongoing operational efficiency initiatives.
- Capital expenditure in the first quarter was mainly related to ongoing network replacement. Accelerated depreciation has been applied to the existing mobile network equipment in the quarter due to the network replacement.

## Telenor – Denmark

(NOK in millions)	First quarter		Year
	2010	2009	2009
<b>Revenues mobile operation</b>			
Subscription and traffic	930	961	3 863
Interconnect revenues	330	382	1 498
Other mobile revenues	81	103	383
Non-mobile revenues	131	128	515
<b>Total revenues mobile operation</b>	<b>1 472</b>	<b>1 574</b>	<b>6 259</b>
<b>Revenues fixed operation</b>	<b>343</b>	<b>458</b>	<b>1 618</b>
Eliminations	-	(16)	(64)
<b>Total revenues</b>	<b>1 815</b>	<b>2 016</b>	<b>7 813</b>
EBITDA before other items	445	466	1 899
<b>Operating profit</b>	<b>170</b>	<b>35</b>	<b>284</b>

EBITDA before other items/Total revenues (%)	24.5	23.1	24.3
Capex	194	272	928
Investments in businesses	-	-	111

Mobile ARPU – monthly (NOK)	205	246	231
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### No. of subscriptions – Total (in thousands):

Mobile	2 075	1 833	2 038
Fixed telephony	266	309	271
Fixed broadband	256	268	259
Exchange rate	1.0886	1.2008	1.1722

\*<sup>1</sup>) As of the first quarter of 2010, Telenor – Denmark is reported as one operating segment and all internal transactions between the mobile and fixed operations are eliminated. Mobile and fixed revenues for 2010 are therefore reported with net figures in the table above. Historical figures have not been restated.

- The number of mobile subscriptions increased by 37,000 during the quarter, primarily driven by a successful bundling campaign of fixed and mobile broadband. The estimated mobile subscription market share remained at 28%. The number of mobile broadband subscriptions increased by 36,000 to 151,000.
- The number of fixed broadband subscriptions decreased slightly during the quarter, primarily as a result of changed taxation of employee benefits in Denmark.
- Mobile ARPU in local currency decreased by 8%, mainly due to decreased roaming charges, continuous price pressure in the business segment and an increased proportion of mobile broadband customers with lower ARPU. Interconnect rates were reduced from 1 May 2009 and roaming charges were reduced 1 July 2009.
- Total revenues in local currency decreased by 1%.
- Mobile revenues in local currency increased by 4% mainly driven by a higher subscription base within voice and mobile broadband.
- Fixed revenues in local currency decreased by 17% driven by a declining subscription base and continuous price pressure in the xDSL market.
- EBITDA in both nominal and relative terms have improved mainly as a result of decreased personnel costs and contract negotiations on operation and maintenance expenses, bringing the EBITDA margin up to 25% in the quarter.
- Capital expenditure in local currency decreased due to finalisation of IT projects last year as well as cold weather affecting transmission roll-out during this quarter.

## Central and Eastern Europe

### Pannon – Hungary

(NOK in millions)	First quarter		Year
	2010	2009	2009
<b>Revenues</b>			
Subscription and traffic	895	987	4 117
Interconnect revenues	230	277	1 141
Other mobile revenues	21	15	76
Non-mobile revenues	39	43	190
<b>Total revenues</b>	<b>1 185</b>	<b>1 322</b>	<b>5 524</b>
<b>EBITDA before other items</b>	<b>499</b>	<b>558</b>	<b>2 289</b>
<b>Operating profit</b>	<b>292</b>	<b>393</b>	<b>1 566</b>
<b>EBITDA before other items/Total revenues (%)</b>	<b>42.1</b>	<b>42.2</b>	<b>41.4</b>
Capex	54	91	420
No. of subscriptions – Total (in thousands):	3 465	3 504	3 501
ARPU – monthly (NOK)	107	118	125
Exchange rate	0.0302	0.0305	0.0312

\*) The number of subscriptions has been restated back to first quarter of 2008 due to a reclassification of subscriptions, resulting in an accumulated reduction of 110,000. ARPU and AMPU have been restated accordingly.

- The number of subscriptions decreased by 36,000 during the quarter, mainly due to prepaid churn from seasonal campaigns in the consumer segment. The subscription market share remained at 33%. The number of mobile broadband subscription increased by 8,000 to 144,000.
- ARPU decreased by 8% in local currency primarily due to lower interconnect rates from 1 January 2010 in addition to change in calling patterns and increased utilisation of free minutes following the macroeconomic situation.
- Revenues in local currency decreased by 10% mainly as a result of the reduction in ARPU and a lower subscription base.
- EBITDA in local currency decreased by 10%, while the EBITDA margin remained stable as reduced cost of traffic and operating expenses partly offset the reduction in revenues. Operating expenses decreased mainly due to organisational restructuring in addition to effects of favourable exchange rate development and contract negotiations on operation and maintenance expenses.
- Capital expenditure in the quarter was mainly related to capacity increases for mobile broadband. Compared to last year, capital expenditures decreased mainly due to postponed investments.
- A reorganisation was executed in March 2010, resulting in a reduction of around 250 persons, including both employees and external contractors. Provision was included under other items, see page 8 for further details.

### Telenor – Serbia

(NOK in millions)	First quarter		Year
	2010	2009	2009
<b>Revenues</b>			
Subscription and traffic	434	517	2 141
Interconnect revenues	123	146	605
Other mobile revenues	22	37	84
Non-mobile revenues	27	20	119
<b>Total revenues</b>	<b>606</b>	<b>720</b>	<b>2 949</b>
<b>EBITDA before other items</b>	<b>230</b>	<b>310</b>	<b>1 202</b>
<b>Operating profit</b>	<b>44</b>	<b>138</b>	<b>(1 417)</b>
<b>EBITDA before other items/Total revenues (%)</b>	<b>38.0</b>	<b>43.1</b>	<b>40.8</b>
Capex	34	66	290
Investments in businesses	-	31	31
No. of subscriptions – Total (in thousands):	2 889	2 863	2 843
ARPU – monthly (NOK)	65	77	80
Exchange rate	0.0820	0.0953	0.0929

- The number of subscriptions increased by 46,000 during the quarter, while the subscription market share remained at 34%.
- Revenues in local currency decreased by 2% due to lower retail and inbound roaming revenues.
- EBITDA in local currency decreased by 14% mainly driven by increased handset subsidies, partly offset by decreased cost of traffic from roaming.
- Investments in the quarter were mainly related to network roll-out and the fixed-line licence acquired on 19 February 2010 for around NOK 9 million. Compared to last year, capital expenditure decreased mainly due to high investments in 2G and 3G coverage last year.

### Promonte – Montenegro

(NOK in millions)	First quarter		Year
	2010	2009	2009
<b>Revenues</b>	<b>136</b>	<b>166</b>	<b>731</b>
<b>EBITDA before other items</b>	<b>51</b>	<b>68</b>	<b>311</b>
<b>Operating profit</b>	<b>(6)</b>	<b>44</b>	<b>201</b>
<b>EBITDA before other items/Total revenues (%)</b>	<b>38.0</b>	<b>41.0</b>	<b>42.5</b>
Capex	12	6	46
No. of subscriptions – Total (in thousands):	432	413	465
Exchange rate	8.1019	8.9472	8.7285

- The number of subscriptions decreased by 33,000 during the quarter, mainly due to prepaid churn from seasonal campaigns. The subscription market share increased to 41%.
- ARPU measured in local currency decreased by 19% following the macroeconomic situation.
- Revenues in local currency decreased by 10% and EBITDA decreased by 16% as decreased revenues were only partly offset by reduced traffic charges from interconnect.
- Capital expenditures increased compared to last year due to the ongoing network replacement. Accelerated depreciation has been applied to the existing network equipment in the quarter.

## Asia

### DTAC – Thailand

(NOK in millions)	First quarter		Year
	2010	2009	2009
<b>Revenues</b>			
Subscription and traffic	2 288	2 376	8 998
Interconnect revenues	632	687	2 540
Other mobile revenues	113	132	391
Non-mobile revenues	112	24	115
<b>Total revenues</b>	<b>3 144</b>	<b>3 219</b>	<b>12 044</b>
<b>EBITDA before other items</b>	<b>1 075</b>	<b>937</b>	<b>3 689</b>
<b>Operating profit</b>	<b>682</b>	<b>532</b>	<b>2 108</b>
<b>EBITDA before other items/Total revenues (%)</b>	<b>34.2</b>	<b>29.1</b>	<b>30.6</b>
Capex	116	262	1 089
<b>No. of subscriptions – Total (in thousands):</b>	<b>20 288</b>	<b>18 945</b>	<b>19 657</b>
ARPU – monthly (NOK)	48	54	50
Exchange rate	0.1783	0.1944	0.1829

At the end of the first quarter of 2010, Telenor's economic stake in DTAC was 65.5%.

- The number of subscriptions increased by 631,000 during the quarter and the estimated subscription market share remained at 30%.
- ARPU in local currency declined 3% as increased average usage driven by off-peak campaigns was more than offset by decreased average prices.
- Revenues in local currency increased by 6.5% mainly driven by increased revenues from voice and value-added services, and higher handset sales.
- EBITDA in local currency increased by 25% as a result of increased revenues, improved interconnect balance and stable operating expenses.
- Capital expenditure decreased mainly as a result of reduced network roll-out, efficient utilisation of assets and procurement savings.

### DiGi – Malaysia

(NOK in millions)	First quarter		Year
	2010	2009	2009
<b>Revenues</b>			
Subscription and traffic	1 967	2 006	7 577
Interconnect revenues	218	242	946
Other mobile revenues	30	31	101
Non-mobile revenues	31	28	119
<b>Total revenues</b>	<b>2 245</b>	<b>2 307</b>	<b>8 743</b>
<b>EBITDA before other items</b>	<b>999</b>	<b>1 032</b>	<b>3 791</b>
<b>Operating profit</b>	<b>661</b>	<b>721</b>	<b>2 466</b>
<b>EBITDA before other items/Total revenues (%)</b>	<b>44.5</b>	<b>44.7</b>	<b>43.4</b>
Capex	147	277	1 279
<b>No. of subscriptions – Total (in thousands):</b>	<b>7 947</b>	<b>7 155</b>	<b>7 720</b>
ARPU – monthly (NOK)	93	105	98
Exchange rate	1,7402	1,8939	1,7809

At the end of the first quarter of 2010 Telenor's ownership interest in DiGi was 49.0%.

- The number of subscriptions increased by 227,000 during the quarter.
- ARPU measured in local currency decreased by 4% compared to last year due to increased price competition, in particular on international calls.
- Revenues in local currency increased by 6% mainly due to a higher subscription base, partly offset by lower ARPU.
- EBITDA in local currency increased due to higher revenues and lower operation and maintenance costs on 2G, partly offset by increased provision for bad debt and higher operating expenses to cater for the 3G expansion.
- Capital expenditure decreased mainly due to continued procurement savings, efficient utilisation of assets and stringent prioritisation.

### Grameenphone – Bangladesh

(NOK in millions)	First quarter		Year
	2010	2009	2009
<b>Revenues</b>			
Subscription and traffic	1 293	1 350	5 276
Interconnect revenues	137	215	593
Other mobile revenues	4	5	16
Non-mobile revenues	9	4	62
<b>Total revenues</b>	<b>1 443</b>	<b>1 574</b>	<b>5 947</b>
<b>EBITDA before other items</b>	<b>798</b>	<b>934</b>	<b>3 390</b>
<b>Operating profit</b>	<b>454</b>	<b>530</b>	<b>1 879</b>
<b>EBITDA before other items/Total revenues (%)</b>	<b>55.3</b>	<b>59.3</b>	<b>57.0</b>
Capex	98	281	944
<b>No. of subscriptions – Total (in thousands):</b>	<b>23 904</b>	<b>21 057</b>	<b>23 259</b>
ARPU – monthly (NOK)	20	25	23
Exchange rate	0.0846	0.0997	0.0910

At the end of the first quarter of 2010, Telenor's ownership interest in Grameenphone was 55.8%.

- The number of subscriptions increased by 645,000 during the quarter, while the subscription market share remained at 44%.
- ARPU in local currency decreased by 4% mainly due to reduced interconnect rates from 26 March 2009 combined with an increased share of low ARPU customers.
- Revenues in local currency increased by 8% mainly due to increased subscription and traffic revenues driven by a higher subscription base.
- The EBITDA margin decreased compared to last year mainly due to higher subscription acquisition costs following SIM tax subsidies.
- Capital expenditure decreased as a result of adjusting network investments to current traffic demands.
- To comply with regulatory directives and improve cost efficiency, infrastructure sharing agreements were signed with Banglalink and Robi (formerly Aktel) during the quarter.
- On 28 January 2010, a wholly-owned subsidiary named Grameenphone IT Ltd, was incorporated. The commercial operation of the company, which will provide IT services and support to Grameenphone and other third parties, started on 1 April 2010.

## Telenor – Pakistan

(NOK in millions)	First quarter		Year
	2010	2009	2009
<b>Revenues</b>			
Subscription and traffic	869	914	3 486
Interconnect revenues	167	185	733
Other mobile revenues	4	4	14
Non-mobile revenues	35	18	117
<b>Total revenues</b>	<b>1 074</b>	<b>1 121</b>	<b>4 350</b>
EBITDA before other items	298	2 32	1 055
<b>Operating profit (loss)</b>	<b>(9)</b>	<b>(90)</b>	<b>(267)</b>
EBITDA before other items/Total revenues (%)	27.7	20.7	24.3
Capex	120	341	1 325
No. of subscriptions – Total (in thousands):	23 279	19 985	22 501
ARPU – monthly (NOK)	15	19	17
Exchange rate	0.0693	0.0863	0.0771

- The number of subscriptions increased by 778,000 during the quarter, increasing subscription market share to 24%.
- ARPU in local currency increased by 1% compared to last year, due to increased average usage, partly offset by reduced average prices. APPM decreased due to reduced interconnect rates from 1 January 2010, market focus on bundling of voice and SMS, in addition to off-peak offers.
- Revenues in local currency increased by 19% mainly due to a higher subscription base.
- EBITDA increased mainly due to higher revenues, bringing the EBITDA margin up to 28%.
- Capital expenditures continued to be aligned with current development in subscription base and traffic volumes.

## Uninor – India

(NOK in millions)	First quarter		Year
	2010	2009	2009
<b>Revenues</b>	<b>56</b>	<b>-</b>	<b>3</b>
EBITDA before other items	(974)	-	(906)
<b>Operating profit (loss)</b>	<b>(1 113)</b>	<b>-</b>	<b>(985)</b>
Capex	712	-	3 696
Investments in businesses	-	-	17
No. of subscriptions – Total (in thousands):	2 155	-	1 008
Exchange rate	0.1277	-	0.1298

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

At the end of the first quarter of 2010 Telenor's ownership interest in Uninor was 67.25%.

- The number of subscriptions increased by 1,147,000 during the quarter.
- Revenues were NOK 56 million in the quarter and the EBITDA loss was NOK 974 million driven by costs related to the start-up.
- Capital expenditure was NOK 712 million, mainly driven by network roll-out.
- Following the regulations imposed by Department of Telecom in December 2009, all purchasing orders for telecom infrastructure equipment must be pre-approved by the authorities of India. This has resulted in a delay in the second launch phase, currently planned for the second quarter 2010.
- On 10 February 2010, Telenor completed the fourth and final equity payment of the initial capitalisation of Uninor, taking the shareholding to 67.25%



## Broadcast

(NOK in millions)	First quarter		Year
	2010	2009	2009
<b>Revenues</b>			
Canal Digital Group	1 682	1 632	6 667
Transmission & Encryption	586	593	2 326
Other/Eliminations	(121)	(123)	(428)
<b>Total revenues</b>	<b>2 147</b>	<b>2 102</b>	<b>8 565</b>
<b>EBITDA before other items</b>			
Canal Digital Group	221	137	710
Transmission & Encryption	316	312	1 277
Other/Eliminations	(10)	(14)	(43)
<b>Total EBITDA before other items</b>	<b>527</b>	<b>435</b>	<b>1 944</b>
<b>Operating profit</b>			
Canal Digital Group	124	57	364
Transmission & Encryption	180	199	754
Other/Eliminations	(20)	(36)	(113)
<b>Total operating profit</b>	<b>284</b>	<b>220</b>	<b>1 005</b>
EBITDA before other items/Total revenues (%)	24.5	20.7	22.7
Capex	116	245	1 941
Investments in businesses	-	88	230
<b>No. of subscribers – Total (in thousands):</b>			
DTH TV	1054	1096	1 060
Cable TV	721	739	729
Cable TV Internet access	257	204	246

- The number of DTH subscribers decreased by 6,000, and the number of cable TV internet access subscriptions increased by 11,000 during the quarter.
- In Canal Digital Group, revenues increased mainly as a result of higher sale of additional services for cable and increased prices for DTH. This was partly offset by reduced DTH subscriber volumes, lower sales to small antenna TV networks and currency effects. EBITDA increased due to higher revenues and reduced sales and marketing expenses. In the first quarter of 2009, EBITDA was negatively affected by a NOK 27 million provision related to replacement of cable TV decoders in Canal Digital Norway.
- Revenues in Transmission & Encryption decreased slightly due to lower sale of conditional access services and currency effects, partly offset by increased revenues from satellite transmission and from terrestrial transmission in Norkring België which was consolidated from 1 December 2009.

## Other Units

(NOK in millions)	First quarter		Year
	2010	2009	2009
<b>Revenues</b>			
EDB Business Partner	1 785	1 933	7 497
New Business	41	38	183
Corporate functions and Group activities	599	563	2 422
Other/eliminations	(3)	(11)	(30)
<b>Total revenues</b>	<b>2 422</b>	<b>2 523</b>	<b>10 072</b>
<b>EBITDA before other items</b>			
EDB Business Partner	152	227	853
New Business	(27)	(48)	(172)
Corporate functions and Group activities	(109)	(186)	(538)
Other/eliminations	(36)	(25)	(99)
<b>Total EBITDA before other items</b>	<b>(19)</b>	<b>(32)</b>	<b>45</b>
<b>Operating profit (loss)</b>			
EDB Business Partner	52	133	490
New Business	(34)	(62)	(271)
Corporate functions and Group activities	(212)	(284)	(933)
Other/eliminations	(39)	(25)	(111)
<b>Total operating profit (loss)</b>	<b>(233)</b>	<b>(238)</b>	<b>(825)</b>
Capex from continuing operations	122	182	732
Capex from discontinued operations	-	1	4
Investments in businesses	13	44	106

\* EBITDA before other items have been restated to exclude settlement and curtailment of pension obligation in EDB Business Partner of approximately NOK 570 million for the year 2009. See Specification of other items on page 8 for further details.

### EDB Business Partner

- Revenues decreased by 8%, mainly due to lower activity level in the business area Consulting.

### New Business

- Cinclus Technology was presented as a discontinued operation from the second quarter of 2009. Figures for prior periods have been reclassified accordingly. See Note 3 for further details.

### Other

- EBITDA improved due to a lower activity level within corporate projects.

## Group overview

The statements below are related to Telenor's development in the first quarter of 2010 compared to the first quarter of 2009, unless otherwise stated. Please refer to section Telenor's operations, Note 5, Telenor's interim reports from 2009 and Telenor's Annual Report 2009 for further information.

Cinclus Technology is presented as a discontinued operation from the second quarter of 2009. Figures for prior periods have been reclassified accordingly. See Note 3 for further details.

### Revenues

- Revenues decreased by NOK 662 million, or 2.7%, mainly as a result of negative currency effects from the general strengthening of the Norwegian Krone, offset by subscription growth in our Asian operations.

### EBITDA

- EBITDA decreased by NOK 799 million compared to last year mainly due to the negative contribution from Uninor.

### Specification of other income and expenses

(NOK in millions)	First quarter		Year
	2010	2009	2009
EBITDA before other income and expenses	7 173	7 900	31 122
EBITDA margin before other income and expenses (%)	29.9	32.1	31.9
Gains (losses) on disposal of fixed assets and operations	(6)	5	(309)
Workforce reductions and loss contracts	(79)	(18)	(463)
One-time effects to pension costs	-	-	568
<b>EBITDA</b>	<b>7 088</b>	<b>7 887</b>	<b>30 918</b>
EBITDA margin (%)	29.6	32.0	31.7

- Other income and expenses for the year 2009 have been restated to include settlement and curtailment of pension obligation of approximately NOK 570 million related to EDB Business Partner (Other Units), mainly reclassified from salaries and personnel costs.
- In the first quarter of 2010 'Other income and expenses' were mainly related to workforce reductions of NOK 32 million in Pannon, NOK 20 million in Telenor ASA (Other Units), NOK 12 million in Telenor Denmark and NOK 8 million in Telenor Norway. In addition, a loss of NOK 11 million in Telenor Norway from disposal of network equipment and a gain of NOK 14 million from sale of property by Telenor Eiendom (Other Units) were included as other items during the period.

### Operating profit

- Operating profit decreased by NOK 1 billion compared to last year mainly due to the negative contribution from Uninor.

### Associated companies

(NOK in millions)	First quarter		Year
	2010	2009	2009
<b>Telenors share of</b>			
Profit after taxes	(93)	(114)	3 958
Amortisation of Telenor's net excess values	-	(85)	(291)
<b>Profit (loss) from associated companies</b>	<b>(93)</b>	<b>(199)</b>	<b>3 667</b>

- As of 31 March 2010, Telenor's voting interest in OJSC VimpelCom in Russia was 29.9%, with a corresponding share of 33.6% of the common stock. According to telecom analysts, OJSC VimpelCom had approximately 66 million mobile subscriptions at the end of March 2010.
- As of 31 March 2010, Telenor's share of common stock in Kyivstar was 56.5%. According to telecom analysts, Kyivstar had approximately 22 million mobile subscriptions at the end of March 2010.
- Until 31 December 2009, the income statement line 'Profit (loss) from associated companies' included actual figures for Kyivstar and estimated results for OJSC VimpelCom, adjusted for deviations between actual and estimated figures for the previous quarter.
- The combination of Kyivstar and OJSC VimpelCom into the new entity VimpelCom Ltd. was completed in April 2010. VimpelCom Ltd. was listed on the New York Stock Exchange (NYSE) and is anticipated to report its quarterly results after Telenor. As a result, Telenor will include actual reported figures for OJSC VimpelCom and Kyivstar in the income statement line 'Profit (loss) from associated companies' with a one quarter lag, starting from the first quarter of 2010. The actual figures for OJSC VimpelCom and Kyivstar for the fourth quarter of 2009 were included in the audited full year results for 2009. Hence, in the first quarter reporting of 2010 Telenor will not include figures for OJSC VimpelCom and Kyivstar. The actual reported results for the first quarter of 2010 for these associates will be included in Telenor's income statement from the second quarter of 2010 and the actual reported results from the second quarter of 2010 will be included in Telenor's income statement for the third quarter of 2010. This reporting routine for VimpelCom Ltd. will be applied going forward.

## Financial items

(NOK in millions)	First quarter		Year
	2010	2009	2009
Financial income	131	170	604
Financial expenses	(493)	(707)	(2 696)
Net currency gains (losses)	(557)	(77)	(443)
Net change in fair value of financial instruments	(9)	(46)	433
Net gains (losses and impairment) of financial assets and liabilities	30	(1)	(83)
<b>Net financial income (expenses)</b>	<b>(898)</b>	<b>(661)</b>	<b>(2 184)</b>
Gross interest expenses	(458)	(699)	(2 645)
Net interest expenses	(353)	(618)	(2 313)

- 'Net currency gains (losses)' includes losses of NOK 0.4 billion related to the discontinuation of the hedging of the third and fourth equity injection to Uninor in January and February, as a consequence of the revised IAS 27 Consolidated and Separate Financial Statements effective from 1 January 2010.

## Taxes

- The effective tax rate was 44%. The effective tax rate was high due to the exclusion of Telenor's share of profits from the associated companies OJSC VimpelCom and Kyivstar this quarter. Excluding Uninor, the effective tax rate was 28%.
- The effective tax rate for the full year 2010 is estimated to be below 20%. This includes a sales gain of approximately NOK 6 billion related to the VimpelCom Ltd. transaction, to be reported in the second quarter of 2010. The effective tax rate also includes Telenor's share of net income for three quarters of 2010 from OJSC VimpelCom and Kyivstar, which is based on the outlook for 2010 given in the VimpelCom Ltd. exchange offer prospectus.

## Investments

- Capital expenditure decreased by NOK 0.5 billion as lower network investments in most operations were only partly offset by the investments in Uninor in 2010. In 2009 and the first quarter of 2010, there have been no investments in licences and spectrum.

## Financial position

- Net interest-bearing liabilities decreased by NOK 5.0 billion to 21.3 billion as a result of the high recorded operating cash flow.
- As of 31 March 2010, the Norwegian Krone had depreciated compared to most of the functional currencies of Telenor's foreign subsidiaries and associated companies when compared to 31 December 2009. On the overall, total comprehensive income for the quarter increased equity by NOK 3.6 billion, of which NOK 1.1 billion was net income, to NOK 88.6 billion.

## Cash flow

- The net cash inflow from operating activities amounted to NOK 8.9 billion. The positive change in working capital of NOK 2.5 billion was mainly related to revenue share accruals in DTAC and strong cash inflow resulting from a high level of receivables in December 2009.
- The net cash outflow from investing activities amounted to NOK 4.1 billion, of which NOK 3.8 billion was related to intangible assets and property, plant and equipment. Paid capex was higher than reported capex, primarily as a result of the network roll-out in Uninor as well as higher capex payables in Telenor Pakistan at year-end 2009.
- The net cash outflow from financing activities amounted to NOK 0.2 billion. This was mostly attributable to payment of dividends to non-controlling interests in DiGi, partly offset by net proceeds relating to interest-bearing liabilities.
- Cash and cash equivalents increased by NOK 5.0 billion to NOK 16.6 billion as of 31 March 2010.

## Transactions with related parties

For detailed information on related party transactions refer to Note 34 in Telenor's Annual Report 2009. In addition to transactions described in the Annual Report the following new significant related party transactions occurred in 2010:

On 13 January 2010, the extraordinary general meeting of shareholders of Kyivstar approved additional dividends of UAH 0.8 billion (approximately NOK 0.5 billion) for the fiscal year of 2008, of which Telenor has received its appropriate share of approximately NOK 230 million. The dividend distributed is a proportion of total net profit of UAH 5.1 billion for the fiscal year of 2008.

## Outlook for 2010

Based on the current group structure including Uninor and currency rates as of 31 March 2010 Telenor expects:

- Low single digit growth in organic revenues
- An EBITDA margin before other income and expenses of around 28%.
- Capital expenditure as a proportion of revenues, excluding licences and spectrum, of 13–14%.

Telenor expects that Uninor will contribute with an EBITDA loss in the range of NOK 4.5–5 billion and capital expenditure in the range of NOK 2.0–2.5 billion.

### Risks and uncertainties

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

For additional explanations regarding risks and uncertainties, please refer to the Report of the Board of Directors for 2009, section Risk Factors and Risk Management, and Telenor's Annual Report 2009 Note 30 Financial Instruments and Risk Management and Note 35 Commitments and Contingencies. Readers are also referred to the disclaimer at the end of this section.

### 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 2010' 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, 4 May 2010  
The Board of Directors of Telenor ASA

# Condensed Interim Financial Information

## Consolidated Income Statement

Telenor Group

(NOK in millions except earnings per share)	First quarter		Year
	2010	2009	2009
Revenues	23 952	24 614	97 650
Costs of materials and traffic charges	(6 237)	(6 353)	(25 223)
Salaries and personnel costs	(3 596)	(3 608)	(14 035)
Other operating expenses	(6 947)	(6 753)	(27 270)
Other income and (expenses)	(85)	(13)	(204)
<b>EBITDA</b>	<b>7 088</b>	<b>7 887</b>	<b>30 918</b>
Depreciation and amortisation	(4 058)	(3 848)	(15 317)
Impairment losses	-	(5)	(2 280)
<b>Operating profit</b>	<b>3 030</b>	<b>4 034</b>	<b>13 321</b>
<b>Profit (loss) from associated companies</b>	<b>(93)</b>	<b>(199)</b>	<b>3 667</b>
Net financial income (expenses)	(898)	(661)	(2 184)
<b>Profit before taxes</b>	<b>2 039</b>	<b>3 174</b>	<b>14 804</b>
Income taxes	(889)	(1 058)	(4 290)
<b>Profit from continuing operations</b>	<b>1 149</b>	<b>2 116</b>	<b>10 514</b>
Profit (loss) after taxes from discontinued operations	-	2	(410)
<b>Net income</b>	<b>1 149</b>	<b>2 118</b>	<b>10 104</b>

### Net income attributable to:

Non-controlling interests (minority interests)	112	496	1 451
Equity holders of Telenor ASA	1 038	1 622	8 653

### Earnings per share in NOK

#### From continuing operations:

Basic	0.63	0.98	5.47
Diluted	0.63	0.98	5.47

#### From total operations:

Basic	0.63	0.98	5.22
Diluted	0.63	0.98	5.22

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

## Consolidated Statement of Comprehensive Income

Telenor Group

(NOK in millions)	First quarter		Year
	2010	2009	2009
		(Restated)	
<b>Net income</b>	<b>1 149</b>	<b>2 118</b>	<b>10 104</b>
Translation differences on net investment in foreign operations	1 916	(10 910)	(16 050)
Income taxes	(15)	(527)	(613)
Net gain (loss) on hedge of net investment	424	1 858	2 676
Income taxes	(119)	(534)	(749)
Available-for-sale investments valuation gains (losses)	17	(37)	(3)
Valuation gains (losses) on cash flow hedges	545	(496)	(334)
Income taxes	(153)	138	93
Share of other comprehensive income (loss) from associated companies	(192)	16	(74)
<b>Other comprehensive income (loss), net of taxes</b>	<b>2 424</b>	<b>(10 492)</b>	<b>(15 054)</b>
<b>Total comprehensive income (loss)</b>	<b>3 573</b>	<b>(8 374)</b>	<b>(4 950)</b>
<b>Total comprehensive income (loss) attributable to:</b>			
Non-controlling interests (minority interests)	633	28	280
Equity holders of Telenor ASA	2 940	(8 402)	(5 230)

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

## Consolidated Statement of Financial Position

Telenor Group

	31 March 2010	31 March 2009	31 December 2009
<i>(NOK in millions)</i>			
Deferred tax assets	1 809	1 362	1 811
Goodwill	28 785	31 368	28 873
Intangible assets	28 524	31 483	28 120
Property, plant and equipment	55 655	56 258	55 598
Associated companies	17 671	18 345	17 241
Other non-current assets	2 927	4 955	3 215
<b>Total non-current assets</b>	<b>135 370</b>	<b>143 771</b>	<b>134 858</b>
Trade receivables	8 125	8 851	9 178
Other current assets	10 259	10 425	9 317
Assets classified as held for sale	144	-	258
Other financial current assets	914	868	941
Cash and cash equivalents	16 439	11 235	11 479
<b>Total current assets</b>	<b>35 880</b>	<b>31 379</b>	<b>31 173</b>
<b>Total assets</b>	<b>171 250</b>	<b>175 150</b>	<b>166 031</b>
Equity attributable to equity holders of Telenor ASA	78 174	72 334	75 976
Non-controlling interests (minority interests)	10 429	8 979	9 089
<b>Total equity</b>	<b>88 603</b>	<b>81 313</b>	<b>85 065</b>
Non-current interest-bearing liabilities	35 461	39 865	32 959
Non-current non-interest-bearing liabilities	1 083	1 129	718
Deferred tax liabilities	4 076	4 588	3 834
Pension obligations	2 203	2 537	2 089
Other provisions	1 881	1 662	1 863
<b>Total non-current liabilities</b>	<b>44 704</b>	<b>49 781</b>	<b>41 463</b>
Current interest-bearing liabilities	3 670	12 803	6 383
Trade payables	7 284	6 857	7 605
Current non-interest-bearing liabilities	26 796	24 396	25 231
Liabilities classified as held for sale	193	-	284
<b>Total current liabilities</b>	<b>37 943</b>	<b>44 056</b>	<b>39 503</b>
<b>Total equity and liabilities</b>	<b>171 250</b>	<b>175 150</b>	<b>166 031</b>
Equity ratio including non-controlling interests (%)	51.7	46.4	51.2
Net interest-bearing liabilities	21 252	39 874	26 332

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

## Consolidated Statement of Cash Flows

Telenor Group

(NOK in millions)	First quarter		Year
	2010	2009	2009
Profit before taxes from total operations	2 039	3 176	14 184
Income taxes paid	(611)	(655)	(2 491)
Net (gains) losses from disposals, impairments and change in fair value of financial assets and liabilities	(14)	41	(57)
Depreciation, amortisation and impairment losses	4 058	3 857	17 653
Loss (profit) from associated companies	93	199	(3 667)
Dividends received from associated companies	241	1 427	4 757
Currency (gains) losses not related to operating activities	540	(84)	82
Change in other operating working capital assets and liabilities	2 535	1 138	161
<b>Net cash flow from operating activities</b>	<b>8 881</b>	<b>9 099</b>	<b>30 622</b>
Purchases of property, plant and equipment (PPE) and intangible assets	(3 757)	(3 804)	(13 014)
Purchases of subsidiaries and associated companies, net of cash acquired	(29)	(25)	(655)
Proceeds of PPE, intangible assets and businesses, net of cash disposed	54	17	75
Proceeds and purchases of other investments	(359)	(76)	(72)
<b>Net cash flow from investing activities</b>	<b>(4 091)</b>	<b>(3 888)</b>	<b>(13 666)</b>
Proceeds from and repayments of borrowings	184	(2 256)	(12 218)
Proceeds from issuance of shares, incl. from non-controlling interests in subsidiaries	-	-	518
Purchase of treasury shares	(8)	-	(5)
Repayment of equity and dividend paid to non-controlling interests in subsidiaries	(380)	-	(1 530)
<b>Net cash flow from financing activities</b>	<b>(204)</b>	<b>(2 256)</b>	<b>(13 235)</b>
Effects of exchange rate changes on cash and cash equivalents	412	(645)	(1 094)
<b>Net change in cash and cash equivalents</b>	<b>4 998</b>	<b>2 310</b>	<b>2 627</b>
Cash and cash equivalents at the beginning of the period	11 552	8 925	8 925
<b>Cash and cash equivalents at the end of the period <sup>1)</sup></b>	<b>16 550</b>	<b>11 235</b>	<b>11 552</b>
Of which cash and cash equivalents in discontinued operations at the end of the period	111	0	73
<b>Cash and cash equivalents in continuing operations at the end of the period</b>	<b>16 439</b>	<b>11 235</b>	<b>11 479</b>

<sup>1)</sup> The 2010 figure included restricted cash of NOK 308 million, while the 2009 figure for the first quarter included restricted cash of NOK 527 million.

The statement includes discontinued operations prior to their disposal.

### Cash flow from discontinued operations

(NOK in millions)	First quarter		Year
	2010	2009	2009
Net cash flow from operating activities	63	(28)	231
Net cash flow from investing activities	-	(1)	(4)
Net cash flow from financing activities	-	(36)	(119)

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

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				Total	Non-controlling interests	Total equity
	Total paid in capital	Other reserves	Retained earnings	Cumulative translation differences			
(NOK in millions)							
<b>Equity as of 31 December 2008 (Restated)</b>	<b>10 016</b>	<b>11 915</b>	<b>56 190</b>	<b>2 826</b>	<b>80 947</b>	<b>7 621</b>	<b>88 568</b>
Total comprehensive income	-	(334)	8 653	(13 549)	(5 230)	280	(4 950)
Transactions with non-controlling interests	-	282	-	-	282	2 722	3 004
Equity adjustments in associated companies	-	28	-	-	28	-	28
Dividends	-	-	-	-	-	(1 530)	(1 530)
Share buy back	(13)	(70)	-	-	(83)	(5)	(88)
Sale of shares, share issue, and share options to employees	2	30	-	-	32	1	33
<b>Equity as of 31 December 2009</b>	<b>10 005</b>	<b>11 851</b>	<b>64 843</b>	<b>(10 723)</b>	<b>75 976</b>	<b>9 089</b>	<b>85 065</b>
Total comprehensive income	-	219	1 038	1 684	2 940	633	3 573
Transactions with non-controlling interests	-	(768)	-	-	(768)	1 084	316
Equity adjustments in associated companies	-	30	-	-	30	-	30
Dividends	-	-	-	-	-	(369)	(369)
Share buy back	-	-	-	-	-	(8)	(8)
Sale of shares, share issue, and share options to employees	1	(5)	-	-	(4)	-	(4)
<b>Equity as of 31 March 2010</b>	<b>10 006</b>	<b>11 326</b>	<b>65 881</b>	<b>(9 039)</b>	<b>78 174</b>	<b>10 429</b>	<b>88 603</b>

	Attributable to equity holders of Telenor ASA				Total	Non-controlling interests	Total equity
	Total paid in capital	Other reserves	Retained earnings	Cumulative translation differences			
(NOK in millions)							
<b>Equity as of 31 December 2008 (Restated)</b>	<b>10 016</b>	<b>11 915</b>	<b>56 190</b>	<b>2 826</b>	<b>80 947</b>	<b>7 621</b>	<b>88 568</b>
Total comprehensive income for the period	-	(380)	1 622	(9 644)	(8 402)	28	(8 374)
Business combinations and increased ownership interests in subsidiaries	-	-	-	-	-	-	-
Transactions with non-controlling interests	-	(3)	-	-	(3)	1 391	1 388
Equity adjustments in associated companies	-	(132)	-	-	(132)	-	(132)
Dividends	-	-	-	-	-	(61)	(61)
Share buy back	(13)	(70)	-	-	(83)	-	(83)
Sale of shares, share issue, and share options to employees	-	7	-	-	7	-	7
<b>Equity as of 31 March 2009 (Restated)</b>	<b>10 003</b>	<b>11 337</b>	<b>57 812</b>	<b>(6 818)</b>	<b>72 334</b>	<b>8 979</b>	<b>81 313</b>

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



# Notes to the Consolidated Interim Financial Statements

## Note 1 – General accounting principles

Telenor (the Group) consists of Telenor ASA (the Company) and its subsidiaries. Telenor ASA is a limited 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 ending 31 March 2010 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 2009.

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 2009, except for the adoption of new standards and interpretations as of 1 January 2010 noted below.

### Revised IFRS 3 Business Combinations

The revised standard introduces changes in the valuation of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. The effects of the revised standard in the first quarter of 2010 are insignificant.

### Revised IAS 27 Consolidated and Separate Financial Statements

The revised standard requires that changes in ownership interest of a subsidiary are accounted for as an equity transaction. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. In the first quarter of 2010, the revised standard has had an impact on transactions with non-controlling interests which have been accounted for as equity transactions with no goodwill effect. Losses on foreign currency forward contracts related to acquisitions of non-controlling interests have been recognised in the income statement, since the derivatives no longer meet the criteria for hedge accounting according to the revised IAS 27.

Other standards and interpretations as mentioned in the Group's Annual Report 2009 Note 1 and effective from 1 January 2010 do not have a significant impact on the Group's consolidated interim financial statements.

## Note 2 – Transactions with non-controlling interests

### Unitech Wireless (Uninor) - India

On 7 January 2010, the Group acquired an 11.1% ownership interest in addition to the previously acquired ownership of 49.0%. On 10 February 2010, the Group acquired an additional 7.15% ownership interest, increasing the ownership to 67.25%. The transactions were completed by capital contributions of NOK 1.8 billion and NOK 2.6 billion, respectively. The acquisitions of non-controlling interests have been accounted for as equity transactions according to the revised IAS 27 and NOK 768 million has been charged to the equity of the controlling interest. Please refer to the statement of changes in equity on page 14 for further details.

## Note 3 – Discontinued operations

Cinclus Technology is presented on the lines 'Assets classified as held for sale' and 'Liabilities classified as held for sale' in the statement of financial position, and is classified as a discontinued operation in the income statement. Prior period's income statements have been reclassified to be comparable. The gain or loss will be recognised in the income statement when Cinclus Technology is disposed. Refer to Note 15 in the Group's Annual Report 2009 for further information.

## Note 4 – Events after the reporting period

On 16 April 2010, Farimex Products, Inc. withdrew its claim against the Group and the court cancelled the previous ruling and terminated all proceedings in the case. As a consequence of this termination, the Moscow bailiff has lifted the arrest of the Group's OJSC VimpelCom shares.

On 21 April 2010, VimpelCom Ltd. successfully completed the Exchange Offer for OJSC VimpelCom shares and American Depositary Shares, with an aggregate combined tender representing 97.29% of the outstanding shares. The Group now holds 39.6% of the economic interests and 36.0% of the voting rights in VimpelCom Ltd., which began trading on the New York Stock Exchange on 22 April 2010. The VimpelCom Ltd. transaction will result in a sales gain for the Group estimated to around NOK 6 billion, which will be reported in the income statement line 'Profit (loss) from associated companies' in the second quarter of 2010.

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

The definition of operating segments has been changed from the first quarter of 2010. Telenor Norway is now defined as one single operating segment since the fixed and mobile operations have been merged and are no longer monitored separately by Group management. Uninor is now a reportable segment, and Telenor Serbia and Promonte are reported separately (previously "Other mobile operations"). In addition, Kyivstar is no longer defined as an operating segment due to changes in governance structure caused by the VimpelCom Ltd transaction. Total assets are excluded from segment disclosures due to a change in the requirements in IFRS 8 Operating Segments.

### First quarter

(NOK in millions)	Total revenues			of which internal		EBITDA before other income and expenses <sup>*)</sup>			
	2010	2009	Growth	2010	2009	2010	Margin	2009	Margin
Telenor – Norway	6 545	6 428	1.8%	249	261	2 699	41.2%	2 585	40.2%
Telenor – Sweden	2 228	2 160	3.2%	44	43	549	24.7%	385	17.8%
Telenor – Denmark	1 815	2 016	(10.0%)	53	54	445	24.5%	466	23.1%
Pannon – Hungary	1 185	1 322	(10.4%)	6	3	499	42.1%	558	42.2%
Telenor – Serbia	606	720	(15.9%)	19	19	230	38.0%	310	43.1%
Promonte – Montenegro	136	166	(18.4%)	6	4	51	38.0%	68	41.0%
DTAC – Thailand	3 144	3 219	(2.3%)	16	9	1 075	34.2%	937	29.1%
DiGi – Malaysia	2 245	2 307	(2.7%)	3	2	999	44.5%	1 032	44.7%
Grameenphone – Bangladesh	1 443	1 574	(8.3%)	-	-	798	55.3%	934	59.3%
Telenor – Pakistan	1 074	1 121	(4.2%)	3	10	298	27.7%	232	20.7%
Uninor – India	56	-	nm	-	-	(974)	nm	-	nm
Broadcast	2 147	2 102	2.1%	22	24	527	24.5%	435	20.7%
Other units	2 422	2 523	(4.0%)	673	616	(19)	nm	(32)	nm
Eliminations	(1 095)	(1 044)	-	(1 095)	(1 045)	(4)	-	(10)	-
<b>Group</b>	<b>23 952</b>	<b>24 614</b>	<b>(2.7%)</b>	<b>-</b>	<b>-</b>	<b>7 173</b>	<b>29.9%</b>	<b>7 900</b>	<b>32.1%</b>

\*) 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 – 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 airtime, 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. Revenues from incoming traffic related to service provider subscriptions are not included.

#### Other mobile

– consist of inbound roaming, national roaming and revenues related to service providers and MVNOs (Mobile Virtual Network Operators).

#### Non-mobile

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

### 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. Telemetric is defined as machine-to-machine SIM cards (M2M), for example, vending machines and meter readings.

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.

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

– consist of 'Subscription and traffic' and 'Interconnect revenues' 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.

EBITDA				Operating profit (loss)			
2010	Margin	2009	Margin	2010	Margin	2009	Margin
2 680	40.9%	2 575	40.1%	1 774	27.1%	1 877	29.2%
540	24.2%	385	17.8%	26	1.2%	(126)	nm
434	23.9%	463	23.0%	170	9.3%	35	1.7%
468	39.5%	558	42.2%	292	24.6%	393	29.7%
230	38.0%	309	42.9%	44	7.3%	138	19.2%
52	38.1%	68	41.0%	(6)	nm	44	26.5%
1 074	34.2%	936	29.1%	682	21.7%	532	16.5%
998	44.5%	1 040	45.1%	661	29.4%	721	31.3%
799	55.4%	934	59.3%	454	31.5%	530	33.7%
293	27.3%	232	20.7%	(9)	nm	(90)	nm
(974)	nm	-	nm	(1 113)	nm	-	nm
522	24.3%	425	20.2%	284	13.2%	220	10.5%
(24)	nm	(28)	nm	(233)	nm	(238)	nm
(4)	-	(9)	-	2	-	(1)	-
<b>7 088</b>	<b>29.6%</b>	<b>7 887</b>	<b>32.0%</b>	<b>3 030</b>	<b>12.6%</b>	<b>4 034</b>	<b>16.4%</b>

## Reconciliation

(NOK in millions)	First quarter		Year
	2010	2009	2009
<b>Net income</b>	<b>1 149</b>	<b>2 118</b>	<b>10 104</b>
Profit (loss) from discontinued operations	-	2	(410)
<b>Profit from continuing operations</b>	<b>1 149</b>	<b>2 116</b>	<b>10 514</b>
Income taxes	(889)	(1 058)	(4 290)
<b>Profit before taxes</b>	<b>2 039</b>	<b>3 174</b>	<b>14 804</b>
Net financial income (expenses)	(898)	(661)	(2 184)
Profit (loss) from associated companies	(93)	(199)	3 667
Depreciation and amortisation	(4 058)	(3 848)	(15 317)
Impairment losses	-	(5)	(2 280)
<b>EBITDA</b>	<b>7 088</b>	<b>7 887</b>	<b>30 918</b>
Gains (losses) on disposal of fixed assets and operations	(6)	5	(309)
Workforce reductions and loss contracts	(79)	(18)	(463)
One-time effects to pension costs	-	-	568
<b>EBITDA before other income and expenses</b>	<b>7 173</b>	<b>7 900</b>	<b>31 122</b>

## Fixed operations

### Revenues

#### Telephony

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

#### Broadband

– consist of subscription fee for xDSL and fibre, in addition to subscription fee and traffic charges for Internet traffic (810/815).

#### Data services

– consist of Nordicom, Frame relay and 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.

## Broadcast

### Revenues

#### Canal Digital Group

– consists of revenues from our DTH subscribers, cable TV subscribers, households in SMATV networks and DTT subscribers in the Nordic region.

#### Transmission & Encryption

– consist of revenues from satellite services from satellite position 1-degree west, and revenues from terrestrial radio and TV transmission in Norway and revenues from conditional access systems.

#### Other

– consist of revenues not directly related to the Canal Digital Group and Transmission & Encryption.



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