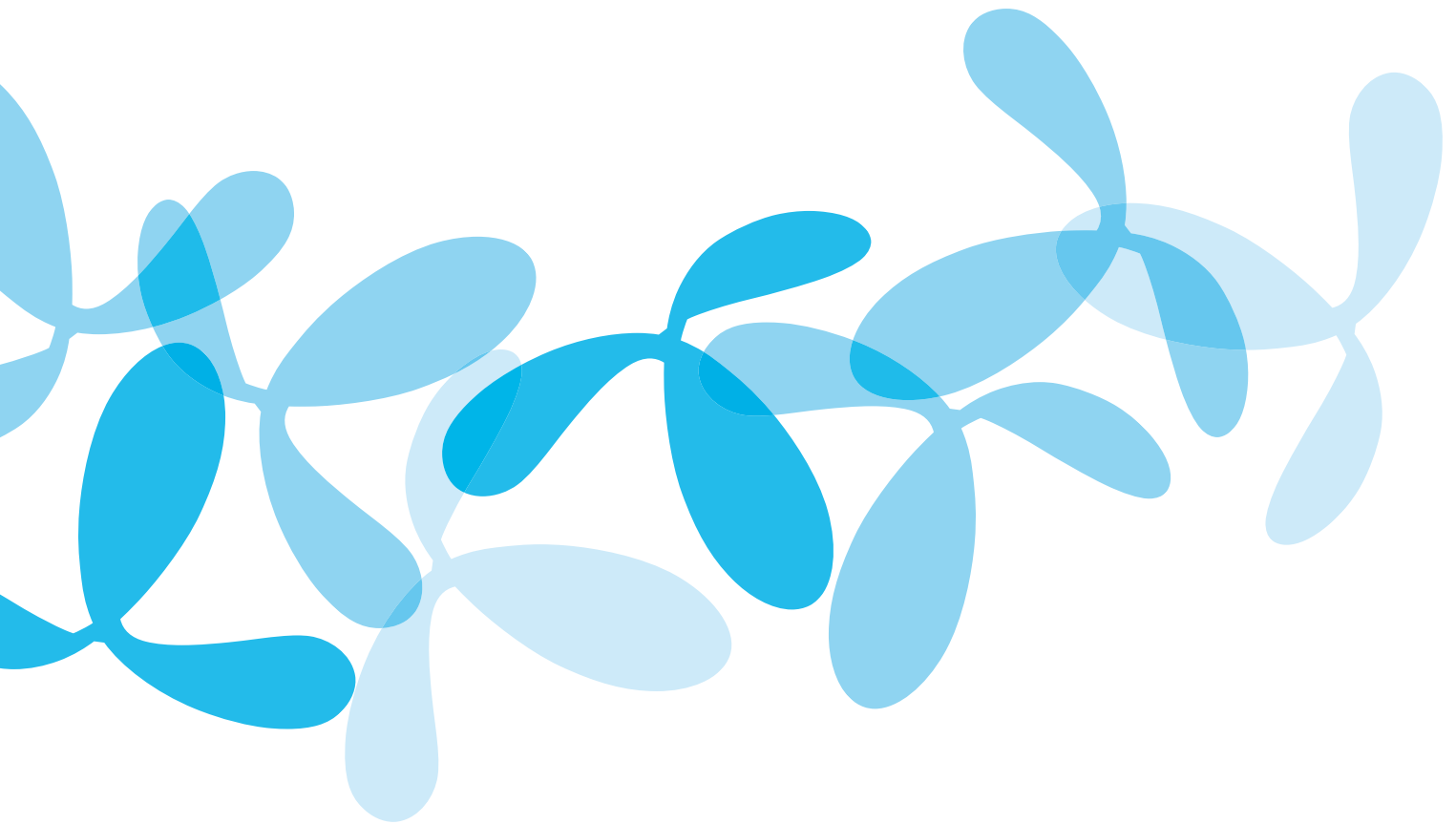




telenor
group

Q3 2011

Interim report
January–September 2011



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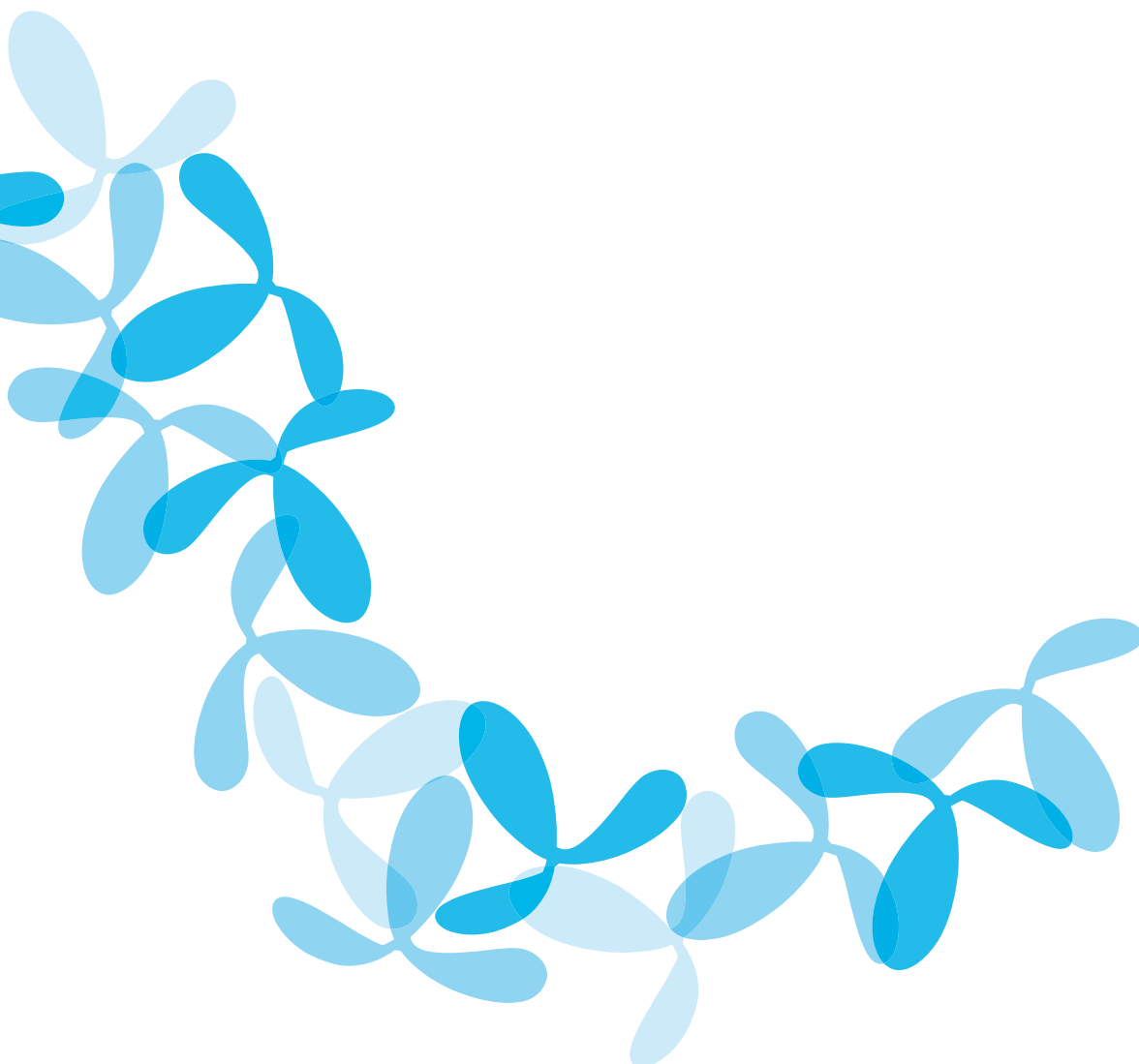
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Strong performance continues

Highlights

Third quarter 2011

- Organic revenue growth of 7%¹⁾
- EBITDA margin of 34%
- Operating cash flow of NOK 5.5 billion²⁾
- Earnings per share of NOK 1.62

First three quarters 2011

- Organic revenue growth of 7%¹⁾
- EBITDA margin of 32%
- Operating cash flow of NOK 15.3 billion²⁾
- Earnings per share of NOK 6.10

Jon Fredrik Baksaas
Jon Fredrik Baksaas
President & CEO

"I am pleased to see that in a world of slowing growth and rising risks, Telenor's financial performance continues to improve. The third quarter of 2011 showed that Telenor's geographical footprint enables us to grow our business in a manner which yields solid return from mature markets at the same time as we are growing in emerging markets.

We achieved an operating cash flow of 5.5 billion Norwegian Kroner as organic revenue growth sustained at 7% in line with previous quarters combined with strong margins. During the quarter, more than five million new mobile customers chose Telenor.

Uninor in India is starting to show EBITDA improvement and is on track towards becoming an ultra low cost operator. The regulatory framework is still unclear and we urge Indian authorities to provide clarity shortly. The authorities should demonstrate their commitment to the industry and move the process forward.

We welcome VimpelCom management's communicated focus on operational performance, debt repayment and shareholder remuneration.

For the 10th year in a row, Telenor Group has been named one of the top performers on the Dow Jones Sustainability Indexes, the world's most comprehensive annual analysis of corporate sustainability performance. Sustainable growth is an important part of the 'Telenor way' of doing business and I am pleased that our efforts to extend the wider benefits of telecommunications are recognised.

Despite global macro economic turbulence and floods in Asia, our operations have so far remained resilient. We adjust our guidance for 2011 based on solid performance the first nine months and expectations for the rest of the year."

Key figures Telenor Group

(NOK in millions except earnings per share)	3rd quarter		First three quarters		Year
	2011	2010	2011	2010	2010
Revenues	24 631	24 096	73 083	69 985	94 843
EBITDA before other income and expenses	8 292	7 885	23 109	22 042	29 220
EBITDA before other income and expenses/Revenues (%)	33.7	32.7	31.6	31.5	30.8
Adjusted operating profit	4 493	3 891	11 684	10 053	13 086
Adjusted operating profit/Revenues (%)	18.2	16.1	16.0	14.4	13.8
Profit after taxes and non-controlling interests ³⁾	2 589	1 698	9 874	12 230	14 333
Earnings per share from total operations, basic, in NOK	1.62	1.03	6.10	7.40	8.69
Capex ⁴⁾	2 760	2 302	8 084	7 905	11 688
Capex excl. licences and spectrum	2 760	2 302	7 841	7 572	11 355
Capex excl. licences and spectrum/Revenues (%)	11.2	9.6	10.7	10.8	12.0
Operating cash flow ²⁾	5 533	5 583	15 267	14 470	17 865
Net interest-bearing liabilities			18 552	19 787	19 276

Extract from outlook for 2011

Based on the current group structure including Uninor and currency rates as of 30 September 2011, Telenor expects organic revenue¹⁾ growth in the range of 6–7%. The EBITDA margin before other income and expenses is expected to be above 31%, while capital expenditure as a proportion of revenues, excluding licences and spectrum, is expected to be in the range of 11–12%.

Please refer to page 10 for the full outlook for 2011, and page 17 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⁾ 'Profit after tax and non-controlling interests': As of the first quarter 2010, figures for OJSC VimpelCom and Kyivstar were included with a one quarter lag.

⁴⁾ Capex is defined as capital expenditures from continuing operations.

Interim report

Telenor's operations

The statements below are related to Telenor's development in the third quarter of 2011 compared to the third quarter of 2010, unless otherwise stated. All comments on EBITDA are made on development in EBITDA before other income and expenses (other items). Please refer to page 8 for 'Specification of other income and expenses'. Additional information is available at: www.telenor.com/ir

Nordic

Norway

(NOK in millions)	3rd quarter		First three quarters		Year
	2011	2010	2011	2010	2010
Revenues mobile operation					
Subscription and traffic	2 492	2 476	7 252	7 320	9 743
Interconnect revenues	254	340	765	1 029	1 389
Other mobile revenues	341	353	972	1 095	1 426
Non-mobile revenues	164	256	579	697	997
Total revenues mobile operation	3 252	3 426	9 568	10 141	13 556
Revenues fixed operation					
Telephony	827	941	2 598	2 998	3 952
Internet and TV	1 177	1 165	3 526	3 473	4 662
Data services	134	144	402	430	578
Other fixed revenues	356	276	993	952	1 332
Total retail revenues	2 493	2 525	7 518	7 853	10 524
Wholesale revenues	946	1 032	2 859	2 936	3 967
Total revenues fixed operation	3 440	3 558	10 377	10 789	14 491
Total revenues	6 691	6 983	19 945	20 930	28 047
EBITDA before other items	2 726	2 772	7 845	8 316	11 035
Operating profit	1 868	1 771	5 194	5 339	7 022

EBITDA before other items/					
Total revenues (%)	40.7	39.7	39.3	39.7	39.3
Capex	894	796	2 802	2 187	3 223
Investments in businesses	-	3	39	3	28

Mobile ARPU – monthly (NOK)	297	308	291	307	306
Fixed Telephony ARPU	263	275	270	289	288
Fixed Internet ARPU	311	314	313	315	316
TV ARPU	239	236	235	230	231

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

Mobile	31	39	3 095	3 071	3 064
Fixed telephony	(22)	(23)	1 036	1 131	1 107
Fixed Internet	3	4	870	861	867
TV	3	3	506	486	488

- The number of total mobile subscriptions increased by 31,000 during the quarter due to strong growth in mobile broadband and voice subscriptions following the launch of the new consumer mobile product portfolio. At the end of the quarter, the mobile subscription base was 1% higher than last year.
- Total revenues decreased by 4%.
- Mobile revenues declined by 5%, mainly caused by a 3% reduction in ARPU, reduced handset revenues and the sale of the retail distributor Telehuset in April this year.
- The decline in ARPU was mainly due to reduced interconnect rates. Voice usage remained stable while price reductions were offset by higher data usage.
- Fixed revenues decreased by 3%. Reduced number of telephony subscriptions combined with lower ARPU and lower wholesale revenues were only partly offset by an increase in other fixed revenues, Internet and TV revenues.
- The EBITDA margin increased by 1 percentage point mainly due to a reduction in revenues with low margins like interconnect and sale of handsets. This effect was partly offset by a lower portion of high margin products within the fixed business.
- Capital expenditure increased due to the ongoing network modernisation and increased mobile broadband coverage and capacity. The network swap was completed in October.



Sweden

	3rd quarter		First three quarters		Year
	2011	2010	2011	2010	2010
(NOK in millions)					
Revenues mobile operation					
Subscription and traffic	1 252	1 194	3 806	3 420	4 678
Interconnect revenues	167	176	555	553	743
Other mobile revenues	92	104	245	285	378
Non-mobile revenues	291	282	850	804	1 146
Total revenues mobile operation	1 801	1 756	5 456	5 062	6 945
Revenues fixed operation	570	625	1 817	1 904	2 552
Total revenues	2 371	2 381	7 273	6 966	9 497

EBITDA before other items	660	609	1 936	1 705	2 266
Operating profit	284	48	653	122	137

EBITDA before other items/					
Total revenues (%)	27.8	25.6	26.6	24.5	23.9
Capex	232	172	986	622	1 005

Mobile ARPU – monthly (NOK)	222	225	231	221	224
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No. of subscriptions – Change in quarter/Total (in thousands):

Mobile	38	45	2 157	2 053	2 061
Fixed telephony	(2)	(11)	362	396	382
Fixed Internet	(5)	(11)	513	545	535

Exchange rate	0.8663	0.8286	0.8402		
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- The total number of mobile subscriptions increased by 38,000 during the quarter, reflecting the strong growth in voice and mobile broadband subscriptions, both in the business and consumer segments. At the end of the quarter, the subscription base was 5% higher than at the end of third quarter last year.
- The number of fixed broadband subscriptions decreased by 5,000 to 513,000 during the quarter.
- Mobile ARPU in local currency decreased by 1% driven by reduced roaming charges and interconnect rates, partly offset by increased voice and data usage.
- Total revenues in local currency remained stable.
- Mobile revenues in local currency increased by 3% due to higher revenues from a larger subscription base offsetting the reduced ARPU.
- Fixed revenues in local currency decreased by 8% driven by the reduced number of telephony and broadband subscriptions combined with lower telephony ARPU.
- The EBITDA margin increased by 2 percentage points following stable revenues and lower operating expenses mainly related to network operations. EBITDA in local currency increased by 8%.
- Capital expenditures increased due to the ongoing 3G network replacement and the LTE rollout.
- On 13 October 2011, Net4Mobility, the infrastructure joint venture between Telenor Sweden and Tele2, was awarded 2x10 MHz in the 1800 MHz frequency band for approximately SEK 430 million. The frequencies will be used mainly for LTE rollout in urban areas, with the ambition to cover 99% of the Swedish households by the end of 2012. The licence is valid for 25 years.

Denmark

	3rd quarter		First three quarters		Year
	2011	2010	2011	2010	2010
(NOK in millions)					
Revenues mobile operation					
Subscription and traffic	855	953	2 565	2 824	3 813
Interconnect revenues	203	270	687	903	1 186
Other mobile revenues	129	108	505	300	427
Non-mobile revenues	269	147	711	420	592
Total revenues mobile operation	1 456	1 479	4 468	4 446	6 017
Revenues fixed operation	258	300	811	958	1 257
Total revenues	1 713	1 779	5 279	5 404	7 274

EBITDA before other items	479	413	1 413	1 254	1 758
Operating profit	232	135	701	413	669

EBITDA before other items/					
Total revenues (%)	27.9	23.2	26.8	23.2	24.2
Capex	147	208	515	948	1 119
Investments in businesses	-	-	24	-	-

Mobile ARPU – monthly (NOK)	173	194	181	197	200
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No. of subscriptions – Change in quarter/Total (in thousands):

Mobile	37	(39)	2 017	2 075	2 014
Fixed telephony	(8)	8	203	269	223
Fixed Internet	(6)	(6)	225	245	240

Exchange rate	1.0469	1.0733	1.0751		
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- The number of mobile subscriptions increased by 37,000 during the quarter, mainly as a result of growth in the prepaid segment. At the end of the third quarter the mobile subscription base was 3% lower than at the same period last year.
- Fixed broadband subscriptions decreased by 6,000 to 225,000.
- Mobile ARPU in local currency decreased by 9% mainly due changes in the product mix in the consumer segment and lower interconnect rates from 1 May 2011.
- Total revenues in local currency decreased by 1%.
- Mobile revenues in local currency increased by 1% as higher wholesale and non-mobile revenues more than offset the negative effects from lower ARPU and fewer subscriptions.
- Fixed revenues in local currency decreased by 12% driven by a declining fixed telephony subscription base and continuous price pressure in the fixed broadband market.
- The EBITDA margin increased by 5 percentage points due to lower subsidies and increased wholesale revenues combined with cost saving initiatives.
- Capital expenditure decreased primarily due to lower IT investments.
- The mobile service provider Onfone exited Telenor's network in September 2011.

Central and Eastern Europe

Hungary

(NOK in millions)	3rd quarter		First three quarters		Year
	2011	2010	2011	2010	2010
Revenues					
Subscription and traffic	886	891	2 569	2 674	3 554
Interconnect revenues	205	234	606	702	933
Other mobile revenues	28	34	77	80	103
Non-mobile revenues	67	44	172	126	217
Total revenues	1 186	1 204	3 424	3 582	4 806
EBITDA before other items	448	599	1 242	1 599	1 755
Operating profit	262	395	611	1 013	927

EBITDA before other items/					
Total revenues (%)	37.8	49.8	36.3	44.7	36.5
Capex	62	47	184	189	264

No. of subscriptions – Change					
in quarter/Total (in thousands):	(21)	(15)	3 349	3 413	3 433
ARPU – monthly (NOK)	108	109	104	109	109
Exchange rate			0.0288	0.0291	0.0291

- The number of subscriptions decreased by 21,000 during the quarter. At the end of the quarter, the subscription base was 2% lower than at the end of third quarter last year.
- ARPU in local currency decreased by 2% as increased usage only partly offset the reduction in interconnect rates.
- Total revenues in local currency decreased by 2% mainly due to reduced ARPU and a lower subscription base, only partly compensated by increased handset sales. The revenue decline was however lower than seen in previous quarters.
- The EBITDA margin decreased by 12 percentage points due to inclusion of NOK 71 million related to the crisis tax levied upon the telecommunication industry and a onetime adjustment of bad debt in the third quarter last year.
- Adjusted for the above mentioned effects, the EBITDA margin was 44%, at the same level as last year.
- Capital expenditure increased following the ongoing network modernisation.
- Operating profit was affected by NOK 72 million in accelerated depreciation related to the network modernisation.
- On 29 September 2011, the European Commission sent a reasoned opinion to request the Hungarian government to abolish the special tax levied on telecom operators. Hungary now has two months to reply, on the basis of which the Commission may decide to refer the case to the European Court of Justice.

Serbia

(NOK in millions)	3rd quarter		First three quarters		Year
	2011	2010	2011	2010	2010
Revenues					
Subscription and traffic	544	487	1 515	1 366	1 822
Interconnect revenues	157	145	445	396	536
Other mobile revenues	44	34	115	84	149
Non-mobile revenues	35	37	100	89	131
Total revenues	779	704	2 174	1 935	2 638
EBITDA before other items	326	285	932	768	1 053
Operating profit	183	165	508	293	421

EBITDA before other items/					
Total revenues (%)	41.9	40.5	42.9	39.7	39.9
Capex	104	36	299	108	259

No. of subscriptions – Change					
in quarter/Total (in thousands):	77	102	3 138	2 984	3 007
ARPU – monthly (NOK)	75	72	71	68	68
Exchange rate			0.0766	0.0785	0.0777

- The total number of subscriptions increased by 77,000 during the quarter and the subscription base was 5% higher than at the end of third quarter last year.
- ARPU in local currency increased by 4% due to higher subscription fees and higher usage.
- Revenues in local currency increased by 11% following higher ARPU and a larger subscription base in addition to increased inbound roaming revenues.
- The EBITDA margin improved by 1 percentage point following higher revenues and decreased operation and maintenance cost, partly offset by higher personnel cost. The EBITDA in local currency increased by 14%.
- Capital expenditure increased due the ongoing network modernisation which is progressing according to plan.
- Operating profit was negatively affected by approximately NOK 40 million due to accelerated depreciation of old equipment.

Montenegro

(NOK in millions)	3rd quarter		First three quarters		Year
	2011	2010	2011	2010	2010
Revenues	198	200	485	487	644
EBITDA before other items	105	106	226	216	287
Operating profit	92	93	189	109	160

EBITDA before other items/					
Total revenues (%)	53.3	52.8	46.6	44.4	44.6
Capex	2	5	19	25	24

No. of subscriptions – Change					
in quarter/Total (in thousands):	55	72	490	519	468
Exchange rate			7.8036	7.9906	8.0068

- The number of subscriptions increased by 55,000 in the quarter mainly due to the tourist season boosting prepaid subscriptions. At the end of the quarter, the subscription base was 6% lower than at the end of third quarter last year.
- ARPU in local currency was stable as reduced interconnect revenues was offset by higher subscription revenues.
- Revenues in local currency increased by 1% mainly driven by higher inbound roaming revenues partly offset by a lower subscription base.
- The EBITDA margin increased slightly following reduced interconnect rates, lower operation and maintenance costs and sales and marketing costs were partly offset by higher personnel costs.

Asia

DTAC – Thailand

(NOK in millions)	3rd quarter		First three quarters		Year
	2011	2010	2011	2010	2010
Revenues					
Subscription and traffic	2 578	2 483	7 586	7 228	9 869
Interconnect revenues	740	892	2 234	2 190	2 975
Other mobile revenues	70	73	213	253	368
Non-mobile revenues	190	140	782	422	636
Total revenues	3 577	3 588	10 816	10 093	13 848
EBITDA before other items	1 281	1 296	3 876	3 513	4 820
Operating profit	877	910	2 705	2 313	3 177
EBITDA before other items/					
Total revenues (%)	35.8	36.1	35.8	34.8	34.8
Capex	270	168	495	481	797
No. of subscriptions – Change					
in quarter/Total (in thousands):	136	296	22 865	20 936	21 620
ARPU – monthly (NOK)	49	51	49	51	52
Exchange rate			0.1832	0.1886	0.1910

At the end of the third quarter of 2011, Telenor's economic stake in DTAC was 65.5%.

- The number of subscriptions increased by 136,000 during the quarter and the subscription base was 9% higher than at the end of third quarter last year. The subscription growth slowed down from the previous quarter due to seasonality and flooding.
- ARPU in local currency increased by 1% due to growth in data usage.
- Total revenues in local currency increased by 7%, driven by a larger subscription base, higher ARPU and handset sales. Excluding the significant one-time revenue from CAT in the third quarter of 2010, revenues increased by 12%.
- The EBITDA margin remained stable as higher revenues were offset by increased sales and marketing costs in addition to increased revenue share. Excluding the one-time effect mentioned above, the EBITDA margin increased by 2 percentage points.
- Capital expenditure increased in the quarter mainly due to investments in network capacity and 3G rollout.
- On 16 August 2011, DTAC successfully launched 3G services covering the Bangkok area.
- On 16 September 2011, the revenue share payable to the concession owner CAT increased from 25% to 30%.

DiGi – Malaysia

(NOK in millions)	3rd quarter		First three quarters		Year
	2011	2010	2011	2010	2010
Revenues					
Subscription and traffic	2 405	2 327	6 961	6 482	8 801
Interconnect revenues	188	194	556	666	847
Other mobile revenues	28	33	96	98	134
Non-mobile revenues	145	93	490	202	386
Total revenues	2 766	2 647	8 104	7 449	10 167
EBITDA before other items	1 296	1 167	3 741	3 271	4 500
Operating profit	734	775	2 199	2 166	3 023
EBITDA before other items/					
Total revenues (%)	46.9	44.1	46.2	43.9	44.3
Capex	266	373	554	771	1 355
No. of subscriptions – Change					
in quarter/Total (in thousands):	327	142	9 617	8 247	8 765
ARPU – monthly (NOK)	91	103	92	99	98
Exchange rate			1.8340	1.8730	1.8806

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

- The number of subscriptions increased by 327,000 during the quarter, and the subscription base was 17% higher than at the end of third quarter last year.
- ARPU in local currency declined by 4% as a result of growth in lower revenue generating segments, partly offset by increased data usage.
- Total revenues in local currency increased by 12%, mainly driven by a larger subscription base more than offsetting the effect of lower ARPU, combined with higher handset sales.
- The EBITDA margin increased by 3 percentage points, due to higher revenues combined with stable operating expenses.
- Capital expenditure was mainly related to improvement of 3G capacity and coverage.
- Operating profit was negatively affected by approximately NOK 250 million in accelerated depreciations related to the ongoing network modernisation.

Grameenphone – Bangladesh

(NOK in millions)	3rd quarter		First three quarters		Year
	2011	2010	2011	2010	2010
Revenues					
Subscription and traffic	1 458	1 496	4 377	4 251	5 691
Interconnect revenues	166	174	484	475	644
Other mobile revenues	8	5	20	14	19
Non-mobile revenues	43	45	143	106	139
Total revenues	1 676	1 721	5 025	4 846	6 492
EBITDA before other items	972	892	2 665	2 410	3 212
Operating profit	710	519	1 798	1 321	1 763
EBITDA before other items/					
Total revenues (%)	58.0	51.8	53.0	49.7	49.5
Capex	333	120	758	391	734
No. of subscriptions – Change					
in quarter/Total (in thousands):	1 421	2 199	35 245	28 655	29 971
ARPU – monthly (NOK)	16	20	16	21	20
Exchange rate			0.0758	0.0878	0.0868

At the end of the third quarter of 2011, Telenor's ownership interest in Grameenphone was 55.8%.

- The number of subscriptions increased by 1.4 million during the quarter and the subscription base was 23% higher than at the end of third quarter last year.
- ARPU in local currency decreased by 6% due to the dilution effect of subscription growth in low-ARPU segments.
- Revenues in local currency increased by 18% driven by the strong subscription growth only partly offset by the ARPU decline.
- The EBITDA margin increased by 6 percentage points mainly due to revenue growth and lower subscription acquisition cost, following lower gross adds and a reduction in SIM tax effective from June 2011. EBITDA in local currency increased by 31%.
- Capital expenditure increased following the ongoing network modernisation and low capex in third quarter last year.
- On 10 October 2011, Grameenphone submitted an application for 2G licence renewal. The existing licence expires in November 2011.

Pakistan

(NOK in millions)	3rd quarter		First three quarters		Year
	2011	2010	2011	2010	2010
Revenues					
Subscription and traffic	970	923	2 892	2 775	3 697
Interconnect revenues	194	179	565	533	718
Other mobile revenues	5	9	17	17	23
Non-mobile revenues	84	57	200	154	215
Total revenues	1 252	1 169	3 675	3 480	4 653
EBITDA before other items	450	347	1 296	1 054	1 382
Operating profit (loss)	134	(29)	366	52	2
EBITDA before other items/					
Total revenues (%)	35.9	29.7	35.3	30.3	29.7
Capex	130	124	390	459	617
No. of subscriptions – Change					
in quarter/Total (in thousands):	642	38	27 309	23 836	24 692
ARPU – monthly (NOK)	14	15	15	16	16
Exchange rate			0.0647	0.0716	0.0709

- The number of subscriptions increased by 642,000 during the quarter and the subscription base was 15% higher than at the end of third quarter last year.
- ARPU in local currency increased by 5%, resulting from increased usage, partly offset by decrease in seasonal activity during Ramadan and the flooding in the South region.
- Total revenues in local currency increased by 22% due to higher subscription base, increased ARPU in addition to financial services.
- The EBITDA margin increased by 6 percentage points mainly due to increased gross margin and improved opex to sales ratio partly offset by increased energy costs. EBITDA in local currency increased by 47%.
- Capital expenditure continued to be focused on network capacity investments to align with current subscription growth and traffic volumes.

Uninor – India

(NOK in millions)	3rd quarter		First three quarters		Year
	2011	2010	2011	2010	2010
Revenues	837	214	2 082	373	773
EBITDA before other items	(849)	(1 115)	(2 832)	(3 221)	(4 246)
Operating profit (loss)	(1 084)	(1 337)	(3 536)	(3 772)	(5 044)
Capex	196	198	702	1 274	1 624
No. of subscriptions – Change					
in quarter/Total (in thousands):	2 760	4 045	24 190	7 918	12 255
ARPU – monthly (NOK)	12	13	12	12	13
Exchange rate			0.1227	0.1322	0.1322

^{*)} Please note that the definition for active subscriptions in Uninor is more conservative than the Group definition on page 17, due to high churn in the Indian market. In Uninor, subscriptions are counted as active if there has been activity during the last 30 days.

At the end of the second quarter of 2011, Telenor's ownership interest in Uninor was 67.25%.

- The number of subscriptions increased by 2.8 million during the quarter taking the total subscription base to 24.2 million.
- ARPU in local currency increased by 5% from previous quarter.
- Total revenues increased by 22% compared to second quarter 2011 following a 14% growth in subscription base and increased average usage.
- Total EBITDA loss for the quarter was NOK 849 million. This includes a positive effect of NOK 47 million from reversal of accruals related to energy costs. EBITDA improved by 15% from the third quarter of 2010 primarily due to increased volume, scale efficiencies and cost optimisation.
- Capital expenditure was in line with the previous quarter and 682 new sites were put on air in the quarter. At the end of the third quarter, the total number of sites was 27,305.

Broadcast

(NOK in millions)	3rd quarter		First three quarters		Year
	2011	2010	2011	2010	2010
Revenues					
Canal Digital DTH	1 047	1 059	3 140	3 146	4 216
Satellite Broadcasting	259	276	741	810	1 082
Norkring	231	209	705	596	826
Conax	144	131	402	391	528
Other/Eliminations	81	97	335	286	387
Total revenues	1 762	1 773	5 323	5 228	7 040
EBITDA before other items					
Canal Digital DTH	141	111	370	304	389
Satellite Broadcasting	179	197	498	567	758
Norkring	120	105	352	271	372
Conax	62	55	160	152	202
Other/Eliminations	17	7	46	(31)	(44)
Total EBITDA before other items	519	475	1 426	1 263	1 678
Operating profit					
Canal Digital DTH	127	104	330	280	354
Satellite Broadcasting	117	134	315	363	487
Norkring	69	52	193	114	156
Conax	50	44	121	116	154
Other/Eliminations	-	(40)	(36)	(118)	(193)
Total operating profit	363	293	923	755	957
EBITDA before other items/					
Total revenues (%)	29.5	26.8	26.8	24.2	23.8
Capex	70	89	206	291	423
Investments in businesses	-	-	(2)	1 099	1 132
No. of subscriptions – Change in quarter/Total (in thousands):					
DTH TV	(6)	(14)	973	1 025	997
Cable TV	(1)	1	226	234	233
Cable TV Internet access	-	-	22	23	23

- Total revenues decreased by 1%. Total EBITDA increased by 9% and the EBITDA margin increased by 3 percentage points.
- Revenues in Canal Digital DTH were in line with the third quarter of 2010 as the positive effect of price increases was offset by reduced subscriber base, lower sale of hardware and currency effects.
- The EBITDA margin in Canal Digital DTH increased by 3 percentage points as reduced transmission costs were partly offset by increased operating expenditures.
- Revenues and EBITDA in Satellite Broadcasting decreased as higher revenues from the CEE region were more than offset by reduced revenues from the Nordic region.
- Revenues and EBITDA in Norkring increased due to terrestrial transmission contracts in Belgium from October 2010.
- Revenues and EBITDA in Conax increased as higher volume of smart cards was only partly offset by reduced prices.
- Capital expenditure decreased primarily due to lower investments in terrestrial transmission networks in Norkring.

Other units

(NOK in millions)	3rd quarter		First three quarters		Year
	2011	2010	2011	2010	2010
Revenues					
New Business	65	60	168	157	200
Corporate functions and					
Group activities	573	598	1 723	1 843	2 486
Other/eliminations	42	154	105	459	495
Total revenues	680	812	1 996	2 459	3 181
EBITDA before other items					
New Business	-	(10)	(23)	(67)	(31)
Corporate functions and					
Group activities	(96)	(41)	(528)	(277)	(442)
Other/eliminations	(26)	84	(96)	240	211
Total EBITDA before other items	(122)	33	(646)	(105)	(263)
Operating profit (loss)					
New Business	(11)	(20)	(48)	(92)	(63)
Corporate functions and					
Group activities	(173)	(145)	(786)	(588)	(854)
Other/eliminations	31	86	(42)	235	194
Total operating profit (loss)	(153)	(80)	(875)	(445)	(723)
Capex from continuing operations	54	(32)	172	166	253
Capex from discontinued operations	-	82	-	258	258
Investments in businesses	88	27	93	44	338

- EBITDA in Corporate functions decreased as a result of reduced revenues and cost adjustments last year.
- EDB Business Partner ASA was reclassified to discontinued operations in the third quarter of 2010 and deconsolidated from the fourth quarter of 2010. EBITDA for the third quarter of 2010 included a positive EBITDA of NOK 113 million in internal transactions related to EDB Business Partner ASA, which explains the negative EBITDA development within the Other/eliminations line above.

Group overview

The statements below are related to Telenor's development in the first three quarters of 2011 compared to the first three quarters of 2010 unless otherwise stated. Please refer to note 5 for further information.

Revenues

- Revenues increased by NOK 3.1 billion, or 4.4% as the continued strong subscription growth in our Asian operations more than offset the negative currency effect of NOK 1.3 billion.

EBITDA before other items

- EBITDA increased by NOK 1.1 billion as the improved performance in the Asian operations more than offset weaker results in Norway, Hungary and Other Units. In addition, EBITDA was negatively impacted by NOK 0.36 billion due to currency effects.

Specification of other income and expenses

(NOK in millions)	3rd quarter		First three quarters		Year
	2011	2010	2011	2010	2010
EBITDA before other income and expenses	8 292	7 885	23 109	22 042	29 220
EBITDA margin before other income and expenses (%)	33.7	32.7	31.6	31.5	30.8
Gains (losses) on disposal of fixed assets and operations	118	(8)	249	(27)	(125)
Workforce reductions and loss contracts	(94)	(86)	(417)	(283)	(401)
One-time effects to pension costs	-	(46)	17	(46)	(46)
EBITDA	8 316	7 746	22 958	21 686	28 648
EBITDA margin (%)	33.8	32.1	31.4	31.0	30.2

- In the third quarter of 2011 'Other income and expenses' mainly consisted of the following items:
 - Gains (losses) on disposal of fixed assets and operations were related to gains on sale of an IT platform in Telenor Connexion (NOK 63 million), sale of real estate in Telenor Eiendom (NOK 35 million), sale of assets in Telenor Norway (NOK 29 million) and in Norkring (NOK 20 million).
 - Workforce reductions in Telenor Norway (NOK 58 million), Broadcast (NOK 11 million) and Telenor Denmark (NOK 7 million).
- The first three quarters of 2011 'Other income and expenses' also include:
 - Workforce reductions and one-time effects to pension costs related to restructuring of operations in Norway, Denmark, Broadcast and Telenor ASA.
 - Gains (losses) on disposal of fixed assets in Telenor Norway, Telenor Eiendom and Telenor Hungary.
 - Loss contract in Telenor Sweden.

Operating profit

Operating profit increased by NOK 1.8 billion compared to last year primarily due to increased EBITDA as explained above and lower depreciations in most operations, partly offset by accelerated depreciations related to the ongoing network modernisation programmes.

Associated companies

(NOK in millions)	3rd quarter		First three quarters		Year
	2011	2010	2011	2010	2010
Telenor's share of					
Profit after taxes	600	1 115	3 236	2 195	3 424
Amortisation of Telenor's net excess values	(20)	(95)	(94)	(174)	(276)
Impairment losses of Telenor's net excess values	6	-	(532)	-	(3)
Gains (losses) on disposal of ownership interests	24	29	1 661	6 543	6 549
Profit (loss) from associated companies	610	1 049	4 271	8 564	9 694

- Telenor's share of the net result from associated companies in the third quarter includes NOK 523 million related to VimpelCom Ltd.'s reported numbers for the second quarter of 2011. The net result in VimpelCom was reduced by NOK 500 million compared to 2010, mainly as a result of higher interest expenses, resulting from higher gross debt after the acquisition of Wind Telecom as well as higher depreciation and amortization charges associated with the Wind Telecom transaction.
- In conjunction with the combination of VimpelCom and Wind Telecom, Telenor's economic interest in VimpelCom was diluted by 20% to 31.67% with effect from 15 April 2011. The transaction is accounted for as a deemed disposal (partial realization of approximately 20% of Telenor's investment in VimpelCom due to dilution) and resulted in an accounting gain of NOK 1.6 billion in the second quarter of 2011. There is no cash effect related to the transaction.
- Impairment of associated companies of NOK 532 million was related to the write down of C More Group AB in the second quarter of 2011. The impairment was recorded mainly due to weaker subscriber development and results than expected.
- During third quarter 2011, Telenor acquired another 7,275,665 shares in EDB ErgoGroup ASA for NOK 77 million. As a result, ownership interest in EDB ErgoGroup ASA increased by 2.72% to 30.24%.

Financial items

(NOK in millions)	3rd quarter		First three quarters		Year
	2011	2010	2011	2010	2010
Financial income	181	314	603	595	765
Financial expenses	(565)	(475)	(1 615)	(1 290)	(1 825)
Net currency gains (losses)	(23)	(387)	366	(892)	(649)
Net change in fair value of financial instruments	(26)	59	(7)	21	(370)
Net gains (losses and impairment) of financial assets and liabilities	1	39	45	69	90
Net financial income (expenses)	(432)	(451)	(608)	(1 498)	(1 989)
Gross interest expenses	(503)	(449)	(1 488)	(1 233)	(1 706)
Net interest expenses	(339)	(315)	(944)	(889)	(1 228)

- Financial expenses increased in the third quarter of 2011 compared to the same quarter in 2010, mainly due to relative higher proportion of interest bearing debt in INR.
- The net currency losses in the third quarter of 2011 were primarily related to financial assets and liabilities in other currencies than functional currencies.

Taxes

- The effective tax rates for the third quarter and the first three quarters of 2011 were 38% and 31%, respectively. The effective tax rate for the quarter decreased compared to 2010, due to the tax expense provision concerning a claim from Norwegian tax authorities in the third quarter of 2010.
- The effective tax rate for the first three quarters increased compared to 2010 mainly due to the inclusion of the gain of NOK 6.5 billion realised from the contribution of Kyivstar to VimpelCom Ltd. in the second quarter of 2010.
- The annual effective tax rate for 2011 is estimated to be around 31%.

Investments

(NOK in millions)	3rd quarter		First three quarters		Year
	2011	2010	2011	2010	2010
Capex	2 760	2 384	8 084	8 163	11 946
Capex from continuing operations	2 760	2 302	8 084	7 905	11 688
Capex excl. licences and spectrum	2 760	2 302	7 841	7 572	11 355
Capex excl. licences and spectrum/Revenues (%)	11.2	9.6	10.7	10.8	12.0

Capex/revenues is presented as capex from continuing operations excl. licences in the table above.

- Capital expenditure in continuing operations (excl. licences) increased by NOK 269 million as higher network investments in Norway, Sweden, Grameenphone and Serbia more than offset reduced investments in Uninor, Broadcast and Denmark.

Financial position

- During the first three quarters of 2011, total assets decreased by NOK 3.2 billion to NOK 169.5 billion, primarily due to appreciation of NOK against Asian currencies and US dollar.
- Total liabilities decreased by NOK 0.7 billion to NOK 75.9 billion mainly due to appreciation of NOK against Asian currencies during 2011.
- Net interest bearing liabilities decreased by NOK 0.7 billion to NOK 18.6 billion mainly due to ordinary repayments of debt made by DiGi, DTAC and Telenor ASA which was partly offset by the increase in short term debt by Uninor as mentioned above.
- Total comprehensive income, mainly consisting of net income and the effect from translation differences, increased equity by NOK 9.4 billion. This increase was more than offset by total dividends declared of NOK 8.5 billion to equity holders of Telenor ASA and non-controlling interests in subsidiaries and share buyback of NOK 3.5 billion in accordance with plan. Total equity therefore decreased by NOK 2.6 billion to NOK 93.6 billion.

Cash flow

- Net cash inflow from operating activities during the first three quarters of 2011 was NOK 21.3 billion, which is an increase of NOK 0.2 billion compared to the first three quarters of 2010. The increase is mainly explained by higher EBITDA and increased dividend from VimpelCom Ltd. partly offset by higher tax payments during the first three quarters of 2011.
- Net cash outflow to investing activities during the first three quarters of 2011 was NOK 9.9 billion which is a decrease of NOK 1.9 billion compared to the first three quarters of 2010. Capital expenditure payments were lower mainly due to Uninor. In addition payments for acquisitions were lower by NOK 1.0 billion due to purchase of C More Group AB in 2010. These two effects were partly offset by higher short term placements during the first three quarters of 2011.
- Net cash outflow to financing activities during the first half of 2011 was NOK 12.9 billion, an increase of NOK 4.9 billion compared to of the first three quarters of 2010. The increase mainly relates to higher dividend paid out and higher share buy backs this year to shareholders of Telenor ASA by NOK 4.2 billion combined. In addition, dividend paid to non-controlling interests was higher by NOK 0.9 billion.
- Cash and cash equivalents decreased during the first three quarters of 2011 by NOK 1.9 billion to NOK 11.7 billion as of 30 September 2011.

Transactions with related parties

For detailed information on related party transactions refer to Note 34 in Telenor's Annual Report 2010. In addition to transactions described in the Annual Report the following new significant related party transactions occurred in 2011:

- In the first 9 months of 2011, Telenor received interim dividends of NOK 1.0 billion from VimpelCom Ltd. for the year 2010. In September 2011, VimpelCom Ltd. declared dividends to its shareholders for the year 2011 of which Telenor will receive approximately NOK 1.2 billion in the fourth quarter of 2011.
- At Telenor's Annual General Meeting on 19 May 2011 redemption of shares owned by the Kingdom of Norway through the Ministry of Trade and Industry was approved. See Telenor's Annual Report 2010, note 34 for more information.

Outlook for 2011

Based on the current group structure including Uninor and currency rates as of 30 September 2011 Telenor expects:

- Organic revenue growth in the range of 6–7%.
- EBITDA margin before other income and expenses above 31%.
- Capital expenditure as a proportion of revenues, excluding licences and spectrum, in the range of 11–12%.

Telenor expects that Uninor will contribute with an EBITDA loss in the range of NOK 3.5–4.0 billion and capital expenditure around NOK 1.0 billion.

Risks 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 2010, section Risk Factors and Risk Management, and Telenor's Annual Report 2010 Note 30 Managing Capital and Financial Risk Management and Note 35 Commitments and Contingencies. Readers are also referred to the disclaimer at the end of this section.

New aspects of risks and uncertainties since the publication of Telenor's Annual Report for 2010 are:

Financial aspects

Telenor's exposure to exchange rates has decreased due to additional borrowings in SEK being designated as hedging of net investments.

At 30 September 2011, Uninor had NOK 7.0 billion in current interest-bearing borrowings, all with financial guarantees from Telenor ASA. This is an increase of NOK 2.5 billion since 31 December 2010.

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 2011' 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, 25 October 2011

The Board of Directors of Telenor ASA

Condensed Interim Financial Information

Consolidated Income Statement

Telenor Group

(NOK in millions)	3rd quarter		First three quarters		Year
	2011	2010	2011	2010	2010
Revenues	24 631	24 096	73 083	69 985	94 843
Costs of materials and traffic charges	(6 625)	(6 455)	(20 040)	(18 935)	(26 239)
Salaries and personnel costs	(2 456)	(2 426)	(8 049)	(7 933)	(10 852)
Other operating expenses	(7 258)	(7 330)	(21 885)	(21 075)	(28 532)
Other income and (expenses)	24	(139)	(151)	(356)	(572)
EBITDA	8 316	7 746	22 958	21 686	28 648
Depreciation and amortisation	(3 799)	(3 994)	(11 424)	(11 989)	(16 134)
Impairment losses	(10)	-	(69)	-	(14)
Operating profit	4 507	3 751	11 464	9 697	12 500
Share of net income from associated companies	585	1 020	2 610	2 021	3 145
Gain on disposal of associated companies	24	29	1 661	6 543	6 549
Net financial income (expenses)	(432)	(451)	(608)	(1 498)	(1 989)
Profit before taxes	4 684	4 349	15 127	16 763	20 205
Income taxes	(1 780)	(2 300)	(4 617)	(3 745)	(4 982)
Profit from continuing operations	2 904	2 050	10 509	13 018	15 223
Profit (loss) after taxes from discontinued operations	-	(279)	-	(516)	(415)
Net income	2 904	1 771	10 509	12 502	14 808

Net income attributable to:

Non-controlling interests (Minority interests)	316	72	635	272	475
Equity holders of Telenor ASA	2 589	1 698	9 874	12 230	14 334

Earnings per share in NOK

From continuing operations:

Basic	1.62	1.20	6.10	7.71	8.94
Diluted	1.61	1.20	6.09	7.70	8.93

From total operations:

Basic	1.62	1.03	6.10	7.40	8.69
Diluted	1.61	1.03	6.09	7.39	8.67

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

Consolidated statement of comprehensive income

Telenor Group

(NOK in millions)	3rd quarter		First three quarters		Year
	2011	2010	2011	2010	2010
Net income	2 904	1 771	10 509	12 502	14 808
Translation differences on net investment in foreign operations	3 144	(2 779)	(1 860)	1 954	1 665
Income taxes	(85)	135	(11)	117	70
Amount reclassified from equity to profit and loss on disposal	-	(9)	530	3 495	3 528
Net gain (loss) on hedge of net investment	(442)	(43)	61	287	606
Income taxes	124	12	(17)	(80)	(170)
Amount reclassified from equity to profit and loss on disposal	-	(36)	-	(36)	(36)
Income taxes	-	10	-	10	10
Net gain (loss) on available-for-sale-investment	(3)	(21)	19	23	10
Amount reclassified from equity to profit and loss on disposal	(1)	-	(55)	-	-
Valuation gains (losses) on cash flow hedges	-	(3)	-	559	-
Income taxes	-	-	-	(157)	-
Amount reclassified from equity to profit and loss	-	24	-	24	667
Income taxes	-	(7)	-	(7)	(188)
Share of other comprehensive income (loss) of associated companies	(35)	57	(206)	(636)	(675)
Amount reclassified from equity to profit and loss	-	-	416	-	-
Other comprehensive income (loss), net of taxes	2 703	(2 659)	(1 122)	5 554	5 488
Total comprehensive income (loss)	5 607	(889)	9 387	18 056	20 297

Total comprehensive income (loss) attributable to:

Non-controlling interests	692	327	242	960	1242
Equity holders of Telenor ASA	4 915	(1 216)	9 145	17 096	19 055

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

Consolidated Statement of Financial Position

Telenor Group

	2011	2011	2010	2010
(NOK in millions)	30 September	30 June	30 September	31 December
Deferred tax assets	1 764	1 767	1 661	2 006
Goodwill	24 184	24 299	24 716	24 472
Intangible assets	24 800	24 506	27 175	27 007
Property, plant and equipment	49 705	49 592	53 082	52 963
Associated companies	34 834	31 934	31 013	31 026
Other non-current assets	2 982	2 377	3 321	3 048
Total non-current assets	138 269	134 474	140 969	140 522
Trade receivables	8 133	7 795	8 026	8 591
Other current assets	8 508	8 496	9 547	9 066
Assets classified as held for sale	16	128	-	-
Other financial current assets	2 852	3 889	762	946
Cash and cash equivalents	11 728	11 082	13 361	13 606
Total current assets	31 237	31 390	31 697	32 209
Total assets	169 506	165 864	172 666	172 731
Equity attributable to equity holders of Telenor ASA	87 470	83 462	86 839	87 867
Non-controlling interests (minority interests)	6 146	6 405	8 726	8 351
Total equity	93 616	89 867	95 566	96 218
Non-current interest-bearing liabilities	24 749	23 708	26 867	25 701
Non-current non-interest-bearing liabilities	1 008	967	1 008	1 125
Deferred tax liabilities	2 578	2 230	2 917	2 927
Pension obligations	1 980	1 884	1 978	1 918
Other provisions	1 951	1 912	1 850	1 879
Total non-current liabilities	32 266	30 701	34 620	33 550
Current interest-bearing liabilities	8 556	13 358	7 936	8 751
Trade payables	7 726	6 346	7 113	6 039
Current non-interest-bearing liabilities	27 342	25 591	27 432	28 172
Total current liabilities	43 624	45 295	42 480	42 963
Total equity and liabilities	169 506	165 864	172 666	172 731
Equity ratio including non-controlling interests (%)	55.2	54.2	55.3	55.7
Net interest-bearing liabilities	18 552	22 165	19 787	19 276

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

Consolidated Statement of Cash Flows

Telenor Group

(NOK in millions)	3rd quarter		First three quarters		Year
	2011	2010	2011	2010	2010
Profit before taxes from total operations	4 684	3 995	15 127	16 165	19 733
Income taxes paid	(916)	(761)	(5 096)	(3 971)	(5 485)
Net (gains) losses from disposals, impairments and change in fair value of financial assets and liabilities	(93)	(91)	(288)	(61)	407
Depreciation, amortisation and impairment losses	3 809	4 268	11 494	12 463	16 622
Loss (profit) from associated companies	(609)	(1 049)	(4 271)	(8 564)	(9 694)
Dividends received from associated companies	32	1	1 042	396	1 812
Currency (gains) losses not related to operating activities	(126)	258	(450)	769	550
Changes in other operating working capital assets and liabilities	1 859	611	3 695	3 844	2 520
Net cash flow from operating activities	8 640	7 232	21 254	21 041	26 465
Purchases of property, plant and equipment (PPE) and intangible assets	(2 486)	(2 942)	(8 441)	(10 000)	(13 422)
Purchases of subsidiaries and associated companies, net of cash acquired	(86)	(27)	(155)	(1 154)	(1 416)
Proceeds of PPE, intangible assets and businesses, net of cash disposed	216	(163)	480	(173)	(124)
Proceeds and purchases of other investments	741	(31)	(1 762)	(445)	(628)
Net cash flow from investing activities	(1 615)	(3 163)	(9 877)	(11 772)	(15 590)
Proceeds from and repayments of borrowings	(2 061)	(2 904)	(773)	(988)	(876)
Proceeds from issuance of shares, incl. from non-controlling interests in subsidiaries	-	-	-	-	2
Share buyback by Telenor ASA	(3 541)	(1 378)	(3 541)	(1 386)	(2 164)
Repayment of equity and dividends paid to non-controlling interests in subsidiaries	(842)	(281)	(2 358)	(1 450)	(2 084)
Dividends paid to equity holders of Telenor ASA	(235)	(134)	(6 206)	(4 141)	(4 141)
Net cash flow from financing activities	(6 679)	(4 697)	(12 878)	(7 965)	(9 263)
Effects of exchange rate changes on cash and cash equivalents	302	(639)	(376)	505	442
Net change in cash and cash equivalents	647	(1 267)	(1 877)	1 809	2 054
Cash and cash equivalents at the beginning of the period	11 082	14 628	13 606	11 552	11 552
Cash and cash equivalents at the end of the period¹⁾	11 728	13 361	11 728	13 361	13 606
Of which cash and cash equivalents in discontinued operations at the end of the period	-	-	-	-	-
Cash and cash equivalents in continuing operations at the end of the period	11 728	13 361	11 728	13 361	13 606

¹⁾ The first three quarters of 2011 includes restricted cash of NOK 118 million, while the first three quarters of 2010 included restricted cash of NOK 126 million.

The statement includes discontinued operations prior to their disposal.

(NOK in millions)	3rd quarter		First three quarters		Year
	2011	2010	2011	2010	2010
Net cash flow from operating activities	-	(118)	-	(413)	(367)
Net cash flow from investing activities	-	(74)	-	(246)	(291)
Net cash flow from financing activities	-	(23)	-	(333)	(333)

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 the parent					Non-controlling interests	Total equity
	Paid in capital	Other reserves	Retained earnings	Cumulative translation differences	Total		
(NOK in millions)							
Equity as of 31 December 2009	10 005	11 851	64 843	(10 723)	75 976	9 089	85 065
Net income for the period	-	-	14 334	-	14 334	475	14 808
Other comprehensive income for the period	-	(201)	-	4 923	4 721	767	5 488
Total comprehensive income for the period	-	(201)	14 334	4 923	19 055	1 242	20 297
Transactions with non-controlling interests	-	(768)	-	-	(768)	144	(625)
Equity adjustments in associated companies	-	29	-	-	29	-	29
Dividends	-	-	(4 141)	-	(4 141)	(2 115)	(6 255)
Share buy back	(149)	(2 178)	-	-	(2 326)	(9)	(2 335)
Sale of shares, share issue, and share options to employees	3	38	-	-	41	-	41
Equity as of 31 December 2010	9 859	8 771	75 036	(5 800)	87 866	8 351	96 218
Net income for the period	-	-	9 874	-	9 874	635	10 509
Other comprehensive income for the period	-	175	-	(904)	(729)	(393)	(1 122)
Total comprehensive income for the period	-	175	9 874	(904)	9 145	242	9 387
Transactions with non-controlling interests	-	-	103	-	103	(130)	(27)
Equity adjustments in associated companies	-	61	-	-	61	-	61
Dividends	-	-	(6 206)	-	(6 206)	(2 318)	(8 524)
Share buy back	(232)	(3 309)	-	-	(3 541)	-	(3 541)
Sale of shares, share issue, and share options to employees	8	33	-	-	41	-	41
Equity as of 30 September 2011	9 635	5 731	78 807	(6 704)	87 470	6 145	93 615

In accordance with the resolution from the Annual General Meeting 19 May 2011, Telenor ASA has on 31 August 2011 reduced the share capital by a total of NOK 298 million. This was done by cancelling 22,877,098 own shares and by redeeming 26,818,135 shares held by the Kingdom of Norway through the Ministry of Trade and Industry. The other reserves were reduced by NOK 4.372 billion due to the cancelling. The share capital subsequent to the capital reduction is NOK 9.649 billion divided into 1,608,193,613 shares, each with a par value of NOK 6.00.

	Attributable to equity holders of the parent					Non-controlling interests	Total equity
	Paid in capital	Other reserves	Retained earnings	Cumulative translation differences	Total		
(NOK in millions)							
Equity as of 31 December 2009	10 005	11 851	64 843	(10 723)	75 976	9 089	85 065
Net income for the period	-	-	12 230	-	12 230	272	12 502
Other comprehensive income for the period	-	(203)	-	5 069	4 866	688	5 554
Total comprehensive income for the period	-	(203)	12 230	5 069	17 096	960	18 057
Transactions with non-controlling interests	-	(768)	-	-	(768)	164	(604)
Equity adjustments in associated companies	-	29	-	-	29	-	29
Dividends	-	-	(4 141)	-	(4 141)	(1 479)	(5 620)
Share buy back	(88)	(1 290)	-	-	(1 378)	(8)	(1 386)
Sale of shares, share issue, and share options to employees	2	22	-	-	24	-	24
Equity as of 30 September 2010	9 919	9 641	72 932	(5 654)	86 838	8 726	95 565

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 nine months ending 30 September 2011 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 2010. 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 2010.

Standards and interpretations as mentioned in the Group's Annual Report 2010 Note 1 and effective from 1 January 2011 do not have a significant impact on the Group's consolidated interim financial statements.

In the first nine months of 2011, IASB has issued the following new standards: IFRS 10 Consolidated Financial statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosures of Interests in Other Entities, IFRS 13 Fair Value Measurement, IAS 19 Employee benefits revised and IAS 1 Presentation of Financial Statement revised. All standards will be implemented 1 January 2013. The effects of implementing those standards are not reviewed.

Note 2 – Associated companies

C More

Impairment of associated companies of approximately NOK 0.5 billion in the second quarter of 2011 is related to C More, in which an impairment was recorded mainly due to weaker subscriber development and results than expected.

VimpelCom

As a result of the dilution of Telenor's economic ownership in VimpelCom Ltd. from 39.58% to 31.67% following VimpelCom's acquisition of Wind Telecom, an accounting gain of approximately NOK 1.6 billion was recorded in the second quarter of 2011. The transaction is accounted for as a deemed disposal and there is no cash effect related to the transaction.

On 10 June 2011, Altimo announced that it had sold VimpelCom preferred shares equal to approximately 6% of VimpelCom's voting shares. As a result of this sale, Altimo's total voting interest in VimpelCom fell just below 25%, causing the termination of the VimpelCom Shareholders Agreement, effective on 10 December 2011.

Note 3 – Shareholding and legal disputes

VimpelCom

On 15 April 2011, VimpelCom completed the combination of VimpelCom and Wind Telecom. As a consequence, Telenor's ownership interest in VimpelCom was diluted to a 31.67% economic and a 25.01% voting interest, respectively. Telenor believes that it was wrongly denied the opportunity to exercise the pre-emptive rights granted to it under the VimpelCom Shareholders Agreement, which would have permitted Telenor to maintain its ownership interest in VimpelCom. To protect these rights, Telenor commenced an arbitration proceeding in London on 28 January 2011 against VimpelCom and Altimo Holdings & Investments Ltd. Telenor is continuing to pursue that arbitration proceeding and anticipates that a decision will be reached in the first half of 2012.

Uninor

In India, Uninor and many other telecoms operators as well as the federal government through the Department of Telecommunications and the Telecom Regulatory Authority of India have been named as respondents in public interest petitions filed before the Supreme Court. These petitions seek cancellation of the licenses granted by the government in January 2008 to such operators, an imposition or punitive damages on grounds of alleged irregularities in granting the licenses, failure to meet eligibility requirements and delays in meeting rollout obligations. The petitions were being heard by the Supreme Court since 1 March 2011 in day-to-day proceedings and are now completed. On 2 April, the Indian Central Bureau of Investigation presented its first charge sheet, naming the managing director of Unitech Ltd., Mr. Sanjay Chandra, and also naming Unitech Wireless Ltd. for actions when it was fully owned by Unitech Ltd., prior to Telenor Group entering India. On 22 October, the criminal court formally charged everyone mentioned in the charge sheets. The trial will begin on 11 November.

Funding

The board of directors of Uninor has approved rising of funds through a rights offering of up to INR 82.5 billion, which is now under process of being implemented. Unitech Ltd. has initiated arbitration proceedings in Singapore on this matter.

In a separate process, Unitech Ltd. has on 11 October 2011 initiated a process before the special judicial body Company Law Board (CLB) in India by filing a petition against Uninor, the Telenor-appointed directors on the Uninor board, Telenor Asia Pte Ltd. and Telenor ASA. In its petition, Unitech Ltd. is alleging that the respondents have oppressed the minority shareholders and mismanaged the business of Uninor. Telenor's opinion is that there is no legal or factual basis to support the claims and allegations made by Unitech Ltd. in the arbitration and CLB proceedings.

DTAC

Dispute between TOT, CAT and DTAC regarding Access Charge
Reference is made to the Annual Report 2010 note 35 for description of the dispute between TOT, CAT and DTAC regarding Access Charge. On 16 June 2011, DTAC received a notice from the Central Administrative Court stating that TOT has filed a plaint requiring the court to order DTAC and CAT to jointly make the payment of unpaid Access Charge to TOT, together with the default interests, in the amount of approximately THB 113 billion (NOK 21 billion). It is Telenor's opinion that TOT's claim is in conflict with Telecom Act and hence it is more likely than not that the court should rule in favour of DTAC.

Foreign ownership issue in Thailand

True Move has earlier this year made a number of complaints to the Thai Police and the Thai Ministry of Commerce that DTAC is in breach of the Foreign Business Act (FBA) limiting foreign ownership to 49% of the company without special permission. The Telenor management is of the opinion that the Telenor ownership structure in DTAC was established, and is, in accordance with Thai law, and awaits a fair and unbiased inquiry of the issue.

Grameenphone

Grameenphone has received a claim of BDT 30.34 billion (approx. NOK 2.2 billion) from Bangladesh Telecommunications Regulatory Commission (BTRC) referring to findings of the audit that the regulator carried out during the last few months starting from April 2011. Grameenphone has, during and after the audit, through discussion and formal letters, contended and clarified to BTRC and the auditor that the acceptable audit norms and practices have not been followed during and after the audit and the claims made remains unfounded, unsubstantiated and without merit. Telenor share Grameenphone's view that the claims are unsubstantiated and expects that the licence renewal process will run unaffected by this dispute. The claim is currently suspended until a hearing of the case according to a 20 October High Court decision.

In addition to this Grameenphone received a notification from BTRC on 17 October with a claim for payment of additional spectrum fee of up to BDT 3.84 billion (approx. NOK 280 million) for spectrum granted in 2008, based on retrospective application of new guidelines. Grameenphone and Telenor are contesting this claim also in its entirety.

Note 4 – Transactions with related parties

At the Annual General Meeting on 19 May 2011 redemption of shares owned by the Kingdom of Norway through the Ministry of Trade and Industry was approved. See Annual Report 2010 note 34 for more information.

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

The definition of operating segments remains unchanged in the third quarter of 2011. Nevertheless there have been some structural changes in the organisation of the different segments. The Norwegian cable operation previously reported in Broadcast is reported in Telenor Norway from 1 January 2011. The portal ABC Start siden is moved from Telenor Norway to Broadcast. The figures for previous periods are reclassified accordingly.

Third quarter

(NOK in millions)	Total revenues			of which internal		EBITDA before other income and expenses ^{*)}			
	2011	2010	Growth	2011	2010	2011	Margin	2010	Margin
Norway	6 691	6 983	(4.2%)	174	195	2 726	40.7%	2 772	39.7%
Sweden	2 371	2 381	(0.4%)	30	44	660	27.8%	609	25.6%
Denmark	1 713	1 779	(3.7%)	42	42	479	27.9%	413	23.2%
Hungary	1 186	1 204	(1.5%)	8	7	448	37.8%	599	49.8%
Serbia	779	704	10.7%	37	35	326	41.9%	285	40.5%
Montenegro	198	200	(1.1%)	21	17	105	53.3%	106	52.8%
DTAC – Thailand	3 577	3 588	(0.3%)	3	5	1 281	35.8%	1 296	36.1%
DiGi – Malaysia	2 766	2 647	4.5%	2	2	1 296	46.9%	1 167	44.1%
Grameenphone – Bangladesh	1 676	1 721	(2.6%)	-	-	972	58.0%	892	51.8%
Pakistan	1 252	1 169	7.1%	2	14	450	35.9%	347	29.7%
Uninor – India	837	214	290.8%	-	-	(849)	nm	(1 115)	nm
Broadcast	1 762	1 773	(0.6%)	36	59	519	29.5%	475	26.8%
Other units	680	812	(16.3%)	502	670	(122)	nm	33	4.0%
Eliminations	(858)	(1 079)	-	(858)	(1 090)	(1)	-	6	-
Group	24 631	24 096	2.2%	-	-	8 292	33.7%	7 885	32.7%

First three quarters

(NOK in millions)	Total revenues			of which internal		EBITDA before other income and expenses ^{*)}			
	2011	2010	Growth	2011	2010	2011	Margin	2010	Margin
Norway	19 945	20 930	(4.7%)	497	598	7 845	39.3%	8 316	39.7%
Sweden	7 273	6 966	4.4%	90	139	1 936	26.6%	1 705	24.5%
Denmark	5 279	5 404	(2.3%)	118	149	1 413	26.8%	1 254	23.2%
Hungary	3 424	3 582	(4.4%)	20	18	1 242	36.3%	1 599	44.7%
Serbia	2 174	1 935	12.4%	105	76	932	42.9%	768	39.7%
Montenegro	485	487	(0.3%)	40	31	226	46.6%	216	44.4%
DTAC – Thailand	10 816	10 093	7.2%	15	26	3 876	35.8%	3 513	34.8%
DiGi – Malaysia	8 104	7 449	8.8%	7	8	3 741	46.2%	3 271	43.9%
Grameenphone – Bangladesh	5 025	4 846	3.7%	2	1	2 665	53.0%	2 410	49.7%
Pakistan	3 675	3 480	5.6%	3	26	1 296	35.3%	1 054	30.3%
Uninor – India	2 082	373	nm	-	-	(2 832)	nm	(3 221)	nm
Broadcast	5 323	5 228	1.8%	113	174	1 426	26.8%	1 263	24.2%
Other units	1 996	2 459	(18.8%)	1 507	2 008	(646)	nm	(105)	nm
Eliminations	(2 518)	(3 244)	-	(2 518)	(3 255)	(9)	-	(2)	-
Group	73 083	69 985	4.4%	-	-	23 109	31.6%	22 042	31.5%

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

Reconciliation

(NOK in millions)	3rd quarter		First three quarters		Year
	2011	2010	2011	2010	2010
Net income	2 904	1 771	10 509	12 502	14 808
Profit (loss) from discontinued operations	-	(279)	-	(516)	(415)
Profit from continuing operations	2 904	2 050	10 509	13 018	15 223
Income taxes	(1 780)	(2 300)	(4 617)	(3 745)	(4 982)
Profit before taxes	4 684	4 349	15 127	16 763	20 205
Net financial income (expenses)	(432)	(451)	(608)	(1 498)	(1 989)
Profit (loss) from associated companies	609	1 049	4 271	8 564	9 694
Depreciation and amortisation	(3 799)	(3 994)	(11 424)	(11 989)	(16 134)
Impairment losses	(10)	-	(69)	-	(14)
EBITDA	8 316	7 746	22 958	21 686	28 648
Gains (losses) on disposal of fixed assets and operations	118	(8)	249	(27)	(125)
Workforce reductions and loss contracts	(94)	(86)	(417)	(283)	(401)
One-time effects to pension costs	-	(46)	17	(46)	(46)
EBITDA before other income and expenses	8 292	7 885	23 109	22 042	29 220

EBITDA				Operating profit (loss)			
2011	Margin	2010	Margin	2011	Margin	2010	Margin
2 702	40.4%	2 745	39.3%	1 868	27.9%	1 771	25.4%
657	27.7%	581	24.4%	284	12.0%	48	2.0%
465	27.2%	356	20.0%	232	13.5%	135	7.6%
442	37.2%	530	44.1%	262	22.1%	395	32.8%
326	41.9%	285	40.5%	183	23.5%	165	23.5%
105	53.2%	106	52.9%	92	46.6%	93	46.4%
1 276	35.7%	1 345	37.5%	877	24.5%	910	25.4%
1 288	46.5%	1 167	44.1%	734	26.5%	775	29.3%
972	58.0%	892	51.8%	710	42.4%	519	30.2%
452	36.1%	298	25.5%	134	10.7%	(29)	nm
(849)	nm	(1 115)	nm	(1 084)	nm	(1 337)	nm
517	29.3%	441	24.9%	363	20.6%	293	16.5%
(35)	nm	27	3.4%	(153)	nm	(80)	nm
(4)	-	87	-	3	-	94	-
8 316	33.8%	7 746	32.1%	4 507	18.3%	3 751	15.6%

EBITDA				Operating profit (loss)			
2011	Margin	2010	Margin	2011	Margin	2010	Margin
7 675	38.5%	8 258	39.5%	5 194	26.0%	5 339	25.5%
1 915	26.3%	1 666	23.9%	653	9.0%	122	1.7%
1 385	26.2%	1 171	21.7%	701	13.3%	413	7.6%
1 212	35.4%	1 495	41.7%	611	17.9%	1 013	28.3%
932	42.9%	757	39.1%	508	23.4%	293	15.2%
226	46.7%	216	44.5%	189	39.1%	109	22.4%
3 874	35.8%	3 564	35.3%	2 705	25.0%	2 313	22.9%
3 730	46.0%	3 270	43.9%	2 199	27.1%	2 166	29.1%
2 665	53.0%	2 411	49.7%	1 798	35.8%	1 321	27.3%
1 293	35.2%	1 005	28.9%	366	10.0%	52	1.5%
(2 828)	nm	(3 221)	nm	(3 536)	nm	(3 772)	nm
1 410	26.5%	1 216	23.3%	923	17.3%	755	14.5%
(537)	nm	(120)	nm	(875)	nm	(445)	nm
5	-	(2)	-	26	-	17	-
22 958	31.4%	21 686	31.0%	11 464	15.7%	9 697	13.9%

Definitions

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

Mobile operations

Revenues

Subscription and traffic

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

Interconnect

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

Other mobile

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

Non-mobile

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

Mobile revenues from company's own subscriptions

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

Key Figures

Subscriptions

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

Mobile broadband subscriptions

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

Average traffic minutes per subscription per month (AMPUM)

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

Average revenue per subscription per month (ARPU)

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

Fixed operations

Revenues

Telephony

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

Internet and TV

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

Data services

– consist of Nordic Connect/IP-VPN.

Other

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

Wholesale

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

Key Figures

Subscriptions

Telephony consist of PSTN, ISDN and VoIP subscriptions.

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

TV consists of TV services over cable, xDSL and fibre.

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, Belgium and Slovenia.

Conax

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

Other

– consist of revenues from Telenor Media and Content Services, cable TV and IPTV subscribers in Sweden and cable subscribers and SMATV households in Denmark.

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