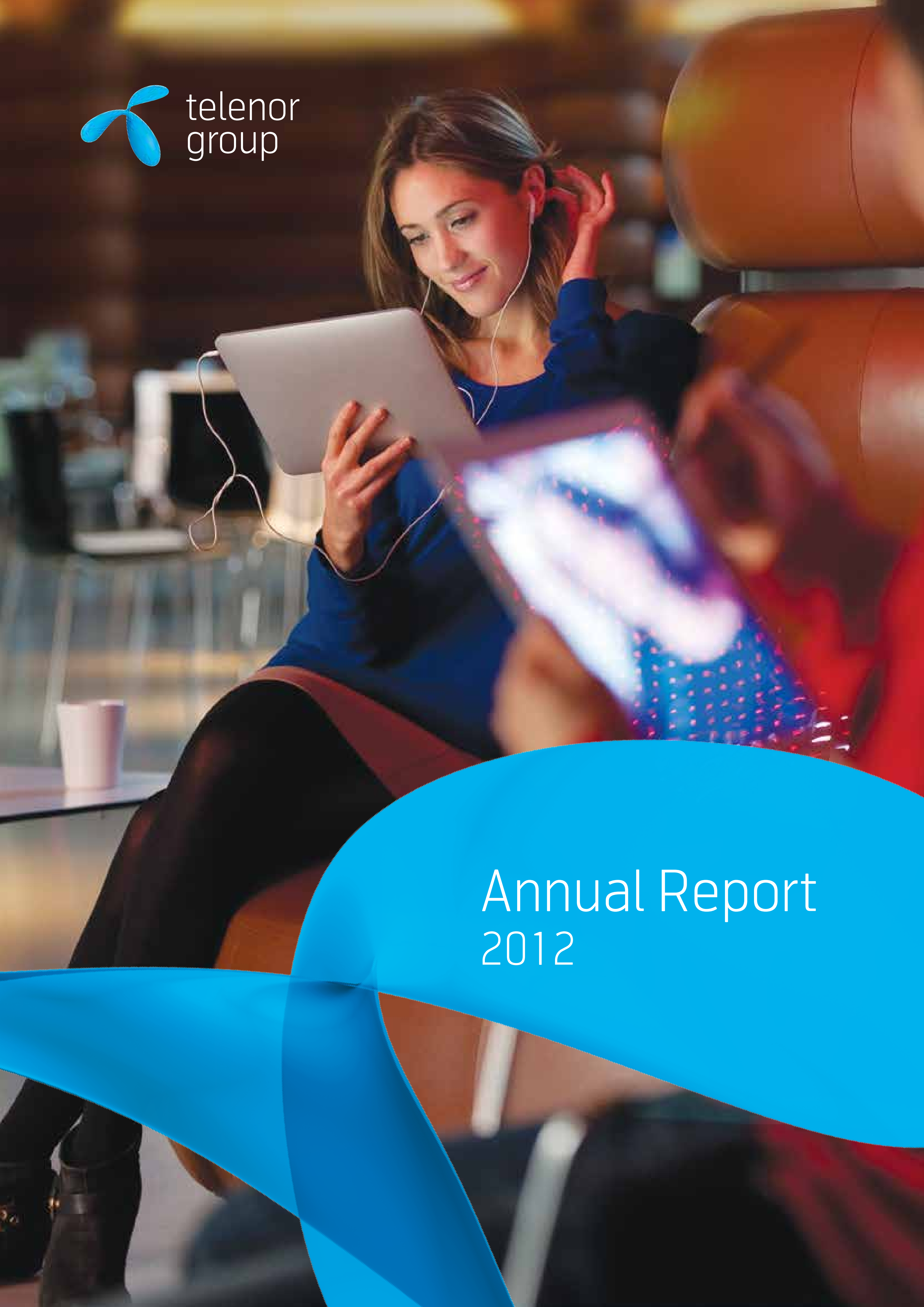
telenor group



Annual Report 2012

2012 in brief

A solid year

148 million subscribers, NOK 102 billion in revenues, 5% organic revenue growth, EBITDA before other items of NOK 33 billion and operating cash flow of NOK 20 billion [1].

Strong performance in Norway

Data usage increases, strong customer uptake on bundled tariffs and revenue increases. Investments into fixed and mobile networks continue at rapid pace, to ensure superior coverage and user experiences now and in the future.

Data drives growth

DTAC granted 3G licence in Thailand. Norway enters a 4G era. Smartphones are in demand globally, and Telenor brings mobile Internet to the masses in Asia. With modernised networks and service offerings, Telenor is well-positioned to capture data growth.

Moving forward in India

Telenor secured new spectrum and is now operational in six telecom circles in India – on track for operating cash flow break-even towards the end of 2013.

Investing in VimpelCom

During the year, Telenor restored its ownership stake in VimpelCom. VimpelCom showed improved operational performance and dividend pay-out was resumed towards the end of the year.

Sustainability leader

For the 11th year running, Telenor Group continues to rank as one of the top sustainability leaders in the telecommunications section on the Dow Jones Sustainability Index.

[1] EBITDA before other items less capex excluding investments in licences and spectrum.

Contents

Dear shareholder,

In 2012, Telenor Group outperformed its peers and delivered one of its best years ever. While much of our and the world's attention throughout the year was on India, the company also had a strong operational and financial story. Telenor had a solid operating cash flow of more than NOK 20 billion [1)], a strong balance sheet and an addition of 7.3 million mobile subscriptions.

Telenor's two main ambitions are to be preferred by customers and be a cost-efficient operator. Financially, our ambitions for 2015 are to maintain a revenue growth ahead of our peers and deliver an annual operational cash flow of NOK 28-30 billion.

Following the Indian Supreme Court's decision in February 2012 to quash all licences granted in 2008, we are pleased to have secured new licences in six telecom circles, consisting of more than 50% of India's population, for a period of 20 years. At the same time, we experienced solid operational progress with the first circle reaching EBITDA break-even in November. Our Indian operation is on track to reach the target of operating cash flow break-even towards the end of 2013.

VimpelCom continues to be an important investment for Telenor Group. By year-end, the Russian court had dismissed claims brought against Telenor by the Russian Federal Antimonopoly Service (FAS) and lifted injunctions, enabling dividends to once again be paid to the shareholders. We also saw several changes in the ownership structure of the company in 2012, which confirmed Alfa Group's position as the current largest shareholder. Going forward, we will continue to contribute to the industrial and sustainable development of VimpelCom.

Telenor views sustainable development as critical to our long-term success. This year we have expanded the Board of Directors Report to include more information on social and environmental performance, in addition to our financial information. Telenor also publishes an annual Sustainability Report, with more comprehensive information on sustainability in Telenor.

For more than a decade our company has evolved from a domestic, Norwegian incumbent to a leading global mobile operator. I believe that the coming years will be just as impressive, as we grow our global operations, develop new services and innovate in new areas. Today, Telenor has a solid position, a unique work culture and highly capable employees.

From our experiences in India this year, we have proven our ability to weather uncertain times.

Telenor is built around people. We see that we are making an impact on the lives of our customers and in the societies where we operate, and I am confident that we will continue to create value for our shareholders and customers in the years to come.

Jon Fredrik Baksaas
President & CEO of Telenor Group

1) EBITDA before other items less capex excluding investments in licences and spectrum.

Report from the Board of Directors 2012

From left: Sally Davis / Board member Barbara Milian Thoralfsson / Board member Bjørn Andre Anderssen / Board member, employee representative Frank Dangeard / Board member Brit Østby Fredriksen / Board member, employee representative Burckhard Bergmann / Board member Svein Aaser / Chairman Dag J. Opedal / Board member Liselott Kilaas / Deputy Chairman Hallvard Bakke / Board member Harald Stavn / Board member, employee representative

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It was a year of growth and a year of achievement. Telenor delivered on its goals, all the while performing beyond the industry average. In 2012, Telenor stayed on course, continuing to capture market share, roll out next generation networks and innovate for the customer. I look forward to another great year of innovation and expansion in 2013.

Svein Aaser, Chairman of the Board

Key figures 2012

- 5% organic revenue growth
- 7.3 million new subscribers
- EBITDA before other items of NOK 33 billion
- Operating cash flow of NOK 20 billion [1)]
- Proposed dividend of NOK 6.00 per share

2012 was a year unlike any other for the Telenor Group. Telenor experienced continued growth above industry peers and improved operational efficiency.

Investing in Norway

Telenor continues to perform well in Norway, where it serves as the leading mobile provider of mobile, broadband and TV services in the country. Norway is an important part of the Telenor Group and as such, the company continues to make significant investments into the network. In 2012, Telenor launched 4G in several major Norwegian cities.

In December 2012, the EFTA Surveillance Authority (ESA) and the Norwegian Competition Authority initiated two separate - but coordinated - investigations towards Telenor Norge AS. The scope of the investigations seems to be related to possible abuse of a dominant market position and/or possible anti-competitive practices. The investigations are ongoing and Telenor is cooperating with the authorities.

Enabling the data traffic explosion

Telenor continued its network modernisation initiatives across the Group, with investments in 3G/4G coverage and capacity to prepare for the tremendous growth in data traffic fuelled by smartphones and other Internet-ready devices. Telenor believes that these network investments are important for the long-term growth of the company, and its ability to serve the ever-growing data needs of customers. To support the transition from voice to data, Telenor continues to optimally and proactively exploit available and expected technology advances. In 2012, DTAC was granted 3G spectrum licence in Thailand, while 4G was rolled out in more than 10 cities and towns in Norway towards the end of the year. Telenor Denmark, DiGi in Malaysia and Telenor Hungary plan to introduce 4G in 2013.

India

Throughout the year, Telenor demonstrated its willingness to succeed in the Indian mobile market. After being operational in India for three years, Uninor's 22 cellular phone licences (granted by government in 2008) were cancelled by India's Supreme Court in February 2012. A period of great uncertainty followed, regarding conditions and timeline for the licence quashing and re-auctioning of spectrum.

Telenor secured the continuation of its operations in India by acquiring spectrum in six circles in the 2G auction in November 2012. The company achieved its first EBITDA break-even circle in Uttar Pradesh East in late 2012, and has a target of operating cash flow break-even for the entire operation by the end of 2013.

In 2012, Telenor settled a legal dispute with its previous partner Unitech Ltd. Telenor also entered into an accord with a new partner, whereby Telenor will own 74% of the entity, and Lakshdeep Investments will own the remaining shares.

A year of innovation

Telenor Group has now completed its first full year with the new units Group Industrial Development and Digital Services in place and operational. These units were established in 2011, to help Telenor become a more cost-efficient operation and the most preferred operator for customers.

[1)] EBITDA before other items less capex excluding investments in licences and spectrum.

In 2012, Telenor Digital Services focused on delivering new services to strengthen the Telenor core offering and create new revenue streams. During the year, Digital Services launched the Comoyo TV and film service in Norway and Sweden, and the global backend infrastructure went into production. Business Internet Services with a focus on Cloud services was established, and Telenor Connexion showed solid growth in the Machine to Machine area.

Group Industrial Development aims to leverage scale across the Group and secure quality and efficiency through new operating models. This in turn will release capacity, which will enable Telenor to invest in innovation and meet the future as an even stronger company. During the year Telenor in Asia unified the system for distribution and sales and created a common billing platform for 60 million Asian customers. In Europe, Telenor has implemented network sharing contracts in Sweden and Denmark, and is establishing a common network operations project between Hungary, Serbia and Montenegro.

VimpelCom ownership

In February 2012, Telenor acquired 234 million preferred shares from Weather Investments. This effectively restored Telenor's ownership level in VimpelCom Ltd. and allowed Telenor to withdraw from the London arbitration, which was started with the aim to restore ownership after the dilution resulting from VimpelCom's acquisition of Wind Telecom in 2011. The Russian Federal Anti-monopoly Service (FAS) objected to the acquisition and initiated a lawsuit that attempted to reverse the transaction. In addition, injunctions were put into place that prohibited VimpelCom Ltd. from paying dividends to shareholders and from engaging in any kind of financial transaction with VimpelCom Russia. When Altimo later raised their stake in VimpelCom Ltd., the FAS eventually withdrew the lawsuits and lifted all injunctions. Dividends were paid out in January 2013. Currently, Altimo has 48% of the voting rights and Telenor has 43%. A new Board of nine Directors was elected in December 2012, of which four are affiliated or employed by Altimo and three are employed by Telenor. Two are non-affiliated.

Human rights in the telecom industry

Telenor believes that telecommunications is a tool for democracy, and enables the exchange of ideas and access to information. In exceptional circumstances, telecommunications can be misused by governments, having an impact on human rights. This issue was raised more prominently in the international media in 2012.

Telenor has initiated a dialogue with Norway's Department of Trade and Industry on the topic of human rights issues, particularly in markets where VimpelCom is operational. The Norwegian government has expressed confidence in Telenor's role as an investor in VimpelCom and the actions the company has taken to ensure that its ethical values are upheld throughout VimpelCom's operations. Telenor will continue to communicate its stance on human rights issues and its ethical guidelines with VimpelCom, and use its role as an investor to influence when necessary.

In all of its markets, Telenor Group will continue to focus on human rights, maintain an open dialogue on potential risk areas and cooperate with relevant third parties.

FINANCIALS

Revenues in 2012 were NOK 101.7 billion, a reported growth of 3% compared to NOK 98.5 billion in 2011. The organic revenue growth of 5% was mainly the result of continued growth in our Asian and Norwegian operations in addition to strong handset sales. The reported revenue growth was lower than the organic revenue growth, primarily due to the appreciation of the Norwegian Krone towards most of the business units reporting currencies.

EBITDA[2)] before other income and expenses increased by NOK 2.2 billion to NOK 32.8 billion, while the corresponding EBITDA margin of 32.2% improved by 1.2 percentage points from 2011. We saw margin improvements from better performance in Norway, Pakistan and Broadcast, in addition to reduced losses in India, partly offset by a declining market in Denmark, high regulatory costs in Hungary and higher handset sales with low margin in Thailand.

The operating profit was NOK 9.7 billion compared to NOK 10.4 billion in 2011. Profit before taxes was NOK 12.0 billion compared to NOK 12.6 billion in 2011. Operating profit in 2011 was negatively affected by an impairment of goodwill and licences in Uninor of NOK 4.1 billion. Operating profit in 2012 was negatively affected by an impairment of tangible fixed assets in Uninor of NOK 3.9 billion and NOK 4.0 billion related to goodwill in Telenor Denmark. Share of net income of associated companies in 2012 was NOK 4.0 billion compared to NOK 3.8 billion in 2011 (which included a gain of NOK 1.6 billion related to dilution of share of interest in VimpelCom). Net financial expenses increased to NOK 1.7 billion from NOK 1.6 billion in 2011, mainly due to the effects of higher debt offset by

2) See definition and reconciliation of EBITDA in note 5 to the consolidated financial statements

increased value of financial instruments. Income taxes in 2012 were NOK 1.7 billion, down from NOK 5.4 billion in 2011 mainly explained by positive tax effects in the fourth quarter of 2012. These positive tax effects were mainly related to recognition of deferred tax asset of NOK 2.5 billion based on provision of loss on internal receivables against Uninor and recognition of (previously not recognised) deferred tax asset of NOK 1.0 billion based on unused tax losses in Telenor Pakistan. Telenor's net income in 2012 was NOK 10.3 billion, NOK 6.43 per share. The corresponding figure for 2011 was a net income of NOK 7.2 billion, NOK 4.45 per share.

Total investments in 2012 amounted to NOK 29 billion, of which NOK 21.5 billion were capital expenditure (capex) and NOK 7.5 billion were investments in businesses. The total capex increased by NOK 9.6 billion compared to 2011. When excluding investments in new spectrum and licences in 2012 of in total NOK 9.2 billion, capex increased by NOK 0.9 billion. Capital expenditure as a proportion of revenues, excluding licences and spectrum, increased from 11.6% in 2011 to 12.1% in 2012.

In 2012, Telenor delivered a solid operating cash flow (defined as EBITDA less capex) of NOK 20 billion, an increase of NOK 1.4 billion compared to 2011 mainly due to higher EBITDA as explained above.

Net cash inflow from operating activities during 2012 was NOK 24.0 billion, a decrease of NOK 3.1 billion compared to 2011. EBITDA was NOK 1.8 billion higher in 2012, however offset by a reduction in dividends received from associated companies of NOK 1.9 billion, mainly explained by VimpelCom. Working capital improved by NOK 2.2 billion in 2011 and remained stable in 2012. Net cash inflow from operating activities during 2012 was NOK 14.3 billion higher than operating profit for 2012. This is mainly explained by net cash inflow from operating activities excluding non-cash items as impairment losses and depreciation and amortization of NOK 7.8 billion and NOK 14.4 billion, respectively. In addition, income taxes paid of NOK 6.0 billion are part of net cash inflow from operating activities, while not a part of operating profit.

Net cash outflow to investing activities during 2012 was NOK 22.9 billion, an increase of NOK 8.4 billion compared to 2011. The increase is mainly explained by purchase of VimpelCom Ltd. shares for NOK 7.0 billion and licence acquisitions in India, DTAC and Grameenphone totaling NOK 3.7 billion in 2012.

Net cash outflow to financing activities during 2012 was NOK 4.7 billion, a decrease of NOK 8.1 billion compared to 2011, explained by an increase in proceeds from interest-bearing liabilities of NOK 12.7 billion. This was partly offset by higher dividends paid to non-controlling interests of NOK 3.4 billion, and higher total of dividends and share buyback of NOK 1.2 billion in 2012.

Cash and cash equivalents decreased by NOK 4.1 billion during 2012 to NOK 8.8 billion as of 31 December 2012.

At the end of 2012, total assets in the consolidated statement of financial position amounted to NOK 169.4 billion with an equity ratio (including non-controlling interests) of 45.6% compared to NOK 166.3 billion and 52.2%, respectively at the end of 2011. Total current liabilities at the end of 2012 were NOK 43.9 billion compared to NOK 47.6 billion at the end of 2011. Net interest-bearing liabilities increased from NOK 17.2 billion at the end of 2011 to NOK 33.1 billion by the end of 2012. Telenor completed the share buyback programme for 2012, returning NOK 4.0 billion to the shareholders. With the dividends of NOK 7.9 billion paid out in May 2012, this resulted in an all-time-high shareholder remuneration. In the Board's view, Telenor Group holds a satisfactory financial position.

For 2012, the return on capital employed after tax and including associated companies (ROCE) was 12% compared to 7% in 2011.

Telenor's annual report for 2011 contained an outlook for 2012 including the Indian operation. Due to high uncertainty, this operation was later excluded from the Group's financial guiding. For 2012, Telenor, not including the Indian operation, had an organic revenue growth of 4%, in line with the outlook from the third quarter of 2012. The EBITDA margin before other items was 35.4%, which is within the indicated range of 35-36%. Capex (excluding licences and spectrum) as a proportion of revenues was 12.4% in 2012, in line with the expectation of around 12%.

The financial statements are adjusted compared to the preliminary and unaudited 2012 results reported by Telenor Group on 13 February 2013. The adjustment relates to Telenor Group's share of significant events and transaction of NOK 577 million in VimpelCom Ltd., which arises from a fair value gain related to a step up in Euroset and impairment losses related to Wind Mobile Canada. This is done according to the financial information for the fourth quarter of 2012 released by VimpelCom Ltd. on 6 March 2013.

In accordance with section 3-3a of the Norwegian Accounting Act, the Board confirms that the prerequisites for the going concern assumption exist and that the financial statements have been prepared based on the going concern principle.

TELENOR GROUP OPERATIONS

Telenor Group's 12 main operations are concentrated in three geographic regions: in the Nordics, Eastern Europe, and Asia. Telenor Group also holds an economic stake of 35.7% in VimpelCom Ltd. In addition to mobile, Telenor's operations in Norway, Sweden and Denmark offer fixed telecommunication services. In addition to the mobile and fixed operations, the Group's core business includes Telenor Broadcast, which has a leading position in the Nordic market for TV services and satellite broadcasting.

Please note that all comments below are based on the development in local currency for 2012 compared to 2011 unless otherwise stated.

Norway

Migration to bundled mobile tariffs with flat monthly fee continued through 2012, and by year end, 62% of contract subscriptions in the consumer segment were on such price plans. Bundled tariffs combined with increased penetration of smartphones stimulated growth in the number of active data users and data usage. Total revenues increased by 1.3%. Mobile revenues increased by 6%, mainly driven by a 2% growth in ARPU combined with a higher subscriber base and increased handset sales. The growth in ARPU was driven by migration to bundled tariffs and increased data usage, partly offset by reduction in revenues from voice and messaging and reduced interconnect rates. Fixed revenues declined by 3%, somewhat less than the previous year due to reduced decline in fixed telephony revenues and stronger growth in Internet and TV revenues. EBITDA margin before other income and expenses increased by 3.0 percentage points to 42%, driven by increased gross margin and reduced operating expenses. In 2012, Telenor Norway invested more than NOK 4 billion in infrastructure for fixed and mobile services and launched 4G services in 11 cities in Norway. On 1 October, Telenor Norway completed the acquisition of the regional broadband provider LOS Bynett, adding 12,000 fibre customers to its customer base. By year-end, Telenor Norway's customer base included 3.2 million mobile subscriptions and 870,000 fixed Internet and 524,000 TV subscriptions. Around 60% of the mobile customers were smartphone users. The fixed broadband subscriptions included 55,000 fibre customers.

Sweden

Following the launch of new bundled offerings and handset sales by instalment, Telenor Sweden experienced a growing mobile subscription base during 2012. By the end of the year, Telenor Sweden had 2.4 million mobile subscriptions. The competition in the Swedish mobile market was focused on bundled subscriptions and mobile broadband offerings, supported by close to 70% smartphone penetration which is among the highest in the world. Telenor experienced a 3% revenue growth in local currency. Revenues from the mobile operation increased by 6%, mainly as a result of higher handset sales. The growth was driven by higher demand for mobile data, a larger subscriber base and significant growth in handset revenue, partly offset by the effect from reduced interconnect rates and roaming charges. To support a stronger footprint in the broadband market, Telenor Sweden acquired Open BroadbandNet AB and Ownit Broadband AB and integrated the operations of Canal Digital Kabel AB during 2012. Continued reduction in the number of telephony subscriptions resulted in a 13% decline in telephony revenues, offset by increased revenues from the broadband customers. The EBITDA margin before other income and expenses improved by 1.1 percentage points, bringing it to 25%, due to revenue growth and cost efficiency activities. Capital expenditure increased as a result of high activity related to the 3G swap, improvement of 2G coverage and roll out of LTE. In Sweden, Telenor and Tele2 have a network and spectrum sharing agreement for 2G and 4G through the infrastructure joint venture Net4Mobility. For the 3G network, Telenor has a sharing agreement with Hi3G Access through the joint venture 3GIS.

Denmark

During 2012, the fierce competition in the mobile market continued with increasingly larger bundles for reduced prices. Consequently, the general price level has been significantly lowered, further deteriorating profits in the Danish mobile market. Data usage as well as the smartphone penetration is still lagging behind the Norwegian and Swedish levels. At the end of 2012, Telenor Denmark had 2.0 million mobile subscriptions and around 52% of Telenor's customers were smartphone users. Total revenue in local currency decreased by 15%. Revenue from the mobile operation decreased by 14% due to reduced retail prices, interconnect rates and roaming charges, partly offset by increased handset sales. Wholesale revenues were reduced by 70% due to the mobile service provider Onfone exiting Telenor's network in September 2011. As a result of continuous price pressure in the broadband market and a decrease in the number of subscriptions, revenues in the fixed line operation declined by 16%. The EBITDA margin before other income and expenses decreased by 5 percentage points, bringing it down to 20%, caused by the revenue decline which was partly offset by cost-saving activities. Capital expenditure, excluding licence fee, was 17% less than previous year due to the swap of the 3G network equipment. On 27 June 2012, TT-Netværket P/S, Telenor's and Telia's joint Danish infrastructure company acquired 2x10 MHz spectrum in the 800 MHz frequency band at the cost of DKK 111.5 million. As a result of weakening financial outlook in the Danish market, remaining goodwill in the amount of NOK 4 billion was written down in 2012. See note 17 to the consolidated financial statements for details.

Broadcast

In the Nordic market for TV services, Telenor Broadcast maintained its leading position in 2012. Revenues decreased by 3%, mainly due to sale of Canal Digital Denmark Cable TV and less sub-licencing of sports rights. EBITDA margin before other income and expenses in 2012 increased by 3 percentage points to 30%, as lower revenues were compensated by reduced content and operating costs, primarily in Canal Digital. Capital expenditure increased mainly due to digital audio broadcasting (DAB) network investments in Norkring in Norway. Norkring was awarded licences for Riksblokk 1 and 2 in April 2012, and entered into agreements with the national broadcasters to build national coverage for DAB in May and July 2012.

Hungary

The Hungarian macroeconomic situation remained challenging in 2012, putting pressure on retail sales and household consumption. In spite of this, there was an increasing demand for mobile Internet and smartphones. At the end of 2012, Telenor Hungary had 3.3 million mobile subscriptions and 25% of Telenor's customers were smartphone users. Telenor experienced a 1% revenue decline in local currency, mainly due to continued reduction in interconnect rates and roaming charges, partly compensated by growth in non-mobile revenues and price increases. EBITDA margin before other income and expenses in 2012 was 32%, a decrease of 2 percentage points compared to 2011. The decrease was mainly related to higher handset subsidies, partly compensated by lower operating expenses, and the effects of a new telecommunication tax introduced with effect from July 2012. The new telecommunication tax overlapped the existing and disputed crisis tax levied upon the telecommunication industry in Hungary for the years 2010-2012. In 2012, a total amount of NOK 368 million was recognised for the two telecommunication taxes. The double taxation has an effect on the EBITDA margin of approximately 9 percentage points in 2012, versus an effect from the first crisis tax by approximately 6 percentage points in 2011. The capital expenditure excluding licences decreased compared to 2011, due to the mobile network modernisation finalised in early 2012 and mainly recognised in 2011.

Serbia

In 2012, the Serbian economy continued with high inflation and a declining GDP growth, but the telecom market experienced growth throughout the year. Competition in the mobile market has focused on attractive handset subscriptions. At the end of 2012, Telenor in Serbia had 3.2 million mobile subscriptions, of which 20% were smartphone users. Telenor has increased its market share and built a solid subscriber base with continued growth in share of contract subscriptions. Revenue in local currency increased by 9%, driven by a larger subscription base. The 5.5% growth in ARPU was due to higher average usage and increased recovery of handset subsidies. The EBITDA margin before other income and expenses decreased by 2 percentage points to 39% in 2012, as a result of lower gross margin following increased handset subsidies. The decrease in capital expenditure was mainly related to the network modernisation that took place in 2011.

Montenegro

The mobile market in Montenegro decreased in 2012. Telenor's revenues in local currency decreased by 3% mainly following lower ARPU, reduced subscriber base and reduction in interconnect rates. EBITDA margin before other income and expenses in 2012 was 42%, a reduction of 3 percentage points from 2011. At the end of 2012, Telenor Montenegro had 400,000 mobile subscriptions. 16% of Telenor's customers were smartphone users.

DTAC - Thailand

The Thai telecom market experienced continuously strong demand for data and smartphones due to the increased 3G network coverage on 850MHz spectrum. At the end of 2012, DTAC had a mobile subscriber base of 25.3 million. Around 9% of the customers were 3G service users and around 23% were smartphone users. Revenues in local currency increased by 13%, mainly driven by subscription growth, non-voice services and smartphone sales. The EBITDA margin before other income and expenses was 30%, a decline from 2011 due to increased fees paid to the concession owner CAT and higher hand-set sales with low margin. Capital expenditure increased related to the build-out of 3G on the 850 MHz frequency band and the network modernisation. On 7 December 2012, DTAC Network Company Ltd., a subsi-diary of DTAC, was awarded a 3G licence in the 2.1 GHz spectrum as a result of an auction held in October 2012.

DiGi - Malaysia

During 2012, the demand for data services, smartphones and tablets continued to grow rapidly in Malaysia. A significant part of DiGi's revenue growth comes from mobile Internet services and handset sales. By year-end, DiGi's mobile subscriber base reached 10.5 million, of which 26% were smartphone users. Revenues in local currency increased by 7%, driven by higher demand for mobile data, growth in handset revenues and a larger subscription base. The EBITDA margin before other income and expenses remained stable at 46%, as prudent cost management was able to offset the impact of margin pressure. Capital expenditure increased slightly and was mainly related to network expansion and increased capacity as well as the on-going network modernisation.

Grameenphone - Bangladesh

With real mobile penetration estimated at 37%, there is still a large untapped potential for future growth of telecom in Bangladesh by reaching a larger share of the rural population, albeit from lower income segments, diluting the average revenue per subscriber. Grameenphone increased its revenues in local currency by 3%, where a 10% subscription growth primarily in rural areas was partly offset by the new tariff directive implemented in September. The EBITDA margin before other income and expenses remained stable at 53%. Capital expenditure, excluding licences and spectrum, was slightly lower as the network modernisation was completed during 2011. 2G licence was awarded to Grameenphone on 7 August 2012 for a period of 15 years with effect from 11 November 2011. At year-end, Grameenphone had 40.0 million mobile subscriptions, and smartphone pene-tration is estimated to be below 5%.

Pakistan

Total revenues in local currency increased by 17%, mainly due to growth in subscriptions and usage. By year-end, the mobile subscription base reached 30.6 million. The smartphone penetration is estimated to be below 5%. Telenor introduced mobile financial services in Pakistan in October 2009 and now offers a broad range of services, reaching a growing share of the un-banked population of Pakistan. Revenues from financial services contributed with approximately 3.5 percentage points to the overall revenue growth. The EBITDA margin before other income and expenses improved by 3 percentage points to 40%. The margin improvement was a result of continued subscription growth and improved contribution margin from higher on-net traffic and increase in financial services. Capital expenditure increased following the on-going network modernisation. In spite of a very challenging political and security situation, the telecom business in Pakistan continues to grow. During 2012, there were as many as eight days of government enforced network closures hampering revenue growth. New directives on sales and distribution of SIMs will also affect growth going forward.

Uninor – India

On 2 February 2012, the Supreme Court of India cancelled 122 cellular phone licences granted by the Government of India in 2008, including 22 licences to Unitech Wireless (Uninor). After a settlement with the former partner, a new entity Telewings secured spectrum in 6 of the former 13 circles in which Uninor had operation. Telewings is a company controlled by Telenor ASA, and Uninor's business in these 6 circles will be transferred to Telewings.

Despite the regulatory uncertainty, Uninor employees have delivered on bringing affordable voice services to the Indian mass market by successfully implementing an ultra-low cost operating model. Uninor continued the strong subscriber uptake both relative to competitors and in absolute numbers. At the end of 2012, Uninor had 26.8 million subscriptions. Revenues ended at NOK 3.7 billion, compared to NOK 3.0 billion in 2011, despite the closure of operation in 6 telecom circles during the year. Strong cost focus and efficient network operation results in an EBITDA of NOK -2.0 billion, an improvement from NOK -3.4 billion in 2011. The operation is expected to reach operating cash flow break-even towards the end of 2013.

As a consequence of the 2G auction recommendations dated 23 April 2012, from the Telecom Regulatory Authority of India, an impairment loss of NOK 3.9 billion was recognised in the first quarter of 2012. For further information, please refer to note 17 to the consolidated financial statements.

For supplementary segment information, reference is made to note 5 to the consolidated financial statements.

INNOVATION AND RESEARCH

Innovation is critical to Telenor's growth, and in 2012, the company spent a total of NOK 2.5 billion, of which NOK 0.3 billion was cost related to research and development. In 2011, the total spending was NOK 2.0 billion, of which 0.4 billion was cost related to research and development. This was spent on innovation, spanning from state-of-the-art infrastructure to new and innovative services and business processes. For example, new and modern infrastructure to support 4G is now operational in Norway, Denmark and Sweden. In addition, Telenor's business units in Malaysia and Thailand modernized their networks during the year, to ready their networks for 3G technology. These advanced networks will be able to accommodate the high quality use of innovative services.

Telenor Group fosters an open innovation model by creating new solutions with customers and partners. Partnerships enable access to broad expertise and cutting-edge technology solutions. By combining expertise and technology with customer needs, Telenor Group creates innovative offerings that are highly relevant in its markets, such as easily accessible Internet for non-smartphone users in co-operation with Opera Software. In 2012, Telenor's Malaysian operator, DiGi, announced its cooperation with Opera to launch a new Internet «click-to-go» service that offers small and low cost data packages for customers.

Innovation of services is driven by analysis of local customer behaviour and their current and future needs. For example, Telenor Pakistan's Easypaisa service enables mobile banking and insurance for people who previously did not have access to these types of services. To address more mature customer needs in the Nordic markets, Telenor launched its first own digital services, TV and film service in Norway and Sweden in 2012, under the brand name Comoyo.

To release capacity for consistent customer focus, Telenor Group continues to implement new efficiency-driven business processes and tools. The Net Promoter Score and the Closed Feedback Loop are tools that enable the systematic measurement and use of customer feedback in all Telenor business units. Insight into customer data enables deployment of efficient systems, such as the advanced distribution management system in Telenor's Indian operation, Uninor. Telenor Group Industrial Development drives programmes that aim to increase efficiency by leveraging the volume and scale of the entire Group, primarily in the areas of shared and managed services, IT, customer service and roaming. A unified system for distribution and sales in Asia and a new model for centralized sourcing were implemented in 2012. For example, Telenor Pakistan launched its «Location Intelligence System» to help drive sales and distribution in a smarter way.

Telenor's research activities were strengthened in 2012, through the newly established Research and Future Studies unit. Telenor's research efforts are concentrated on two main areas: customer/market dynamics and technology shifts; and emerging areas, future studies and blue sky projects. With a pool of experts dedicated solely to research, Telenor is better equipped to transform its strong knowledge base into strategic input for future growth and creating business value for the company.

In line with the open innovation model, Telenor conducts research in partnership with renowned research institutions, including the Norwegian School of Economics in Bergen, University of Science and Technology in Trondheim, University of Oslo, and SINTEF. Telenor will expand this network beyond Norway, to build relations with internationally recognised scientific organisations and communities. Telenor is also able to connect to the international expert community through its participation in European Union projects.

Telenor intends to strengthen its capabilities in data analytics and service innovation, and will continue to explore the possibilities of smart networks, end-to-end differentiated services and future ecosystems.

PEOPLE DEVELOPMENT

The people working in Telenor are the company's most important asset in order to serve customers today and in the future. The employees always need to be aligned with Telenor's way of doing business, as set out in the «Telenor Way». The three main components in the Telenor Way are: a strong customer focus (vision & values), never to compromise on our business ethics (code of conduct) and a leadership based on empowerment (leadership expectations). The Telenor Way, coupled with the business strategy, serve as the main drivers for people development.

In order to meet its ambition to be preferred by customers, Telenor builds a culture that focuses on what customers truly value and operates according to the company's vision and values. As a part of this, Telenor has launched Group-wide initiatives that give all employees the opportunity to interact with customers and learn more about customer needs.

Telenor is aware that it operates in markets that require high ethical awareness and training. Therefore, the company's ethical training programs and on-boarding processes have been further developed, and Telenor has produced an updated version of its Code of Conduct.

To support leaders in empowering employees, the company's development and performance process (TDP) has been revitalised and simplified across all business units. Telenor has also started the implementation of a common Human Resources (HR) information system (Workday). Together, this will improve both the development of all employees and the identification and management of the most talented people.

Telenor's strategic ambitions require talent to flow effectively across borders through employee mobility and effective competence sharing. New processes and frameworks for international mobility have been developed and implemented. In 2012, 260 international assignments took place. Telenor has also established programmes and processes to strengthen the development of functional experts.

SUSTAINABILITY

Telenor Group aims to create shared value for the company and for the societies where it operates, ensuring responsible business practices and extending the benefits of mobile communications. Through business-integrated sustainability efforts, Telenor works to reach underserved groups, provide safe user experiences and minimise environmental impact.

Telenor is a long-time member and signatory to the UN Global Compact initiative. Telenor adheres to the UN's 10 principles for corporate responsibility within human and labour rights, environmental protection and anti-corruption. Telenor Group was once again named a member of the Dow Jones Sustainability Indexes (DJSI) Mobile Sector for 2012/13. This is the 11th year running that Telenor was named among the top performers on the DJSI.

In 2012, Telenor Group took active steps to leverage partnerships on sustainability issues and challenges applicable to the wider mobile and ICT community. Telenor is an active member of the Telecommunications Industry Dialogue on Freedom of Expression and Privacy, who are developing common principles for how to meet industry-specific human rights challenges, and the Joint Audit Cooperation that ensures better quality and resource utilisation on supply chain inspections.

Telenor Group remains committed to the disclosure of transparent and high-quality data on social and environmental performance, focusing on material issues and communicating its progress. By doing so, Telenor aims to ensure a clear link between its business strategy and its social and environmental performance indicators and activities. Read Telenor's Sustainability Report 2012 and www.telenor.com/cr for more information on social and environmental performance.

Occupational Health, Safety & Security (OHS&S)

Telenor's ambition is to be a market leader in sustainability and make an impact in its local markets through sustainability efforts. Telenor strives for high standards and continuous improvement within its operations and throughout the entire value chain. To support this ambition, Telenor has implemented an HSSE management system in accordance with OHSAS 18001(occupational health & safety) and ISO 14001 (Environment). Telenor business units have made use of these systems to assess and mitigate risk systematically, driving for continuous improvement within their own operations. Overall integration of HSSE with regular business operations has been strengthened in recent years.

HSSE awareness and training has been

Employees	2011	2012
Number of employees	32 030	**32 900**
Number of employees in Norway	6 760	**6 770**
Women in total workforce (%)	36%	**34%**
Women in management positions (%)	22%	**23%**
Women in Telenor Group Board of Directors (%)	*36%*	**36%**

a priority in 2012, and during the year approximately 35,000 employees and in-house contractors attended various awareness training sessions group-wide. Crisis management is a top priority for Telenor Group. In 2012 the company continued its training programme for the Group, with the aim of increasing the capability and capacity for handling incidents and accidents. Each business unit conducts regular training exercises to ensure readiness in the event of a crisis. On several occasions in 2012, the business units applied Telenor's crisis management tools and protocol in the handling of issues.

For the entire Telenor Group, the Lost-Time Injury Frequency (LTIF) in 2012 was 0.30 injuries per million work hours. The sickness absence frequency for the Group in 2012 was 2%. Telenor had no work-related fatalities among employees during 2012.

Supply chain

Telenor Group maintains its systematic work to reduce risk in the supply chain. In 2012, Telenor focused on continuous improvement among suppliers and business partners, and prioritized risk management, anti-corruption and HSSE - training and awareness in the supply chain. Telenor also participated actively in industry initiatives to find common solutions to sustainability issues in cooperation with other industry players.

To secure sustainability in the supply chain, Telenor ASA's Board of Directors adopted a set of Supplier Conduct Principles (SCP) to be implemented towards all contracting parties of Telenor in 2009. The SCPs are based on internationally recognised standards and include human rights, occupational health and safety, labour rights, environment and anti-corruption. All suppliers are required to enter into a contract, titled the Agreements on Responsible Business Conduct (ABC agreements), which legally binds the suppliers and sub-suppliers to the SCP, and gives Telenor the right to conduct audits and inspections. Telenor has to-date implemented ABC agreements with practically all relevant suppliers and has carried out one or more inspections of practically all major suppliers.

A total of 950 HSSE training sessions for suppliers were completed in 2012, and Telenor's Indian business unit alone carried out awareness sessions at supplier sites that reached more than 23,000 supply chain employees during 2012.

Seven work-related fatalities were reported in the supply chain in 2012, including two fatalities of an in-house contractor's employees. Both were killed during robbery while working as security guards at base stations. Five of the fatalities were among first line suppliers' employees during work for Telenor. Three of these died as a result of road traffic accidents and another two were killed by hostile attack or robbery. In cooperation with contractors and suppliers, Telenor has investigated these fatalities with the objective of preventing similar incidents in the future. Telenor has also secured that the families of all the deceased have been taken care of by the respective suppliers.

An important element of SCP risk management is the large number of sustainability inspections that Telenor

Supply chain sustainability	2011	**2012**
Number of suppliers covered by an agreement on responsible business conduct [1]	87%	**93%**
Sustainability inspections and audits	2 397	**2 230**
Number of HSSE training sessions for suppliers	1 165	**950**
Fatalities in the supply chain	13	**7**

[1] Total amount of applicable suppliers average approximately 15,000.

The key figures presented in the table above have been subject to review by E&Y. We refer to Telenor's sustainability report for E&Y's assurance letter and for further information on sustainability within our organisation.

Occupational Health, Safety & Security	2011	**2012**
Lost Time Injury Frequency (LTIF) [1]	0.45	**0.30**
Sickness Absence Rate	1.85	**2.0**
Fatalities Employees	-	**-**

[1] LTIF is defined as the number of lost-time injuries per million worked hours.

The key figures presented in the table above have been subject to review by E&Y. We refer to Telenor's sustainability report for E&Y's assurance letter and for further information on sustainability within our organisation.

conducts. In 2012, Telenor carried out 2,235 different types of supplier inspections across the Group.

Telenor joined an audit co-operation of European telecommunication operators, called the Joint Audit Cooperation (JAC), in 2012. The aim of JAC is to verify, assess and promote sustainability standards and best practices across the supply chain of common global suppliers. Telenor executed five sustainability audits on behalf of JAC in 2012. In addition, Telenor closely followed the audit results of the 35 JAC audits carried out by the other JAC members during the year.

Building a safer digital environment

Telenor continues to provide and promote safe services and user experiences, and offers relevant and transparent information to stakeholders on issues of concern. In 2012, Telenor Group has developed its position and response to emerging risks regarding the safe use of mobile and Internet by young people. Much of this work has been guided by the joint efforts of the CEO Coalition, which was formed by the European Commission. The Coalition focuses on five areas: simple tools for users to report harmful content and contact, age-appropriate privacy settings, wider use of content classification, wider availability and use of parental controls and effective take down of child abuse material. Telenor has committed to put in place all the relevant mechanisms with the appropriate safeguards.

To ensure that Telenor Group is able to respond to new developments in relation to Electromagnetic fields (EMF), Telenor revived its Health and Electromagnetic Fields specialist community (HEMF) in 2012. This internal group will meet on a regular basis to assess new developments, as well as coordinate with and support business units in this area. In 2012, Telenor maintained its policy to engage with concerned stakeholders, and the company confirmed its commitment to strictly adhere to the guidelines provided by national radiation protection authorities on a local level.

Enabling services

Telenor Group aims to maximise the role of mobile technology as an enabler. In 2012, Telenor Group continued its work on «Enable» projects that focused on mobile health care and mobile financial services. Telenor will continue to extend the reach of its Enable initiatives in 2013.

In order for Telenor Enable initiatives to be useful, trusted and developed to address actual societal needs, collaboration with reputable partners is important. In 2012, Telenor Group's Enable initiatives primarily concentrated on mobile health care. In Serbia, Telenor continued its initiative to connect the Roma population, and in Thailand, at year-end, DTAC signed a memorandum of understanding with UNICEF Thailand. This partnership is designed to provide life-saving information services for mothers and children and includes a commitment to advance children's rights from a business perspective.

Climate and environment

Telenor Group works actively to minimise its environmental impact, and all business units strive to manage their use of energy, water and raw materials. In order to reduce Telenor Group's CO_2 emissions, the key climate ambition is to improve the energy efficiency of all business units - such as network modernisation and integration of energy requirements in procurement processes. In 2012, total energy consumption in Telenor Group increased by 9% up to a total of 3,349 GWh. The associated emissions of greenhouse gases in Telenor Group increased by 2.6%, up to a total of 1.147 million tonnes of CO_2.

In 2012, Telenor took part in a new ICT

Climate and environment	2011	2012
Total CO_2 Emissions. All business units (million tonnes)	1.118	**1.147** [1]
Carbon Efficiency - CO_2 emissions / Revenues.	2 397	**2 230**
All business units excl. India (mill. tonnes / billions USD)	0.041	**0.044** [1]
Energy Efficiency - Energy Use /Revenues.	13	**7**
All business units excl. India. (GWh / billions USD)	136	**151**
Customer mobile phones or batteries collected for recycling or reuse	304 000	**323 000**
Sustainability criteria used in the procurement process [2]	34%	**56%**

[1] The International Energy Agency has in 2012 changed their methodology to estimate country-specific indicators for CO_2 emissions related to electricity production.
[2] Sustainability criteria cover energy efficiency and focus on environment and purchased goods. Reporting based on percentage of signed contracts above 250,000 USD of total value.

The key figures presented in the table above have been subject to review by E&Y. We refer to Telenor's sustainability report for E&Y's assurance letter and for further information on sustainability within our organisation.

Some sustainability initiatives in Telenor operations

Norway: Telenor Norway, the Norwegian Media Authority, the Red Cross and Kids and Media have been working together since 2009 to fight digital bullying through the dialogue-based attitude campaign, Use Your Head. The campaign is arming children and adults with good tools and advice to prevent and fight digital bullying, and so far has achieved significant results. This is the country's largest campaign against digital bullying.

Pakistan: By bringing financial services to people without bank accounts, mobile banking is contributing to economic development. Easypaisa was Pakistan's first branchless banking solution, launched in 2009, and is currently the largest mobile financial service with over 20,000 Easypaisa shops in more than 700 cities across Pakistan. This is twice the number of total bank branches and four times the number of total ATMs. There are more than four million unique users conducting transactions through the system each month.

Serbia: Telenor Business Units are all undertaking energy efficiency initiatives, including network swaps and the sourcing of energy efficient technologies to reduce operational cost and CO_2 footprint. Telenor Serbia has demonstrated that their energy efficiency initiatives, including network swaps during 2010/11 has resulted in energy savings of an average of 37% per radio carrier in their network in 2012, as compared to 2010.

industry report that provided analysis of how smart use of communication technology in many parts of society can contribute to a 16.5% reduction in global greenhouse gas by 2020. For example, the city of Oslo started to adopt smart lighting in 2012, using an advanced web-based application coupled with Telenor's mobile services to control the city's 80,000 street lights. This will result in less electricity wasted and cost savings of up 50% of Oslo's annual street lighting budget of NOK 60 million.

All business units in Telenor Group shall secure sustainable waste management including reuse and recycling of electronic equipment.

RISK FACTORS

When operating across multiple markets, Telenor Group is exposed to a range of financial, regulatory, operational, industry and reputational risks that may adversely affect the business.

Financial risk

Recovery from the financial crisis has been slow and financial markets are still unstable. Telenor Group is exposed to credit risk mainly related to accounts receivable, deposits with financial institutions, financial derivatives and investment in Government debt securities. Counterparty risks are continuously monitored and measures are taken to limit the risk for financial losses. In 2012 Telenor Group had no credit losses due to defaults of financial institutions or Government securities.

As at 31 December 2012, Telenor's net debt/EBITDA ratio was 1.04, well within the cap of 2.0. Financial flexibility is a key priority for Telenor Group. The refinancing risk is considered to be low and Telenor has ensured satisfactory financial flexibility through a diversified set of funding sources. Telenor ASA has established committed revolving credit facilities of EUR 2.8 billion as a measure to reduce liquidity risk. These facilities are unused as of 31 December 2012.

68% of the Group's revenues are derived from operations with a functional currency other than the Norwegian Krone. Currency fluctuations affect the value of investment in foreign operations when translating financial statements into Norwegian Kroner. Telenor Group seeks to hedge its net investment in foreign operations by allocating currency debt on the basis of relevant market values and market capabilities. The most significant debt currencies for Telenor Group are Euros, Thai Baht, US Dollars, Malaysian Ringgits, Swedish Krona, Indian Rupees and Bangladeshi Taka. Committed cash flows in foreign currencies equivalent to NOK 50 million or more are hedged using currency forwards contracts.

Telenor Group is exposed to interest risk through funding and liquidity management activities. The interest rate risk is managed using both fixed and floating rate debt as well as interest rate derivatives. The Group's treasury policy states that the interest rate duration on the debt portfolio shall be in the interval from 0.0 years to 2.5 years. The duration was 1.5 years as of 31 December 2012 (1.3 years as of 31 December 2011).

Regulatory risk

Telenor Group's operations are subject to extensive regulatory requirements. Unfavourable regulatory developments and regulatory uncertainty could adversely affect the Group's results and business prospects, see also note 35 to Consolidated Financial Statements.

In several of the countries where Telenor Group operates, the government has imposed sector specific taxes and levies, as a measure to improve state finances. The introduction of, or increase in, sector specific taxes and levies may adversely impact the Group's business.

Telenor Group depends on licences, access to spectrum and numbering resources in order to provide telecommunications services. Spectrum processes, including renewal of existing spectrum licences in some markets, are expected over the next 2–3 years. If the Group is not successful in acquiring spectrum licences or is required to pay higher rates than expected, this might impact the Group's business strategy, and/or the Group could be required to make additional investments to maximise the utilisation of existing spectrum.

In many countries where the Group operates, the regulator has reduced, or plans to reduce, the regulated price of terminating mobile calls in our and our competitors' networks. A dramatic reduction of the mobile termination rate (MTR) could significantly reduce the revenue from mobile voice traffic. Furthermore, the transition from voice to data services is influenced by a number of regulatory levers, e.g. MTR levels and net neutrality provisions.

In India, the business is in the process of being transferred to a newly established company in order to continue operations in circles where the new company has acquired licenses. There are still outstanding issues related to this business transfer and the general regulatory framework in India going forward, which may impact the investment and future operations negatively – see also «Events after the balance sheet date».

In Bangladesh, a new national telecom policy is expected to be implemented during 2013. The final terms and conditions are still unclear.

The government-appointed Grameen Bank Commission recently published their interim report where the Commission has gone outside its mandate and made recommendations in an annex to the report which could have implications on Telenor Group's investment in Grameenphone. The Commission has made allegations that the licence was wrongfully awarded to GP in 1996. Telenor's assessment of the allegations contained in the interim report concludes that the allegations and recommendations set forth therein are not legally justified.

In Thailand the 3G licence was awarded late 2012. The new 3G business entity is currently in the process of being established, and the entity is dependent on future wholesale arrangements for which the regulatory framework is not finalised.

The Foreign Dominance regulations in Thailand constitute a risk despite the matter being subject to GATS process in Geneva.

CAT and DTAC have a number of disputes and disagreements over understanding and reach of the concession agreements. This now also includes how the new 3G regime is to be understood in relation to the concession agreements. DTAC is of the opinion that the company is operating in accordance with applicable laws and regulations and refutes any allegations from CAT that DTAC is operating in violation of concession agreements.

Operational risk

The introduction of new business models in the telecom sector may lead to structural changes and different competitive dynamics within the industry. Failure to anticipate and respond to industry dynamics, and to drive a change agenda to meet mature and developing demands in the marketplace, has the potential to impact the Group's position in the value chain, service offerings and customer relationships. This may adversely impact the Group's results of operations.

Telenor Group's portfolio of companies competes on several dimensions, e.g. product portfolio, price, network quality and coverage, reliability, sales, distribution and service differentiation. Revenue growth is partly dependent on the development and deployment of new products, services, technologies and applications. If such new releases are not technically or commercially successful, or if limitations in existing or new services and products affect the customer experience, Telenor Group's ability to attract or retain customers may be impaired.

The quality and reliability of Telenor Group's telecommunications services depends on the stability of its network and the networks of other service providers with which it interconnects. These networks are vulnerable to damage or service interruptions. Repeated, prolonged or catastrophic network or system failures could damage the Group's reputation and ability to attract and retain subscribers.

Telenor Group depends on key suppliers and third-party providers for supply and maintenance of equipment and services that the company needs to develop its network and operate its business. Problems that manifest in relation to the supply chain may adversely affect the Group's business and results of operations.

Telenor Group's local partners or other co-shareholders may fail to adequately support the companies in which Telenor has invested, or disagree with the Group's strategy and business plans. This may prevent these companies from operating or competing effectively, and temporarily or permanently reduce the Group's cash flow from these companies.

Across Telenor Group's portfolio of operations there is depth of experience and knowledge on a broad range of market-related, technical and partner engagement matters that have direct relevance beyond individual business units. Inability to leverage this asset across the Group may contribute to sub-optimisation.

Telenor Group handles substantial volumes of confidential information. Loss, mismanagement or unauthorised disclosure of such information could adversely affect the Group's business and reputation.

Concern has been expressed that electromagnetic signals from mobile handsets and base stations may pose health risks. Any substantiation of such claims may adversely affect the Group's business and results of operations.

The growing scale of Telenor Group's international operations brings with it the potential for exposure to fraud and corruption, both internally and among external stakeholders who may have a differing set of business values from those under which Telenor Group operates. Failure to adhere to the values that Telenor Group commits to in our global operations may damage customer perception of the Telenor brand as well as adversely impact the Group's results of operations.

Telenor Group operates in countries where there is a history of political instability and violence. Any recurrence or escalation of such events, including social unrest, terrorist attacks and war, may prevent the Group from operating its business effectively. Telenor Group actively monitors the environments in the countries where it operates and takes additional steps to protect its employees, assets and overall business when necessary. Crisis Management is practiced in Telenor, and the company prioritises the safety of its employees in the event of an emergency.

Social and environmental risk

With the wide international endorsement of the UN Guiding Principles on Business and Human Rights and the human rights chapter of the OECD Guidelines for Multinational Enterprises we expect growing attention on the responsibility of businesses to respect human rights. Not addressing issues raised in such guidelines entails risk of legal action being brought against businesses, as well as a risk of incurring fines. However, with wider access to non-judicial remedies there is also considerable risk of reputation loss and growing pressure on key executives to ensure appropriate due diligence and transparency about steps taken to mitigate human rights risks.

Regulatory climate risks include possible increases in energy-related costs due to carbon taxation or the emergence of internationally binding climate agreements. However the risks facing the mobile industry are moderate, as direct carbon emissions from operations remain low. Physical climate risks include more extreme weather and rising sea levels, which may cause potential service disruptions or serious damage to local infrastructure such as network base stations and electrical power lines.

Risk management

Telenor's risk management objective is to earn competitive returns from its various business activities at acceptable risk levels and without compromising its vision, values and codes of conduct. Risk management is integrated within the Group's annual strategy planning process, and key risks highlighted therein by business units are tracked through the Group Business Review process.

SHARES AND SHAREHOLDER ISSUES

The Telenor share is listed on the Oslo Stock Exchange (OSE). Including reinvested dividends, the total return of the Telenor share was 20% in 2012, whereas the benchmark index STOXX Europe 600 Telecommunications Index Gross Return (SXKGR) declined by 4%. The OSEBX index increased by 15%.

The Telenor share closed at NOK 112.20 at year-end 2012, corresponding to an equity value of NOK 175 billion.

At year-end, Telenor's share capital was NOK 9,359,686,836, divided into 1,559,947,806 ordinary shares. The share capital was reduced by NOK 289,474,842 in 2012. This was done by cancelling 22,209,858 own shares and by redeeming 26,035,949 shares held by the Kingdom of Norway through the Ministry of Trade and Industry.
The company had approximately 43,000 shareholders at year-end, a decline of 6% from the previous year. The 20 largest shareholders held 78% of the registered shares. North American institutional investors owned 12%, while UK institutional investors and other

European institutional investors held 6% and 9% of the company, respectively. Norwegian institutional investors, including the Norwegian state, held 63% of the total issued share capital at year-end.

Telenor owned 15.7 million treasury shares as of 31 December 2012, of which 15.4 million were held for the purpose of cancellation. During first quarter of 2013, additional 4.5 million shares were repurchased for the purpose of cancellation. Based on the total number of treasury shares held for cancellation including the repurchases during first quarter of 2013, and subject by approval by the AGM in 2013, around 23.4 million of the Ministry of Trade and Industry's Telenor shares will be redeemed for a consideration of approximately NOK 2.6 billion. This is a part of an agreement entered into in 2012 between Telenor and the Ministry, so that the Ministry's ownership stake in Telenor of 53.97% will remain unaffected if Telenor repurchased shares for cancellation. For more comprehensive information, reference is made to note 37 to the consolidated financial statements.

Through active communication with the capital market and shareholders in 2012, Telenor ensured that significant information required for an external evaluation of the Telenor Group's securities was published in accordance with applicable rules and guidelines.

CORPORATE GOVERNANCE

The Board of Directors of Telenor ASA emphasises the importance of maintaining a high standard of corporate governance across Telenor Group, in line with Norwegian and international rules and recommendations.

Telenor operates in accordance with the Norwegian Code of Practice for Corporate Governance with the exception of point 14 on the drawing up of main principles for takeover bids. The background for this exception is the Kingdom of Norway's 53.97% ownership in Telenor.

The Board of Directors has established three committees within the Board: The Governance and Remuneration Committee, the Ethics and Sustainability Committee and the Audit Committee, of which all are preparatory working committees of the Board.

The Governance and Remuneration Committee is composed of four members of the Board. Chairman Svein Aaser is the chairman of the Committee. The Committee ensures that Telenor adheres to generally accepted high standards of Corporate Governance. With regard to remuneration issues, the Committee considers Telenor's remuneration policy and programs, including bonus programmes and share-based schemes, and presents recommendations to the Board of Directors for decision. The Committee annually evaluates the CEO's remuneration and presents recommendations to the Board of Directors for decision. The Committee held five meetings in 2012. During 2012 the Committee has particularly focused on executive pension plans.

The Ethics and Sustainability Committee is composed of four members of the Board. Liselott Kilaas chairs the Committee. The Committee supports the Board in fulfilling its responsibilities with respect to ethics and compliance as stated in law, code of practices and the Code of Conduct and accompanying governing documents. The Committee also supports the Board with respect to corporate responsibility. The Committee further oversees Telenor's efforts to ensure good internal occupational Health, Safety, Security and working environment (HSSE) practices throughout the Group, as well as Telenor's processes and performance for HSSE and sustainability in the supply chain. The Ethics and Sustainability Committee held seven meetings in 2012. During the year the Committee has contributed to the issuance of a separate Telenor Sustainability Report and further focused on a compliance function in Telenor, as well as the handling of human rights issues.

The Audit Committee is composed of three members of the Board. Dag J. Opedal is the chairman of the Committee. The Committee supports the Board in fulfilling its responsibilities with respect to financial reporting, internal control over financial reporting and auditing matters. The Committee oversees the procedures to identify financial and operational risks as well as understand and assess risk exposures and mitigating actions. The Committee held seven meetings in 2012.

The Board committees report to the Board of Directors of Telenor ASA in connection with the scope of work described in the sections above. Each member of the Board has access to all working documents including the minutes from the committee meetings. Details regarding Telenor's compliance with the Norwegian Code of Practice are described in the document 'Report on Corporate Governance' at www.telenor.com/about-us/corporate-governance/.

COMPOSITION AND WORK OF THE BOARD OF DIRECTORS

Telenor's Board of Directors shall have a diverse composition and competence tailored to meet the company's needs. None of the Board members, apart from the employee representatives, are employees of Telenor or have carried out work for Telenor. The Board's work complies with Telenor's instructions for Board members and the applicable guidelines and procedures. The Board has also carried out a self-assessment of its own activities and competence. The Board of Directors held 20 Board meetings in 2012.

In May 2012, the Corporate Assembly elected Svein Aaser to succeed Harald Norvik as new Chairman of the Board for a period of up to one year.

EVENTS AFTER THE REPORTING PERIOD

India

On 15 February 2013, the Supreme Court in India ordered all operators who did not win spectrum in the previous auctions to close down their services in the respective circles immediately. This Supreme Court order opens up for possible retroactive spectrum fee payments for the licences quashed by the Supreme Court order on 2 February 2012, applicable to the licensees who have continued business until new licences are issued. The possible financial implications of the Supreme Court order dated 15 February 2013 are unknown.
Temporary licences were not made available to ensure that services were shut down in an orderly manner and customers able to port out. As Uninor is bound by law to comply with the order of the Supreme Court, the company was obliged to close down its mobile network in Mumbai immediately.

Grameenphone

On 18 February 2013, Telenor was informed by media that the Grameen Bank Commission (which was established by the Government of Bangladesh in May 2012 to make recommendations on future actions upon observing the activities of Grameen Bank and its associated institutions) submitted an interim report to Ministry of Finance. The Commission's interim report asserts that there were irregularities when the shareholders of Grameenphone initiated a consortium and were issued licences in 1996. In an annex to the report, the commission report recommends suspending Grameenphone's licences but not shutting down their operations. The commission said if the government desires to let Grameenphone continue operation it may consider doing so only if Telenor agrees to transfer 16% of its shares immediately and unconditionally to either Grameen Bank or Grameen Telecom. The transfer of shares should, according to the Commission, be made effective from 2002, as the Commission alleges that Telenor was supposed to reduce its shares to 35% at that time.

Telenor Group has not been a party in the ongoing review by the Grameen Bank Commission, as it relates to matters between the Bangladeshi Government and Grameen Bank. Telenor Group is concerned that the ongoing process between the Government and Grameen Bank impacts significant investments in Bangladesh. Telenor Group will consider all available legal options to secure investment in Bangladesh and protect the future of Grameenphone, its customers, employees and its business community at large if needed. In the meantime, on 5 March 2013, the Finance Minister of Bangladesh commented on the news agency Reuters that Bangladesh won't suspend Telenor's licence despite the commission request.

DTAC

CAT and DTAC have a number of disputes and disagreements over understanding and reach of the concession agreements. This now also include how the new 3G regime is to be understood in relation to the concession agreements. DTAC is of the opinion that the company is operating in accordance with applicable laws and regulations and refutes any allegations from CAT that DTAC is operating in violation of concession agreements.

OUTLOOK FOR 2013

Telenor expects the main trends from 2012 to continue into 2013. Telenor is well positioned for continued growth driven by strong demand for data services and further growth in the Asian business units. Investments in existing operations will continue to be carefully evaluated. Telenor also sees the opportunity to accelerate investments to capture market positions.

ANNUAL RESULT AND ALLOCATION

Telenor ASA's net income for the year 2012 was NOK 31,863 million, after receipt of a group contribution of NOK 35,251 million. The Board proposes the following allocation:

Transferred to retained earnings: NOK 31,863 million.

After this allocation, Telenor ASA's distributable equity totalled NOK 35,602 million as at 31 December 2012. The proposed cancellation of shares will reduce the equity available for distribution as dividend by NOK 2.5 billion.

At the Annual General Meeting in May 2013, the Board will propose a dividend of NOK 6 per share for 2012 to be paid in May/June 2013, in total NOK 9.3 billion.

Fornebu, 21 March 2013

Svein Aaser
Chairman

Liselott Kilaas
Deputy Chairman

Hallvard Bakke
Board memeber

Burckhard Bergmann
Board memeber

Frank Dangeard
Board memeber

Sally Davis
Board memeber

Dag J. Opedal
Board memeber

Barbara Milian Thoralfsson
Board memeber

Bjørn Andre Anderssen
Board memeber

Brit Østby Fredriksen
Board memeber

Harald Stavn
Board memeber

Consolidated Income Statement

Telenor Group 1 January – 31 December

NOK in millions, except per share amounts	Note	**2012**	2011
Revenues	6	**101 718**	98 516
Operating expenses			
Costs of materials and traffic charges	7	(29 187)	(27 541)
Salaries and personnel costs	8	(10 775)	(10 814)
Other operating expenses	9, 11	(29 000)	(29 635)
Other income (expenses)	10	(868)	(485)
Depreciation and amortisation	12	(14 402)	(15 309)
Impairment losses	12	(7 823)	(4 340)
Operating profit		**9 662**	10 393
Share of net income from associated companies	20	4 043	2 114
Gain on disposal of associated companies	20	-	1 662
Financial income and expenses			
Financial income	13	605	812
Financial expenses	13	(2 812)	(2 207)
Net currency gains (losses)	13	(156)	(277)
Net change in fair value of financial instruments at fair value through profit or loss	13	687	27
Net gains (losses and impairment) of financial assets and liabilities	13	(7)	52
Net financial income (expenses)	13	**(1 683)**	(1 593)
Profit before taxes		**12 022**	12 575
Income taxes	14	(1 735)	(5 358)
Net income		**10 286**	7 217
Net income attributable to:			
Non-controlling interests		219	52
Equity holders of Telenor ASA		10 067	7 165
Earnings per share in NOK			
Basic	15	6.43	4.45
Diluted	15	6.42	4.44

Consolidated Statement of Comprehensive Income

Telenor Group 1 January – 31 December

NOK in millions	Note	2012	2011
Net income		**10 286**	7 217
Other comprehensive income (loss)			
Translation differences on net investments in foreign operations	25	(4 587)	(1 196)
Income taxes	14	114	(124)
Amount reclassified from equity to profit and loss on disposal	25	14	536
Net gain (loss) on hedge of net investments	30	1 335	3
Income taxes	14	(374)	(1)
Net gain on available-for-sale investments	25	13	9
Amount reclassified from equity to profit and loss on disposal	25	5	(55)
Share of other comprehensive income (loss) from associated companies	25	(1 540)	(210)
Amount reclassified from equity to profit and loss on disposal	25	-	416
Other comprehensive income (loss), net of taxes		**(5 020)**	(622)
Total comprehensive income (loss)		**5 266**	6 595
Total comprehensive income (loss) attributable to:			
Non-controlling interests		273	(246)
Equity holders of Telenor ASA		4 993	6 841

Consolidated Statement of Financial Position

Telenor Group as of 31 December

NOK in millions	Note	2012	2011
ASSETS			
Deferred tax assets	14	4 284	1 275
Goodwill	16,17	17 682	22 145
Intangible assets	18	28 818	21 774
Property, plant and equipment	19	43 596	49 620
Associated companies	20	40 735	33 967
Other non-current assets	23	4 309	3 241
Total non-current assets		**139 423**	**132 022**
Prepaid taxes		162	147
Inventories		1 198	992
Trade and other receivables	22	18 209	17 554
Other financial current assets	23	1 567	2 638
Assets classified as held for sale		-	86
Cash and cash equivalents	24	8 805	12 899
Total current assets		**29 941**	**34 317**
Total assets		**169 364**	**166 339**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of Telenor ASA	25	74 180	83 992
Non-controlling interests	25	3 057	2 910
Total equity	25	**77 237**	**86 902**
Liabilities			
Non-current interest-bearing financial liabilities	29	39 826	23 157
Non-current non-interest-bearing financial liabilities	28	1 275	1 659
Deferred tax liabilities	14	1 639	2 188
Pension obligations	27	2 169	1 933
Other provisions	26	3 286	2 911
Total non-current liabilities		**48 195**	**31 848**
Current interest-bearing financial liabilities	29	10 275	10 767
Trade and other payables	28	28 034	30 708
Current tax payables	14	3 696	3 876
Current non-interest-bearing liabilities	28	651	1 251
Provisions and obligations	26	1 277	986
Total current liabilities		**43 933**	**47 589**
Total equity and liabilities		**169 364**	**166 339**

Fornebu, 21 March 2013

Svein Aaser
Chairman

Liselott Kilaas
Deputy Chairman

Hallvard Bakke
Board member

Dr. Burckhard Bergmann
Board member

Frank Dangeard
Board member

Sally Davis
Board member

Dag J. Opedal
Board member

Barbara Milian Thoralfsson
Board member

Bjørn André Anderssen
Board member

Brit Østby Fredriksen
Board member

Harald Stavn
Board member

Jon Fredrik Baksaas
President & CEO

Consolidated Statement of Cash Flows

Telenor Group 1 January – 31 December

NOK in millions	Note	2012	2011
Profit before taxes		**12 022**	**12 575**
Income taxes paid		(6 041)	(5 932)
Net (gain) loss from disposals, impairments and change in fair value of financial assets and liabilities		(523)	(104)
Depreciation, amortisation and impairment losses		22 225	19 649
Share of net income and gain on disposal of associated companies		(4 043)	(3 776)
Dividends received from associated companies		354	2 293
Changes in inventories		(236)	89
Changes in trade receivables and prepayments from customers		(426)	(292)
Changes in trade payables		132	1 188
Difference between expensed and paid pensions		242	38
Net currency losses not relating to operating activities		110	181
Changes in other operating working capital		185	1 183
Net cash flow from operating activities		**24 002**	**27 093**
Proceeds from sale of property, plant and equipment and intangible assets		158	377
Purchases of property, plant and equipment and intangible assets		(16 892)	(13 261)
Proceeds from disposal of subsidiaries and associated companies, net of cash disposed	24	417	136
Purchases of subsidiaries and associated companies, net of cash acquired	24	(7 533)	(393)
Proceeds from sale of other investments		1 560	1 033
Purchases of other investments		(628)	(2 343)
Net cash flow from investing activities		**(22 918)**	**(14 451)**
Proceeds from borrowings		30 415	9 085
Repayments of borrowings		(17 176)	(8 589)
Proceeds from issuance of shares, including from non-controlling interests in subsidiaries		–	1
Purchase of treasury shares	25	(4 022)	(4 535)
Repayment of equity and dividends paid to non-controlling interests in subsidiaries	24, 25	(6 015)	(2 624)
Dividends paid to equity holders of Telenor ASA	25	(7 925)	(6 206)
Net cash flow from financing activities		**(4 723)**	**(12 868)**
Effects of exchange rate changes on cash and cash equivalents		(456)	(481)
Net change in cash and cash equivalents		**(4 095)**	**(706)**
Cash and cash equivalents as of 1 January		12 899	13 606
Cash and cash equivalents as of 31 December	24	**8 805**	**12 899**

Consolidated Statement of Changes in Equity

Telenor Group – for the years ended 31 December 2011 and 2012

	Attributable to equity holders of Telenor ASA						
NOK in millions	Paid-in capital [1]	Other reserves [1]	Retained earnings	Cumulative translation differences [1]	Total	Non-controlling interests [1]	Total equity
Equity as of 1 January 2011	9 859	8 771	75 036	(5 800)	87 867	8 351	96 218
Net income for the period	-	-	7 165	-	7 165	52	7 217
Other comprehensive income for the period	-	160	-	(484)	(324)	(298)	(622)
Total comprehensive income for the period	-	160	7 165	(484)	6 841	(246)	6 595
Transactions with non-controlling interests	-	(99)	-	-	(99)	(163)	(262)
Equity adjustments in associated companies	-	63	-	-	63	-	63
Dividends	-	-	(6 206)	-	(6 206)	(5 033)	(11 239)
Share buy back	(294)	(4 241)	-	-	(4 535)	-	(4 535)
Share-based payment, exercise of share options and distribution of shares	9	52	-	-	61	-	61
Equity as of 31 December 2011	9 574	4 707	75 995	(6 284)	83 992	2 910	86 902
Net income for the period	-	-	10 067	-	10 067	219	10 286
Other comprehensive income for the period	-	(1 522)	-	(3 551)	(5 074)	54	(5 020)
Total comprehensive income for the period	-	(1 522)	10 067	(3 551)	4 993	273	5 266
Transactions with non-controlling interests	-	(3 267)	-	-	(3 267)	3 553	286
Equity adjustments in associated companies	-	319	-	-	319	-	319
Dividends	-	-	(7 925)	-	(7 925)	(3 678)	(11 603)
Share buy back	(249)	(3 773)	-	-	(4 022)	-	(4 022)
Share-based payment, exercise of share options and distribution of shares	9	80	-	-	89	-	89
Equity as of 31 December 2012	9 334	(3 456)	78 137	(9 835)	74 180	3 057	77 237

[1] See note 25

Notes to the Consolidated Financial Statements

Telenor Group

/00/ Contents notes

/01/ General information, compliance and changes in international Financial Reporting Standards

General information

Telenor ASA (the Company) is a limited liability company incorporated in Norway. The Company is subject to the provisions of the Norwegian Act relating to Public Limited Liability Companies. The Company's principal offices are located at Snarøyveien 30, N-1331 Fornebu, Norway. Telephone number: +47 810 77 000. Telenor is a telecommunication company and the principal activities of the Company and its subsidiaries (the Group) are described in note 5 segments.

These consolidated financial statements have been approved for issuance by the Board of Directors on 21 March 2013 and is subject to approval by the Annual General Meeting on 15 May 2013.

Statement of compliance

From 1 January 2005, as required by the European Union's IAS Regulation and the Norwegian Accounting Act, the Company has prepared its consolidated financial statements in accordance with International Financial Reporting Standards («IFRS») as adopted by the European Union («EU»). References to «IFRS» hereafter should be construed as references to IFRS as adopted by the EU.

Adoption of new and revised standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year. In addition, there are no new and amended standards and interpretations issued by the IASB and approved by the EU that have effect on the Group's consolidated financial statements and are effective for annual reporting periods beginning on 1 January 2012.

The Group has not early adopted any standards or interpretations in 2012.

At the date of authorisation of these financial statements, the following standards and interpretations that could affect the Group were issued but not effective:

IFRS 7 Financial Instruments – Disclosures (effective from 1 January 2013). The IASB has introduced new disclosure requirements in IFRS 7. These disclosures would provide users with information that is useful in (a) evaluating the effect of potential effect of netting arrangements on an entity's financial position and (b) analysing and comparing financial statements prepared in accordance with IFRS. The amendment affects disclosure only and has no impact on the Group's financial position or performance.

IFRS 9 Financial Instruments (effective from 1 January 2015, but not approved by the EU). The standard replaces the classification and measurement requirements for financial assets in IAS 39. Financial assets with basic loan features that are held for the purpose of collecting contractual cash flows shall be measured at amortised cost, unless one opts to measure these assets at fair value. All other financial assets shall be measured at fair value. The potential impact of the standard on the Group's consolidated financial statements has not been concluded.

IFRS 10 Consolidated Financial Statements (effective from 1 January 2014). IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the consolidated financial statements. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. This change will not have any effect for the Group.

IFRS 11 Joint Arrangements (effective from 1 January 2014). IFRS 11 replaces IAS 31 Interests in Joint Ventures. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. SIC-13 Jointly Controlled Entities – Non-monetary Contributions by Venturers has been withdrawn upon the issuance of IFRS 11. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under IAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

Joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportionate accounting. This change will have limited effect for the Group since the operative joint ventures as of 2012 are joint operations under the new IFRS and the Group applies the proportionate method of consolidation. Applying the method prescribed under IFRS 11 for joint operations would not have any significant impact. IFRS 12 Disclosure of Interests in Other Entities (effective from 1 January 2014). IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required.

The Group will be adopting IFRS 10 - 12 in 2013 with the date of initial application from 1 January 2012.

IFRS 13 Fair Value Measurement (effective from 1 January 2013). IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Group has assessed the impact of this standard and it will have limited effect on the Group's financial position and performance.

IAS 1 Presentation of Financial statements – amended (effective from 1 July 2012). The amendments to IAS 1 changes the grouping of items presented in Other Comprehensive Income. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) will be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Group's financial position or performance.

IAS 19 (as revised in 2011) Employee Benefits (effective from 1 January 2013). The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as: to eliminate the corridor approach and recognise all actuarial gains and losses in Other Comprehensive Income as they occur; to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). The changes shall be applied retrospectively and as a consequence Telenor will recognise previously unrecognised actuarial gains and losses as of the date of initial application against the opening balance in equity.

Even though not required, as a result of the requirement to recognize actuarial gains and losses in Other comprehensive Income and to measure return on assets as a net interest amount, the Group will present net interest as financial items in the consolidated income statement. This change will be applied retrospectively.

The effect of the changes in IAS 19 including the reclassification of the net interest amount will be:

NOK in million Lines in the Consolidated Financial Statements	As of 31 December 2012	As of 31 December 2011
Deferred tax asset	(194)	318
Associated companies	(99)	(99)
Pension obligations	(671)	1 142
Equity	378	(923)
Pension costs	93	
Financial expenses	(86)	
Deferred tax	(7)	
Net income(loss)	-	
Other Comprehensive Income(loss), net of taxes	1 301	

IAS 27 (as revised in 2011) Separate Financial Statements (effective from 1 January 2014). As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements.

IAS 28 (as revised in 2011) Investments in Associates and Joint Ventures (effective from 1 January 2014). As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates.

IAS 32 Amendment: Offsetting Financial Assets and Financial Liabilities (effective from 1 January 2014). The amendment clarifies the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement. The potential impact of the standard on the Group's consolidated financial statements has not been concluded.

Improvements to IFRSs (effective from 1 January 2013, but not approved by the EU). The changes are primarily in order to remove inconsistencies and to clarify the wording of standards and interpretations. There are separate transition provisions for each standard. These will not have any effect for the Group.

The management anticipates that these standards and interpretations will be adopted at the dates stated above provided that the standards and interpretations are approved by the EU.

/02/ Summary of significant accounting policies

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets available for sale (primarily shares owned less than 20%) and derivative financial instruments, which are carried at fair value. Loans, receivables and other financial obligations are carried at amortised cost.

The consolidated financial statements are presented in Norwegian Kroner (NOK). Amounts are rounded to the nearest million, unless otherwise stated. As a result of rounding differences, amounts and percentages may not add up to the total.

Basis of consolidation and non-controlling interests

The consolidated financial statements include the financial statements of Telenor ASA and entities controlled by Telenor ASA (the Group). Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control normally exists when the Group has more than 50% of the voting power through ownership or agreements, except where non-controlling interests are such that a non-controlling shareholder is able to prevent the Group from exercising control.

In addition control may exist without having 50% voting power through ownership or agreements as a consequence of de facto control. De facto control is the ability to exercise control through the majority of the votes at the General Meeting and at the Board of Directors meeting, without the legal right to exercise unilateral control. Entities where the Group has de facto control are consolidated.

The financial statements of the subsidiaries are prepared for the same reporting periods as the parent company. Consistent accounting policies are used. The results of subsidiaries acquired or disposed of during the year are included in the income statement from the date when control is obtained and until the control ceases, respectively. Intercompany transactions, balances, revenues and expenses and unrealised Group internal profit or losses are eliminated on consolidation.

Non-controlling interests in subsidiaries are presented within equity separately from the equity attributable to the owners of the parent. Non-controlling interests consist either of the proportionate fair value of net identifiable assets or of fair value of those interests at the date of the business combination and the non-controlling interests' share of changes in equity since the date of the business combination. The principle for measuring non-controlling interests is determined separately for each business combination.

A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. Consideration in excess of or lower than carrying amount of non-controlling interests is recognised against the equity attributable to the owners of the parent. If the Group loses control over a subsidiary it derecognises the assets, liabilities, non-controlling interest and any cumulative translation differences in relation to the subsidiary. Any investment retained at the date when control is lost is measured at fair value and a gain/loss is recognised.

Foreign currency translation

The consolidated financial statements are presented in NOK, which is Telenor ASA's functional currency. Transactions in foreign currencies are initially recognised in the functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency using the exchange rate at the reporting date. All exchange differences are recognised in the income statement with the exception of exchange differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity, or monetary items that are regarded as a part of the net investments. These exchange differences are recognised as a separate component of other comprehensive income until the disposal of the net investment or settlement of the monetary item, at which time they are recognised in the income statement. Tax charges and credits attributable to exchange differences on those borrowings are also recognised in other comprehensive income. Non-monetary items that are measured at historical cost in foreign currency are translated using the exchange rates at the dates of the initial transactions.

The Group has foreign entities with functional currency other than NOK. At the reporting date, the assets and liabilities of foreign entities with functional currencies other than NOK are translated into NOK at the rate of exchange at the reporting date and their income statements are translated at the average exchange rates for the year. The translation differences arising from the translation are recognised in other comprehensive income until the disposal of the net investment, at which time they are recognised in the income statement.

Current/non-current classification

An asset is classified as current when it is expected to be realised or is intended for sale or consumption in the Group's normal operating cycle, it is held primarily for the purpose of being traded, or it is expected/due to be realised or settled within twelve months after the reporting date. Other assets are classified as non-current. A liability is classified as current when it is expected to be settled in the Group's normal operating cycle, is held primarily for the purpose of being traded, the liability is due to be settled within twelve months after the reporting period or if the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. All other liabilities as classified as non-current.

Financial instruments, other than those held for trading, are classified based on maturity, and hedging instruments are classified consistent with the underlying hedged item. Deferred revenues and costs related to connection are classified as current as they relate to the Group's normal operating cycle.

Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. Acquisition costs incurred are expensed and included in operating expenses. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and relevant conditions as at the acquisition date.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition are recognised at their fair values at the acquisition date, except for non-current assets that are classified as held for sale and recognised at fair value less cost to sell.

Goodwill arising on acquisition is recognised as an asset measured at the excess of the sum of the consideration transferred, the fair value of any previously held equity interests and the amount of any non-controlling interests in the aquiree over the net amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the total consideration of the business combination, the excess is recognised in the income statement immediately.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in the income statement as financial income or expense. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

If the business combination is achieved in stages, the fair value of the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through the income statement.

Investments in associated companies

An associated company is an entity over which the Group has significant influence and that is not a subsidiary or a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but without the ability to have control over those policies. Significant influence normally exists when the Group has 20% to 50% voting power through ownership or agreements.

The results and assets and liabilities of associated companies are incorporated using the equity method of accounting. Under the equity method, investments in associated companies are carried in the consolidated statement of financial position at cost and adjusted for post-acquisition changes in the Group's share of the net assets of the associated companies (i.e. comprehensive income and equity adjustments), less any impairment in the value of the investments. Adjustments are made where necessary to bring the accounting policies in line with those of the Group. Losses in associated companies in excess of the Group's interest in such companies, including any long-term loans and receivables that, in substance, form part of the Group's net investment in the associated companies, are not recognised unless the Group has incurred legal or constructive obligations or made payments on behalf of these associated companies.

Any goodwill is included in the carrying amount of the investment and is assessed for impairment as part of the investment. At each reporting date the Group evaluates if there are identified indications that the investment may be impaired. If there are such indications, the recoverable amount of the investment is estimated in order to determine the extent of the impairment loss (if any).

Where a Group entity transacts with an associate of the Group, profits or losses are eliminated or deferred to the extent of the Group's interest in the relevant associated company.

The share of net result of associated companies, including amortisation of excess values, impairment losses and reversal of impairment losses is presented as a separate line item in the income statement between operating profit (loss) and financial items. Gains and losses on disposals of associated companies are presented separately. The share of other comprehensive income is recognised in the Group's comprehensive income. Other equity adjustments in associated companies are recognised in the statement of changes in equity.

Financial statements as of the reporting date are for some associated companies not available before the Group issues its quarterly financial information. In such instances, the share of net income of the associate is recognised in the consolidated financial statements with a one quarter lag. Adjustments are made for the effects of publicly available information on significant transactions or events that occur between the latest interim financial reporting of the associated company and the date of the consolidated financial statements of the Group. To ensure consistency in reporting in quarterly and annual reports, the figures in the annual report are not updated in situations where the financial statements for the associated company are made available between the issuance of the quarterly report for the fourth quarter and the issuance of the annual report, unless the financial statements of the associated company contains information about significant transactions or events.

Interests in joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control. That is when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control.

Joint venture arrangements that involve a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities using proportionate consolidation. The Group's share of the assets, liabilities, income and expenses of jointly controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis. Adjustments are made where necessary to bring the accounting policies in line with those of the Group.

Any goodwill arising on the acquisition of the Group's interest in a jointly controlled entity is accounted for in accordance with the Group's accounting policy for goodwill arising on the acquisition of a subsidiary (see above). Where the Group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture.

Goodwill

Goodwill arising in a business combination is not amortised. Goodwill does not generate cash flows independently of other assets or groups of assets and is allocated to the cash-generating units (defined below) expected to benefit from the synergies of the combination that gave rise to the goodwill. Cash-generating units to which goodwill has been allocated are tested for impairment annually or more frequently if there is any indication that the cash-generating unit may be impaired. If the recoverable amount (the higher of fair value less cost to sell and value in use) of the cash-generating unit is less than the carrying amount of the cash-generating unit an impairment loss is recognised. The impairment losses are first used to reduce the carrying amount of any goodwill and then used to reduce the carrying amount of the other assets of the unit pro-rata on the basis of the carrying amount of the individual assets. The carrying amount of any individual asset is not reduced below its individual recoverable amount or zero. An impairment loss recognised for goodwill is not reversed in a subsequent period if the fair value of the cash-generating unit recovers. Any impairment is presented as impairment losses in the income statement.

On disposal of businesses, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

Cash-generating units

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. In identifying whether cash inflows from an asset (or group of assets) are largely independent of the cash inflows from other assets (or groups of assets), the management considers various factors including how management monitors the entity's operations (such as by product or service lines, businesses or geographical areas). Goodwill is monitored and tested for the group of cash-generating units combined in markets where the fixed and mobile operations are monitored and reported as one operating segment. The group of cash-generating units is in any case not larger than an operating segment determined in accordance with IFRS 8 Operating Segments.

Revenue recognition and measurement

Revenues are recognised when goods are delivered or services rendered, to the extent that it is probable that the economic benefits from the transactions will flow to the Group and the revenues can be reliably measured. Revenues are measured at the fair value of the consideration received or receivable, net of discounts and sales related taxes. Consideration receivables are discounted with a discount rate reflecting the credit risk when appropriate. Sales related taxes are regarded as collected on behalf on the authorities.

Revenues primarily comprise sale of

- Services: subscription and traffic fees, connection fees,

interconnection fees, roaming charges, fees for leased lines and leased networks, fees for data network services and fees for TV distribution and satellite services.
- Customer equipment is primarily mobile devices/phones.

Subscription and traffic fees
Revenues from subscription fees are recognised over the subscription period while revenues from voice and non-voice services are recognised upon actual use. Consideration from the sale of prepaid cards to customers where services have not been rendered at the reporting date is deferred until actual usage or when the cards are expired or forfeited.

Connection fees
Connection fees that are charged and not allocated to the other elements of an arrangement are deferred and recognised over the periods in which the fees are expected to be earned. The earning period is the expected period of the customer relationship and is based on past history of churn and expected development in the individual Group companies.

When connection fees are charged in multiple element arrangements where discounts are provided on other identifiable components in the transactions, the connection fees are allocated to sale of the discounted equipment or services, limited to the amount of the discounts, and recognised as revenues at the same time as the equipment or services are recognised as revenues.

Customer equipment
Revenues from sales of customer equipment are normally recognised when the equipment, including the related significant risks and rewards of ownership, is transferred to the buyer and the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

Multiple element arrangements
When the Group delivers multiple services and/or equipment as part of one contract or arrangement, the consideration is allocated to the separate identifiable components if the delivered item has value to the customer on a standalone basis and there is objective and reliable evidence of the fair value of the undelivered items. The consideration is allocated between the elements based on their relative fair values, and recognition of the revenue allocated to the delivered item is limited to the amount that is not contingent on the delivery of additional items or other specified performance criteria.

Discounts
Discounts are often provided in the form of cash discounts or free products and services delivered by the Group or by external parties. Discounts are recognised on a systematic basis over the period the discount is earned. Cash discounts or free products and services given as part of sales transactions are recognised as a reduction of revenue. Free products or services provided that are not related to sales transactions are recognised as expenses.

Presentation
The determination of whether the Group is acting as principal or agent in a transaction is based on an evaluation of the substance of the transaction, the responsibility for providing the goods or services and setting prices and the underlying financial risks and rewards. Where the Group acts as a principal, the revenues are recognised on a gross basis. This requires revenue to comprise the gross value of the transaction billed to the customers, after trade discounts, with any related expenses charged as operating costs. Where the Group acts as an agent, the expenses are offset against the revenues and the resulting net revenues represent the margins or commissions earned for providing services in the capacity of an agent.

Revenues from roaming are, based on the above, recognised gross in line with general accepted accounting principles within the telecommunications industry.

Revenues from transit traffic are assessed according to the above criteria and are recognised gross or net depending on whether the Group acts as a principal or agent in the transactions.

Licence fees payable to telecommunications authorities that are calculated on the basis of revenue share arrangements are not offset against the revenues. Instead, they are recognised as licence costs because the Group is considered to be the primary obligor.

Interest and dividend income
Interest income is accrued on a time proportion basis that reflects an effective yield on the asset. Dividend income from investments is recognised when the Group's rights to receive payment have been established (declared by the General Meeting or otherwise).

Pensions
The Group's obligations related to defined benefit plans are valued at the present value of accrued future pension benefits for the employees at the end of the reporting period. Pension plan assets are valued at their fair value. Accumulated effects of changes in estimates, changes in assumptions and deviations from actuarial assumptions (actuarial gains or losses) that are less than 10% of the higher of the pension benefit obligations and the pension plan assets at the beginning of the year are not recognised. When the accumulated effect is above 10%, the excess amount is recognised in the income statement over the expected average remaining service period of the participating employees. The net pension cost for the period is presented as salaries and personnel costs.

Changes in the pension obligations due to changes in pension plans are recognised over the expected remaining service period when the changes are not immediately vested. Gains or losses on the curtailment or settlement of a defined benefit plan are recognised through the income statement when the curtailment or settlement occurs. A curtailment occurs when the Group either is demonstrably committed to make a material reduction in the number of employees covered by a plan or amends the terms of a defined benefit plan such that a material element of future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits. The effect of curtailment or/and settlement is presented as a part of 'other income and expenses' in the income statement.

Payments to defined contribution plans are expensed as incurred. When sufficient information is not available to use defined benefit accounting for a multi-employer plan that is a defined benefit plan, the plan is accounted for as if it were a defined contribution plan.

Leasing
The Group may enter into arrangements that do not take the legal form of a lease but convey a right to use assets in return for

payments. Determining whether the arrangements are, or contain, leases is based on the substance of the arrangements and requires an assessment of whether: (a) fulfilment of the arrangements is dependent on the use of a specific asset or assets; and (b) the arrangements convey a right to use the assets.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee. All other leases are classified as operating leases. The assessment for the classification of leases is based on the substance of the transactions.

The Group as lessor
Receivables on assets leased to others under finance leases are presented at an amount equal to the net investment in the leases. The finance income is allocated using a constant periodic rate of return on the net investment over the lease term. Direct costs incurred that are directly attributable to negotiating and arranging the leases, are included in the receivables.

Lease income from operating leases is recognised on a straight-line basis over the lease terms. Incentives provided to the lessees are aggregated and recognised as a reduction of income on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are included in the carrying amounts of the leased assets and recognised as an expense over the lease term on the same basis as the lease. Contingent rents are recognised as revenue in the period in which they are earned.

The Group as lessee
Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the leases or, if lower, at the present value of the minimum lease payments. The liabilities to the lessor are recognised as finance lease obligations in the statement of financial position. Lease payments are apportioned between finance expenses and reduction of the lease liability to achieve a constant periodic rate of interest on the remaining balance of the liability.

Lease payments under operating leases are recognised in the income statement on a straight-line basis over the lease terms. Incentives received on negotiating or renewing the operating leases are also amortised on a straight-line basis over the lease terms. Prepaid lease payments made on entering into operating leases or acquiring leaseholds are recognised in the statement of financial position and amortised on a straight line basis over the lease term.

Financial instruments
A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Group has classified financial assets and liabilities into the following classes: trade receivables and other current and non-current financial assets, equity securities, cash and cash equivalents, trade payables and other non-interest bearing financial liabilities, interest-bearing liabilities and derivatives.

The categorisation of the financial instrument for measurement purposes is done based on the nature and purpose of the financial instrument and is determined at the initial recognition. The Group does not apply the fair value option.

The Group has financial assets classified in the following categories: fair value through profit or loss, loans and receivables and available-for-sale. Financial assets at fair value through profit or loss consist of assets held for trading and include derivatives. Loans and receivables consist of unquoted non-derivative assets with fixed or determinable payments. Financial assets available-for-sale consist of non-derivative assets designated as available for sale or assets that are not classified in one of the other categories.

The Group has financial liabilities classified in the following categories: financial liabilities at fair value through profit or loss and financial liabilities at amortised cost. Financial liabilities at fair value through profit or loss consist of liabilities held for trading and include derivatives. Financial liabilities at amortised cost consist of liabilities that are not a part of the category at fair value through profit or loss.

The financial instruments are recognised in the Group's statement of financial position as soon as the Group becomes a party to the contractual provisions of the instrument, using trade date accounting. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when the Group has the intention and legally enforceable right to settle the contracts net, otherwise the financial assets and liabilities are presented gross.

Trade receivables and other current and non-current financial assets
Trade receivables and other current and non-current financial assets include trade receivables, other financial non-current interest-bearing and non-interest-bearing assets (including bonds and commercial papers with original maturity beyond three months and excluding capital contribution to the Telenor Pension Fund, which is a part of the class equity securities). These assets are part of the category loans and receivables and are measured on initial recognition at fair value and subsequently measured at amortised cost using the effective interest rate method adjusted for provision for any impairment. Impairment for estimated irrecoverable amounts is recognised in the income statement when a loss event and objective evidence that the asset is impaired, exist. The impairment is calculated by taking into account the historic evidence of the level of bad debt experienced for customer types and the aging of the receivable balance. Individual trade receivables are impaired when management assess them not to be wholly or partially collectible.

Equity securities
Equity securities include available for sale investments and capital contribution to Telenor Pension Fund that are a part of the category financial assets available-for-sale, and assets held for trading that are a part of the category financial assets at fair value through profit or loss.

Equity securities in the category financial assets available-for-sale are initially measured at fair value plus directly attributable transaction costs, and are subsequently measured at fair value. Unrealised gains and losses arising from changes in fair value are recognised directly in other comprehensive income until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is recognised in the income statement for the period. Equity securities available for sale are considered impaired and an impairment loss is taken to the income statement if the reduction in value is significant or prolonged. Impairment losses recognised for equity investments classified as available-for-sale are not subsequently reversed through the income statement.

Equity securities in the category financial assets at fair value through profit or loss are initially and subsequently measured at fair value. Gains and losses arising from changes in fair value are recognised in the income statement on the line net change in fair value of financial instruments at fair value through profit or loss.

Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits, fixed rate bonds and commercial paper with original maturity of three months or less.

Trade payables and other non-interest bearing financial liabilities

Trade payables and other non-interest bearing financial liabilities include trade payables, liabilities to associated companies and other current and non-current non-interest bearing financial liabilities. These liabilities are a part of the category financial liabilities at amortised cost and are initially recognised in the statement of financial position at fair value, and subsequently measured at amortised cost using the effective interest rate method.

Interest-bearing liabilities

Interest-bearing liabilities include bonds and commercial papers, bank loans and overdrafts, and are classified in the category financial liabilities at amortised cost. These liabilities are initially measured at fair value net of transaction costs, and are subsequently measured at amortised cost using the effective interest-rate method. In addition, where fair value hedge accounting is applied the hedged liabilities are also adjusted for gains and losses attributable to the risk being hedged. On extinguishment of debt, in whole or in part, the difference between the carrying amount of the liability and the consideration paid is recognised in the income statement.

Derivatives

The Group uses derivative financial instruments such as forward currency contracts, interest rate swaps, cross currency interest rate swaps and, to a small extent, interest rate options to hedge its risks associated with interest rate and foreign currency fluctuations. The Group does not use derivative financial instruments for trading purposes.

The derivative financial instruments are measured at fair value. Any gains or losses arising from changes in fair value on derivatives that are not cash flow hedges or hedges of net investments are recognised in the income statement as financial income or expense. Accounting for cash flow hedges and hedges of net investments are described below.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risk and economical characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses recognised in the income statement. Currency derivatives embedded in committed purchase or sales contracts are not bifurcated and recognised at fair value if the contract requires payments denominated in either the functional currency of one of the parties to the contract or in a commonly used currency for purchase or sales in the relevant economic environment.

Derivatives are recognised without any offsetting; as assets when the value is positive and as liabilities when the value is negative, as long as the Group has no intention or legally enforceable right to settle the contracts net.

Hedging

The Group applies hedge accounting for hedges that meet the criteria for hedge accounting. The Group has fair value hedges and hedges of net investments in foreign operations.

At the inception of each hedge relationship, the Group designates and documents the hedge accounting relationship, risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to change in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedge relationships that meet the requirements for hedge accounting are accounted for in the Group's consolidated financial statements as follows:

Fair value hedges

The Group uses fair value hedges primarily to hedge interest rate risk of fixed-rate interest-bearing liabilities and currency risk for interest-bearing liabilities.

Fair value hedges are hedges of the Group's exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such, that is attributable to a particular risk and could affect the income statement. For fair value hedges, the carrying amount of the hedged item is adjusted for gains and losses attributable to the risk being hedged. The derivative is also measured at fair value and gains and losses from both the hedging instrument and the hedged item are recognised in the income statement.

For fair value hedges relating to items earlier carried at amortised cost, the adjustment for gains and losses attributable to the risk being hedged is amortised through the income statement over the remaining time to maturity.

The Group discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting or the Group revokes the designation. The fair value adjustment to the hedged object attributable to the risk being hedged at de-designation will be amortised in the income statement over the remaining time to maturity.

Hedges of a net investment

A hedge of a net investment in a foreign operation is accounted for in a similar way to a cash flow hedge. Foreign exchange gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised directly in other comprehensive income while any foreign exchange gains or losses relating to the ineffective portion are recognised in the income statement. On disposal of the foreign entity, the cumulative value of foreign exchange gains or losses recognised directly in other comprehensive income is transferred to the income statement.

Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered or paid to the tax authorities. Deferred tax assets and liabilities are calculated using the liability method with full allocation for all temporary differences between the tax base and the carrying amount of assets and liabilities in the consolidated financial statements, including tax losses carried forward. Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or in respect of temporary differences associated with investments in subsidiaries, associates or joint ventures where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

For undistributed earnings in subsidiaries, deferred tax is provided for to the extent it is expected that retained earnings will be distributed in the foreseeable future. For undistributed earnings in associated companies, deferred tax is provided for because the Group cannot control the timing of the reversal of the temporary differences. Deferred taxes are calculated on undistributed earnings in foreign subsidiaries and associated companies based on the estimated taxation on transfer of funds to the parent company, based on the enacted tax rates and regulation as of the end of the reporting period.

The Group treats expenses as tax deductible and income as not taxable based on interpretation of relevant laws and regulations and when it is assessed as probable that such treatment will be sustained in a tax review. The Group records provisions relating to uncertain or disputed tax positions at the amount expected to be paid. The provision is reversed if the disputed tax position is settled in favour of the Group and can no longer be appealed.

Deferred tax assets are recognised in the statement of financial position to the extent it is more likely than not that the tax assets will be utilised. The enacted tax rates at the end of the reporting period and undiscounted amounts are used.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and the Group is able to and intends to settle its current tax assets and liabilities on a net basis.

Inventories

Inventories are valued at the lower of cost or net realisable value for products that will be sold as a separate item. Inventories that will be sold as part of a transaction with several items, which is expected to earn net income, are grouped for net realisable evaluation. Cost is determined using the FIFO or weighted average method.

Costs related to connection fees

Initial direct costs incurred in earning connection fees are deferred over the same period as the revenue, limited to the amount of the deferred revenue. Costs incurred consist primarily of the first payment of distributor commission, costs for credit check, cost of the SIM card, the cost of the printed new customer information package, costs of installation work and expenses for order handling. In most instances, the costs associated with connection fees exceed the revenues and are expensed as incurred.

Advertising costs, marketing and sales commissions

Advertising costs, marketing and sales commissions are expensed as incurred.

Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated to reduce the cost of assets, other than land which is not depreciated, to their estimated residual value, if any, over their estimated useful lives. The cost to be capitalised as part of the asset, includes direct and incremental costs and, for qualifying assets, borrowing costs. Depreciation commences when the assets are ready for their intended use.

Assets held under finance leases and leasehold improvements are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is reported as «other income (expense)» in the income statement as part of operating profit or loss.

Estimated useful life, depreciation method and residual value are evaluated at least annually. The straight-line depreciation method is used as this best reflects the consumption of the assets, which often is the passage of time. Residual value is estimated to be zero for most assets, except for commercial buildings and vehicles which the Group does not expect to use for the assets' whole economic lives.

Repair and maintenance is expensed as incurred. If new parts are capitalised, replaced parts are derecognised and any remaining net carrying amount is recognised in operating profit (loss) as loss on disposal.

An exchange of assets is recognised at fair value if the transaction has commercial substance and the value of the assets can be measured reliably. If these criteria are not met, the carrying amount of the old assets is carried forward for the new assets.

Intangible assets

Intangible assets acquired separately are measured initially at cost. The cost to be capitalised as part of the asset, includes direct and incremental costs and, for qualifying assets, borrowing costs. If payment of an intangible asset is deferred beyond normal credit term, its cost is the cash price equivalent. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite lives are amortised over the useful economic lives. Useful lives and amortisation method for intangible assets with finite useful life are reviewed at least annually. The straight-line depreciation method is used for most intangible assets as this best reflects the consumption of the assets.

Gains and losses arising from derecognition of an intangible asset are measured at the difference between the net sales proceeds and the carrying amount of the asset and are reported as «other income (expense)» in the income statement as part of operating profit.

Research and development costs

Development expenditures that meet the criteria for recognition, i.e. that it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost can be measured reliably, are capitalised. The assets are amortised over their expected useful life once the asset is available for use. Costs incurred during the research stage of a project, as well as maintenance and training costs, are expensed as incurred.

Development costs that do not meet the criteria of capitalisation are expensed as incurred.

Impairment of property, plant and equipment and intangible assets other than goodwill

At each reporting date the Group evaluates if there are identified indications that property, plant and equipment or intangible assets may be impaired. If there are such indications, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful life and intangible assets not yet brought into use are assessed for impairment annually. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. The impairment losses are recognised in the income statement. Where impairment losses are subsequently reversed, the carrying amount of the asset (cash-generating unit) is increased to the updated estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying amount that would have been recognised had no impairment losses been recognised for the asset (or cash-generating unit) in prior years. The reversal of impairment losses are recognised in the income statement.

Provisions

Provisions such as workforce reductions, onerous contracts and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value.

Asset retirement obligations

An asset retirement obligation exists where the Group has a legal or constructive obligation to remove an asset and restore the site. Where the Group is required to settle an asset retirement obligation, the Group has estimated and capitalised the net present value of the obligations and increased the carrying value of the related asset. The cash flows are discounted at a pre-tax risk-free rate as risks are reflected in the cash flows. Subsequent to the initial recognition, an accretion expense is recognised as finance cost relating to the asset retirement obligation, and the capitalised cost is expensed as ordinary depreciation with the related asset. The effects on the net present value of any subsequent changes to the gross removal costs or discount rates adjust the carrying value of assets and liabilities, and are expensed over the remaining estimated useful life of the related assets.

Share-based payments

The Group has issued two different share-based payments programs to management and employees. Bonus shares in these programs are awarded net after tax and considered to be both equity-settled and cash-settled share-based payments, due to the included tax effect and the provision for social security tax.

Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on the Group's estimate of the shares that will eventually vest, adjusted for the effect of non-market-based vesting conditions.

Cash-settled share-based payments are measured at fair value of the liability. The liability is remeasured at each reporting date.

Statement of cash flows

The Group presents the statement of cash flows using the indirect method. Cash inflows and outflows are shown separately for investing and financing activities, while operating activities include both cash and non-cash line items. Interest received and paid and dividends received are reported as a part of operating activities. Dividends distributed (both by Telenor ASA and by subsidiaries with non-controlling interests) are included as a part of financing activities. Value Added Tax and other similar taxes are regarded as collection of tax on behalf of authorities, and are reported net.

The statement of cash flows includes discontinued operations prior to their disposal.

Treasury shares

Own equity instruments which are reacquired (treasury shares) are deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Company's own equity instruments.

/03/ Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the Group's accounting policies

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosures of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.
The following represents a summary of the critical accounting judgements the management has made in the process of applying the Group's accounting policies:

Consolidation of DiGi

The Group's ownership interest in DiGi is 49.0%. The Group consolidates DiGi.

DiGi is listed on Bursa Malaysia Securities Berhad and the shares in DiGi are widely dispersed. As the Group owns 49% of the shares, 98% of the shares have to be present at the General Meeting for the Group not to have the majority of the votes at the General Meeting. As a consequence of this and based on experience from past general meetings, the Group has the power to direct DiGi's activities. The Group's assessment is that the ability to exercise control is upheld through a majority of the votes at the General Meeting and at Board of Directors meetings. Consolidation based on de facto control is assessed on an ongoing basis.

Key sources of estimation uncertainty – critical accounting estimates

A critical accounting estimate is one which is both important to the presentation of the Group's financial position and results and requires management's most difficult, subjective or complex judgements, often as a result of the need to make important estimates based on assumptions about the outcome of matters that are inherently uncertain. Management evaluates such estimates on an ongoing basis, based upon historical results and experience, consultations with experts, trends and other methods which management considers reasonable under the circumstances, as well as forecasts as to how these might change in the future.

Revenue recognition

The Group's revenues primarily consist of revenues from sale of communication and broadcasting services and periodic subscriptions. The Group offers subscribers, via multiple element arrangements, a number of different services with different price plans, and provides discounts of various types and forms often in connection with different campaigns, over the contractual or average customer relationship period. The Group offers products where the customer can pay by instalments over a given period. The Group also sells wholesale services to other operators and vendors in different countries and across borders. Management has to make estimates related to revenue recognition, relying to some extent, on information from other operators on the value of services delivered. Management also makes estimates of the final outcome in instances where the other parties dispute the amounts charged. Furthermore, management has to estimate the average customer relationship for revenue that is initially recognised as deferred revenue in the statement of financial position and recognised in the income statement over a future period, e.g. connection fee.

Pension obligations and pension plan assets, see note 27

Calculation of net pension obligations (the difference between pension obligations and pension plan assets) are made based on certain key estimates and assumptions. The discount rate is the most significant assumption. The Norwegian Accounting Standards Board has reassessed whether there is a deep market for high quality corporate bonds (OMF) in Norway in 2012 and subsequently opened up for using OMF or government bonds as basis for setting the discount rate. Based on assessments of OMF being high quality corporate bond, whether the floating interest bond can be included in the definition of the OMF market and the depth in the OMF market Telenor uses OMF as basis for setting the discount rate. This is further described in note 27. A sensitivity analysis for changes in certain actuarial assumptions and how they influence the pension obligations and the pension costs is included in note 27. The basis for the other assumptions is also described in this note.

Depreciation and amortisation, see note 12, 18 and 19

Depreciation and amortisation expenses are based on management's estimates of residual value, amortisation method and the useful life of property, plant and equipment and intangible assets. Estimates may change due to technological developments, competition, changes in market conditions and other factors and may result in changes in the estimated useful life and in the amortisation or depreciation charges. Technological developments are difficult to predict and the Group's views on the trends and pace of development may change over time. Critical estimates in the evaluations of useful lives for intangible assets include, but are not limited to, remaining licence or concession period and expected developments in technology and markets. The useful lives of property, plant and equipment and intangible assets are reviewed at least annually taking into consideration the factors mentioned above and all other important relevant factors. Estimated useful lives for similar types of assets may vary between different entities in the Group due to local factors such as growth rate, maturity of the market, history and expectations for replacements or transfer of assets, climate and quality of components used. A change in estimated useful lives is a change in accounting estimate, and depreciation and amortisation plans are adjusted prospectively.

Impairment, see note 16, 17, 18, and 19

The Group has made significant investments in property, plant and equipment, intangible assets, goodwill and other investments. Goodwill, intangible assets with indefinite useful life and intangible assets not yet in use are tested for impairment annually or more often if indicators of impairment exist, whereas other assets are tested for impairment when circumstances indicate there may be a potential impairment. Factors that indicate impairment which trigger impairment testing include the following: significant fall in market values; significant underperformance relative to historical or projected future operating results; significant changes in the use of the assets or the strategy for the overall business, including assets that are decided to be phased out or replaced and assets that are damaged or taken out of use, significant negative industry or economic trends; significant loss of market share, significant unfavourable regulatory and court decisions and significant cost overruns in the development of assets.

Estimating recoverable amounts of assets and companies must in part be based on management's evaluations, including determining appropriate cash-generating units, determining the discount rate, estimates of future performance, revenue generating capacity of the assets and assumptions of the future market conditions. Recessionary effects and increased macroeconomic risks may impact the estimates of future performance and discount rates used in estimating recoverable amounts of assets. Changes in circumstances and in management's evaluations and assumptions may give rise to impairment losses in the relevant periods. A significant part of the Group's operations is in countries with emerging markets. The political, regulatory and economical situation in these countries may change rapidly and global financial turmoil and recession may have a significant impact on these countries.

There are significant variations between different markets with respect to growth, mobile penetration, ARPU, market share and similar parameters, resulting in differences in EBITDA margins. The future developments of EBITDA margins are important in the Group's impairment assessments, and the long-term estimates of EBITDA margins are highly uncertain. In particular, this is the case for emerging markets that are still not in a mature phase.

Deferred tax assets, see note 14

Deferred tax assets are recognised to the extent that it is probable that the tax assets will be realised. Significant judgement is required to determine the amount that can be recognised and depends foremost on the expected timing, level of taxable profits as well as tax planning strategies and the existence of taxable temporary differences. The judgements relate primarily to tax losses carried forward in some of the Group's foreign operations. When an entity has a history of recent losses the deferred tax asset arising from unused tax losses is recognised only to the extent that there is convincing evidence that sufficient future taxable profit will be generated. Estimated future taxable profit is not considered as convincing evidence unless the entity has demonstrated the ability of generating significant taxable profit for this year or there are certain other events providing sufficient evidence of future taxable profit. Uncertainty related to new transactions and events and the interpretation of new tax rules may also affect these judgements.

Associated companies, see note 20

The Group has as of 31 December 2012 an ownership interest of 35.7% in VimpelCom Ltd. (VimpelCom) and accounts for the investment in VimpelCom in accordance with the equity method. Financial statements of VimpelCom as of the reporting date were not available before the Board of Telenor ASA approved its unaudited interim consolidated financial statements for the fourth quarter 2012. VimpelCom is listed (New York Stock Exchange) and the company is not able to provide financial information to one investor without providing equivalent information to all other investors at the same time. As a consequence, the share of net income from VimpelCom has been recognised in the consolidated financial statements of the Group with a one quarter lag. Thus, share of net income from VimpelCom for 2012 (2011) included share of net income for the period 1 October 2011 to 30 September 2012 (1 October 2010 to 30 September 2011).

Adjustments are made for the effects of publicly available information on any significant transactions and events that occur between the latest interim financial reporting from VimpelCom and the date of the Group's consolidated financial statements. This required significant judgement.

Tax uncertainty, legal proceedings, claim and regulatory discussions, see also note 14 and 35

The Group is subject to various legal proceedings, disputes and claims including regulatory discussions related to the Group's business, licences, tax positions, investments etc., the outcomes of which are subject to significant uncertainty. Management evaluates, among other factors, the degree of probability of an unfavourable outcome and the ability to make a reasonable estimate of the amount of loss. Unanticipated events or changes in these factors may require the Group to increase or decrease the amount to be accrued for any matter or accrue for a matter that has not been previously accrued because it was not considered probable or a reasonable estimate could not be made.

Through the operations in many emerging markets, the Group is involved in legal proceedings, including regulatory discussions. The legal systems in these countries are, to varying degrees, less predictable than the Norwegian legal system. Accordingly, management's estimates relating to legal proceedings and regulatory issues in these countries involve a relatively higher level of uncertainty.

/04/ Significant events and transactions related to India

On 2 February 2012, the Indian Supreme Court quashed all 122 2G licences awarded in 2008, including those granted to Uninor. Following this decision, the Supreme Court ordered that the 2G licences and spectrum should be re-auctioned and the deadline for the validity of the cancelled licences was extended. On 15 February 2013, the Supreme Court ordered all mobile operators who did not win spectrum in the new auctions to close down services immediately. See note 35 and 38 for more information.

As a consequence of the Supreme court ruling, as well as the 2G auction recommendations dated 23 April 2012 from The Telecom Regulatory Authority of India (TRAI) to the Department of Telecommunications (DOT), an impairment loss of NOK 4.1 billion (relating to goodwill and licences) and NOK 3.9 billion (relating to the remaining tangible and intangible assets as of 31 March 2012) were recognised in the fourth quarter of 2011 and the first quarter of 2012, respectively. See note 17 for more information about impairment testing.

On 10 October 2012, Telenor and Unitech Ltd. reached an agreement to settle all disputes between the two parties. The parties agreed to support the transfer of the business in Uninor to a new entity controlled by Telenor. Unitech Ltd. also agreed to dispose of its shareholding in Uninor. Unitech Ltd. nominees have withdrawn from the Uninor Board and all special shareholder rights stands suspended. Subsequent to a successful business transfer and spectrum auction, all disputes and claims between the parties shall stand withdrawn /concluded. See also note 35.

On 26 October 2012, the Group, through its Indian subsidiary, Telewings Communications Private Limited (Telewings), signed a partnership agreement with Lakshdeep Investments & Finance Pvt. Ltd (Lakshdeep), a company controlled by Mr. Sudhir Valia. Upon successful participation in the spectrum auctions and post all required government approvals, the Group will eventually own 74% of Telewings.

On 14 November 2012, the Indian GSM auction closed and the Group, through Telewings, secured spectrum licences in 1800 Mhz band for NOK 4.4 billion (of which NOK 1.5 billion was paid on 1 December 2012 and the remaining is to be paid in ten equal instalments during 2015-2024) in 6 of the former 13 circles in which Uninor has operations. On 19 December 2012, the spectrum frequencies were allocated to Telewings by the DOT and the process for allocating the service licence ('Unified licence') is currently ongoing. Uninor's business in these circles is expected to be transferred to Telewings. As of 21 March 2013, all operations in the 7 circles where Telewings didn't win spectrum licences in the auctions, are closed down. It is of the management's understanding that the Empowered Group of Ministers (EGoM) in India has allowed the original licence payment of INR 16.6 billion (approximately NOK 1.7 billion) made by Uninor in 2008 to be offset against spectrum payments in Telewings, but the detailed implementation of this is not yet concluded. The Supreme Court order dated 15 February 2013 opens up for possible retroactive spectrum fee payments for the licences quashed by the Supreme Court order on 2 February 2012, applicable to the licensees who have continued business until new licences are issued. The possible financial implications of the Supreme Court order dated 15 February, 2013 are unknown.

During the third quarter of 2012, Telenor ASA repaid, as guarantor, all of Uninor's interest-bearing borrowings, amounting to NOK 10.6 billion. See also Note 29.

/05/ Segments

The segment information for the period 2011 to 2012 is reported in accordance with the reporting to Group Executive Management (chief operating decision-makers). The segment reporting is consistent with financial information used by the chief operating decision-makers for assessing performance and allocating resources. Segment result is defined as EBITDA before other income and expenses.

The Group's primary reportable segments are based on the business operations. The primary products and services are mobile communication, fixed line communication and TV-based activities («Broadcast»). In addition the Group reports Other operations as a separate segment.

The Group's mobile communication business mainly includes voice, data, internet, content services, customer equipment and messaging. In Norway, Denmark and Sweden, fixed line businesses are reported together with mobile operations. Fixed services comprise telephony, internet and TV, leased lines as well as data services and managed services.

Broadcast comprises the Group's satellite TV activities within the Nordic region including pay-TV services via satellite dish, satellite master antenna TV-networks systems and broadcasting rights.

Other operations consist of International wholesale, Digital services portfolio and Corporate functions. The Digital services portfolio consists of start-up companies operating within international communication services, machine to machine communication and internet based services, none of which are considered material enough to be reported as separate segments. Corporate functions comprise activities such as real estate, research and development, strategic Group projects, Group Treasury, international services, the internal insurance company and central staff and support functions.

Deliveries of network-based regulated services within the Group are based on cost oriented prices based on negotiations between the units. All transactions between the segments are based on market conditions.

Gains and losses arising from internal transfer of businesses, group contribution and dividends within the Group are not included in the income statements for the segments.

Segment Information 2012

NOK in millions	Revenues	External revenues	EBITDA before other income and expenses [1]	EBITDA [1]	Depreciation, amortisation and impairment losses	Operating profit (loss)	Investments [2]
Norway	25 504	25 119	10 802	10 584	(2 792)	7 792	4 317
Sweden	10 607	10 502	2 686	2 558	(1 167)	1 391	1 499
Denmark	5 729	5 618	1 158	1 109	(4 703)	(3 594)	580
Hungary	4 090	4 070	1 317	1 303	(377)	926	497
Serbia	2 735	2 592	1 080	1 038	(305)	733	221
Montenegro	584	528	245	239	(36)	203	46
DTAC – Thailand	16 776	16 745	5 016	4 999	(1 772)	3 226	4 144
DiGi – Malaysia	11 986	11 982	5 499	5 507	(2 516)	2 991	1 319
Grameenphone – Bangladesh	6 541	6 538	3 483	3 473	(1 077)	2 396	3 021
Pakistan	5 654	5 641	2 233	2 157	(2 400)	(243)	749
Uninor – India	3 716	3 715	(1 981)	(2 220)	(4 063)	(6 283)	4 526
Broadcast	6 677	6 500	2 023	1 982	(576)	1 406	425
Other units	4 662	2 169	(757)	(799)	(478)	(1 277)	7 645
Eliminations	(3 542)	-	(49)	(44)	37	(7)	22
Total group	**101 718**	**101 718**	**32 755**	**31 887**	**(22 225)**	**9 662**	**29 011**

[1] See table below for definition and reconciliation of EBITDA. EBITDA before other income and expenses is the segment result.
[2] Investments include investments in businesses, licences and spectrum.

Segment Information 2011

NOK in millions	Revenues	External revenues	EBITDA before other income and expenses [1]	EBITDA [1]	Depreciation, amortisation and impairment losses	Operating profit (loss)	Investments [2]
Norway	25 165	24 722	9 973	9 631	(3 336)	6 295	3 759
Sweden	10 307	10 173	2 497	2 472	(1 632)	840	1 487
Denmark	6 992	6 837	1 782	1 718	(904)	814	679
Hungary	4 488	4 461	1 537	1 471	(731)	741	426
Serbia	2 911	2 770	1 214	1 214	(592)	623	391
Montenegro	627	578	283	282	(48)	235	23
DTAC – Thailand	14 585	14 562	5 004	5 003	(1 573)	3 430	1 072
DiGi – Malaysia	10 929	10 920	5 063	5 053	(2 150)	2 903	1 116
Grameenphone – Bangladesh	6 730	6 727	3 595	3 602	(1 130)	2 472	977
Pakistan	5 017	5 012	1 847	1 797	(1 341)	455	532
Uninor – India	3 019	3 018	(3 414)	(3 425)	(5 089)	(8 514)	972
Broadcast	6 900	6 725	1 881	1 776	(596)	1 181	274
Other units	4 557	2 010	(723)	(562)	(556)	(1 119)	597
Eliminations	(3 710)	-	(13)	10	27	38	(23)
Total group	**98 516**	**98 516**	**30 526**	**30 041**	**(19 649)**	**10 393**	**12 282**

[1] See table below for definition and reconciliation of EBITDA. EBITDA before other income and expenses is the segment result.
[2] Investments include investments in businesses, licences and spectrum.

Reconciliation of EBITDA

NOK in millions	2012	2011
Net income	**10 286**	7 217
Income taxes	(1 735)	(5 358)
Profit before taxes	**12 022**	12 575
Net financial income (expenses)	(1 683)	(1 593)
Share of net income from associated companies	4 043	2 114
Gain on disposal of associated companies	-	1 662
Operating profit	**9 662**	10 393
Depreciation and amortisation	(14 402)	(15 309)
Impairment losses	(7 823)	(4 340)
EBITDA	**31 887**	30 041
Other income (expenses)	(868)	(485)
EBITDA before other income and expenses	**32 755**	30 526

Geographic distribution of external revenues based on customer location

NOK in millions	2012	2011
Norway	28 863	28 461
Sweden	11 777	11 509
Other Nordic	6 631	8 125
Other Western Europe	1 486	1 342
Central Europe	7 315	7 936
Malaysia	11 803	10 744
Thailand	16 424	14 193
Other Asia [1]	16 829	15 624
Other countries	589	580
Total revenues	**101 718**	**98 516**

[1] Other Asia includes Grameenphone (Bangladesh), Telenor Pakistan and Uninor (India).

Assets by geographical location of the company

	Non-current assets excluding deferred tax assets and other non-current assets		Total assets	
NOK in millions	2012	2011	2012	2011
Norway	28 432	26 279	44 167	37 769
Sweden	11 852	11 695	17 560	17 011
Other Nordic	3 920	8 609	6 313	10 881
Other Western Europe	328	376	477	865
Central Europe	12 175	12 826	14 003	15 345
Eastern Europe	38 059	31 293	38 059	31 293
Thailand	15 904	14 160	20 048	20 789
Other Asia [1]	20 088	22 156	28 663	32 272
Other countries	73	113	75	115
Total assets	**130 831**	**127 506**	**169 364**	**166 339**

[1] Other Asia includes DiGi (Malaysia), Grameenphone (Bangladesh), Telenor Pakistan and Uninor (India).

/06/ Revenues

NOK in millions	2012	2011
Mobile communication	70 152	68 436
Fixed telephony, Internet and TV	13 822	14 078
Satellite and TV-distribution	6 345	6 757
Other	4 106	3 784
Total services	**94 425**	93 055
Customer equipment	7 294	5 461
Total products	**7 294**	5 461
Revenues	**101 718**	98 516

Mobile communication: Includes revenues from voice and non-voice traffic, subscription and connection for mobile devices and incoming traffic from other mobile operators.

Fixed telephony, Internet and TV: Fixed telephony includes revenues from traffic, subscription and connection for PSTN/ISDN and Voice over Internet Protocol (VoIP). Internet and TV includes revenues from subscription fees for xDSL and fibre, subscription fees and traffic charges for Internet traffic as well as revenues from TV services.

Satellite and TV distribution: Includes revenues from Nordic DTH subscribers and households in SMATV networks, revenues from satellite services, revenues from terrestrial radio and TV transmission and sale of encryption and conditional access services for TV distribution.

Customer equipment includes mainly sale of mobile devices.

Other includes revenues mainly from leased lines, leased network, data services, managed services, lease of properties etc.

The Group has only limited operating lease revenues. These are primarily lease of some copper accesses and lease of dark fibre to other operators, co-location, lease of equipment, primarily in the satellite business and lease of properties. The Group has to a very limited extent finance lease revenues. Lease revenues are included in the different revenue categories in the table above and not shown separately due to their immateriality and because they in substance do not differ from the relevant revenue categories. Most agreements have a short minimum lease term, and future minimum lease revenues are immaterial.

/07/ Costs of materials and traffic charges

NOK in millions	2012	2011
Traffic charges	(15 280)	(15 246)
Costs of materials etc	(13 908)	(12 294)
Total costs of materials and traffic charges	**(29 187)**	(27 541)

Traffic charges include operating lease expenses relating to the lease of dedicated network and satellite capacity. See note 33 for information about operating lease commitments.

/08/ Salaries and personnel costs

NOK in millions	2012	2011
Salaries and holiday pay	(8 953)	(8 994)
Social security tax	(1 074)	(1 063)
Pension costs including social security tax (note 27)	(935)	(883)
Share-based payments, excluding social security tax [1)]	(243)	(100)
Other personnel costs	(542)	(532)
Own work capitalised	972	758
Total salaries and personnel costs	**(10 775)**	(10 814)

[1)] Include expenses related to the Group's employee share programme for all employees in European subsidiaries, and the Group's long term incentive programme for managers and key personnel.

The average number of man-years employed was approx. 31 000 in 2012 and 2011.

/09/ Other operating expenses

NOK in millions	2012	2011
Operating leases of buildings, land and equipment	(3 438)	(3 858)
Other cost of premises, vehicles, office equipment etc	(1 991)	(1 827)
Operation and maintenance	(5 111)	(4 983)
Concession fees	(5 742)	(4 688)
Marketing and sales commission	(6 702)	(7 743)
Advertising	(2 011)	(2 312)
Consultancy fees and external personnel	(2 012)	(2 229)
Other	(1 993)	(1 995)
Total other operating expenses	**(29 000)**	**(29 635)**

/10/ Other income and expenses

NOK in millions	2012	2011
Gains on disposals of fixed assets and operations	237	399
Losses on disposals of fixed assets and operations	(398)	(369)
Expenses for workforce reduction and onerous (loss) contracts	(692)	(532)
One-time effects on pension costs	(16)	18
Total other income (expenses)	**(868)**	**(485)**

Expenses for workforce reductions and onerous (loss) contracts in 2012 were mainly related to restructuring of operations in Uninor, and workforce reductions mainly in Telenor Norway, Telenor Sweden, Telenor Denmark and Telenor ASA. Expenses for workforce reductions and onerous (loss) contracts in 2011 were mainly related to workforce reductions in Telenor Norway, Telenor Denmark, Broadcast and Telenor ASA, and loss contracts in Broadcast and Telenor Sweden. See also note 26.

/11/ Research and development costs

Research and development costs that have been recognised in the income statement amount to NOK 325 million in 2012 (NOK 387 million in 2011). Expensed research and development activities relate to new technologies, new services and products, security in the network and new usages of the existing network. The amount above exclude development recognised as intangible assets or property, plant and equipment in the statement of financial position.

/12/ Depreciation, amortisation and impairment losses

	Property, plant and equipment		Goodwill		Intangible assets		Prepaid leases		Total	
NOK in millions	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Depreciation and amortisation	(10 282)	(11 163)	-	-	(4 019)	(4 010)	(101)	(136)	(14 402)	(15 309)
Impairment losses	(3 748)	(36)	(3 960)	(1 437)	(115)	(2 867)	-	-	(7 823)	(4 340)
Total depreciation, amortisation and impairment losses	**(14 030)**	(11 199)	**(3 960)**	(1 437)	**(4 134)**	(6 877)	**(101)**	(136)	**(22 225)**	(19 649)

In 2012, impairment loss on property, plant and equipment and intangible assets relate to India and impairment loss on goodwill relates to Telenor Denmark. Impairment loss related to India was recognised as a consequence of 2G auction recommendations dated 23 April 2012 from The Telecom Regulatory Authority of India (TRAI) to the Department of Telecommunications (DOT) creating high uncertainty of the terms and conditions for the re-allocation of licences. Impairment loss related to Telenor Denmark was recognised due to fierce competitive environment in the Danish market leading to price reductions and lower margins. See note 17 for further information.

In 2011, impairment loss on goodwill and intangible assets relate to India. Impairment loss was recognised as a consequence of the Indian Supreme Court ruling cancelling all 2G licences of Uninor.

/13/ Financial income and expenses

NOK in millions	2012	2011
Interest income on cash and cash equivalents	444	724
Other financial income	161	88
Total financial income	**605**	**812**
Interest expenses on financial liabilities measured at amortised cost	(2 299)	(2 001)
Other financial expenses	(513)	(206)
Total financial expenses	**(2 812)**	**(2 207)**
Net foreign currency gain (loss), excluding effects of reclassifications	(156)	74
Amounts reclassified from equity to profit and loss	-	(351)
Net foreign currency gains (losses)	**(156)**	**(277)**
Net change in fair value of financial instruments at fair value through profit or loss	**687**	27
Net gains (losses and impairment) of financial assets and liabilities	**(7)**	52
Net financial income (expenses)	**(1 683)**	(1 593)

The decrease in financial income in 2012 compared with 2011 is mainly due to decreased interest rates on cash and cash equivalents. Interest rates have been falling continuously throughout the entire year.

The increase in financial expenses in 2012 compared with 2011 is mainly due to a higher level of interest-bearing debt, more funding activities and interest expense on deferred licence payments.

The net change in fair value of financial instruments is primarily attributable to fair value hedging instruments and derivatives used for economic hedge of interest-bearing liabilities that do not fulfil the requirements for hedge accounting.

Amounts reclassified from equity to profit and loss in 2011 consist of a currency loss of NOK 350 million from the initial investment in Uninor that was previously recorded in equity and was reclassified to profit and loss in 2011.

/14/ Income taxes

NOK in millions	2012	2011
Profit before taxes	12 022	12 575
Current taxes	(5 698)	(5 353)
Deferred taxes	3 963	(5)
Income tax expense	**(1 735)**	(5 358)

Deferred tax income increased in 2012 as compared to 2011. The deferred tax income recognised in 2012 is mainly related to recognition of deferred tax asset of NOK 2.5 billion based on provision of loss recognised on internal receivables against Uninor and recognition of (previously not recognised) deferred tax asset of NOK 1.0 billion based on unused tax losses carried forward in Telenor Pakistan. See more information below.

Effective tax rate

The table below reconciles the reported income tax expense to the expected income tax expense according to the Norwegian corporate income tax rate of 28%. It also presents the main elements of the tax expense. Selected line items are commented below the table.

NOK in millions	2012	2011
Income tax expense at corporate income tax rate in Norway (28%)	(3 366)	(3 521)
Tax rates outside Norway different from 28%	462	261
Share of net income from associated companies	1 131	592
Non-taxable income	223	48
Non-deductible expenses	(273)	(588)
Impairment of goodwill that is not tax deductible	(984)	(430)
Gains/losses on sale/exchange of shares	(2)	497
Current and deferred taxes on retained earnings in subsidiaries and associated companies	(315)	(613)
Deferred tax assets not recognised current year	(2 283)	(2 393)
Change in previously not recognised deferred tax assets	846	151
Tax incentives	126	167
Deferred tax asset recognition for loss on internal receivables	2 517	-
Other	183	471
Income tax expense	**(1 735)**	(5 358)
Effective tax rate in %	**14.4**	42.6

Tax rates outside Norway different from 28%
Significant effects are related to the fact that Telenor Serbia (10%) and DTAC (Thailand: 23%) have tax rates lower than 28%, while Grameenphone Ltd. (Bangladesh: 35%), Telenor Pakistan (35%) and Uninor (India: 30.9%) have higher tax rates. The effect of changes in tax rate in Sweden (from 26.3% in 2012 to 22% in 2013) and Serbia (from 10% in 2012 to 15% in 2013) is also reflected.

Share of net income from associated companies
Share of net income from associated companies is recognised on an after tax basis and is therefore excluded from the Group's tax expense, see note 20 for Associated companies.

Impairment of goodwill that is not tax deductible
Goodwill impairment is related to Telenor Denmark in 2012 and Uninor in 2011, see note 16 and 17.

Gains/losses on sale/exchange of shares
Gain on disposal and deemed disposal of associated companies is included in this line. In 2011, this mainly relates to the NOK 1.6 billion accounting gain in conjunction with the combination of VimpelCom and Wind Telecom, which is not taxable.

Current and deferred taxes on retained earnings in subsidiaries and associated companies
This line includes current taxes on dividends received, as well as deferred tax liability (primarily withholding tax) the Group has recognised on undistributed earnings in subsidiaries and associated companies outside of Norway. Undistributed retained earnings in foreign subsidiaries for which deferred taxes have not been provided amount to NOK 1.4 billion in 2012 (NOK 1.4 billion in 2011).

Deferred tax assets not recognised current year
For 2012 and 2011 this line primarily relates to Uninor.

Change in previously not recognised deferred tax assets
For 2012, the line mainly relates to recognition of deferred tax asset based on unused tax losses carried forward in Telenor Pakistan. See below for further details.

Deferred tax asset recognition for loss on internal receivables
In 2012, Telenor ASA repaid, as guarantor, all of Uninor's interest-bearing borrowings, amounting to NOK 10.6 billion. Deferred tax asset amounting to NOK 2.5 billion is recognised based on provision of loss recognised on internal receivables against Uninor as a result of the expected business transfer from Uninor to the new Indian entity Telewings, and the subsequent closure of the business in Uninor. For further details regarding significant events and transactions related to India, see note 4.

Other
The main item on this line in 2012 is a reduction of tax expense of NOK 406 million due to the merger of a Swedish branch into Telenor Sweden which made it possible to utilise the unused tax losses carried forward in the Swedish branch.

The positive effect in 2011 was mainly due to the reversal of the CFC taxation, following the signing of the continuation of the tax agreement between Norway and Montenegro, as well as the reversal of over provision of current tax of previous years in Grameenphone and clarification of tax rules concerning the broadband investment tax incentives in DiGi.

Tax losses carried forward

Tax losses carried forward in selected countries expire as follows as of 31 December 2012:

NOK in millions	Norway	India	Pakistan	Other	Total
2013	-	-	-	35	35
2014	-	-	-	1	1
2015	-	-	-	23	23
2016	-	-	-	7	7
2017	-	-	-	35	35
2018 and later	-	9 873	-	19	9 892
Not time-limited	1 396	2 267	4 111	552	8 327
Total tax losses carried forward	**1 396**	**12 140**	**4 111**	**673**	**18 320**
On which deferred tax assets have not been recognised	1 395	12 140	774	242	14 552
Tax losses on which deferred tax assets have been recognised	**1**	**-**	**3 337**	**431**	**3 768**

Tax losses carried forward in selected countries expire as follows as of 31 December 2011:

NOK in millions	Norway	India	Pakistan	Other	Total
2012	-	-	-	20	20
2013	-	-	5	43	47
2014	-	-	17	176	192
2015	-	-	9	80	89
2016	-	-	-	91	92
2017 and later	-	8 346	8	120	8 474
Not time-limited	1 424	1 846	6 190	437	9 897
Total tax losses carried forward	**1 424**	**10 192**	**6 229**	**967**	**18 812**
On which deferred tax assets have not been recognised	1 372	10 176	3 399	505	15 452
Tax losses on which deferred tax assets have been recognised	**52**	**16**	**2 830**	**462**	**3 360**

The business in Uninor is expected to be transferred to the new entity in India, Telewings. Tax losses in Uninor will not be transferred. No deferred tax asset is recognised in relation to the tax losses in Uninor.

As Telenor Pakistan has established a history of recent taxable profit, the Group has determined that sufficient future taxable profit will be available to utilise the unused tax losses in Telenor Pakistan and hence deferred tax asset is recognised in 2012 in relation to the unused tax losses. Telenor Pakistan has received reassessment from Tax Authorities in Pakistan concerning the deductibility of certain expenses in tax returns from previous years. Telenor Pakistan disagrees with the reassessment and has appealed it.

Tax effect of temporary differences and tax losses carried forward as of 31 December

	2012			2011		
NOK in millions	Deferred tax assets	Deferred tax liabilities	Of which deferred assets not recognised	Deferred tax assets	Deferred tax liabilities	Of which deferred assets not recognised
Tangible and intangible assets	3 725	(4 822)	(1 576)	3 665	(6 029)	(711)
Undistributed earnings in foreign subsidiaries and associated companies	-	(248)	-	-	(226)	-
Other non-current items	3 090	(1 987)	(182)	2 410	(1 612)	(113)
Total non-current assets and liabilities	6 815	(7 057)	(1 758)	6 074	(7 866)	(824)
Total current assets and liabilities	3 781	(245)	(156)	1 048	(470)	-
Tax losses carried forward	5 734	-	(4 470)	5 973	-	(4 848)
Total deferred tax assets/liabilities	16 330	(7 302)	(6 384)	13 096	(8 336)	(5 672)
Net deferred tax assets/liabilities		2 644			(913)	
Of which deferred tax assets		4 284			1 275	
Of which deferred tax liabilities		(1 639)			(2 188)	

Recognised deferred tax assets mainly relate to Norway, Telenor Pakistan and DTAC.

Changes in net deferred tax assets/liabilities

NOK in millions	2012	2011
As of 1 January	**(913)**	(921)
Recognised in the income statement	3 963	(5)
Recognised in other comprehensive income	(259)	(125)
Recorded directly to equity	(39)	-
Acquisitions and disposals	(84)	(2)
Translation differences on deferred taxes	(24)	140
As of 31 December	**2 644**	(913)

/15/ Earnings per share

The calculations of the basic and diluted earnings per share attributable to the ordinary equity holders of Telenor ASA are based on the following income and share data:

Earnings

NOK in millions, except per share amount	2012	2011
Net income attributable to the equity holders of Telenor ASA	10 067	7 165
Net income for the purposes of diluted earnings per share	**10 067**	**7 165**
Basic earnings per share	6.43	4.45
Diluted earnings per share	6.42	4.44

Number of shares

In thousands	2012	2011
Weighted average number of shares for the purposes of basic earnings per share	**1 565 065**	1 610 965
Effect of dilutive potential shares:		
Share options and bonus shares	2 390	3 642
Weighted average number of shares for the purposes of diluted earnings per share	**1 567 455**	1 614 607

The denominators for the purposes of calculating both basic and diluted earnings per share have been adjusted for the effects of acquisition of treasury shares.

/16/ Goodwill

NOK in millions	Telenor Denmark	Telenor Sweden	Telenor Hungary	DTAC Thailand	Telenor Serbia	Uninor India	Broadcast	Other[1]	Total
Accumulated cost									
As of January 2011	**7 200**	**5 244**	**4 369**	**2 456**	**5 542**	**1 476**	**1 766**	**1 291**	**29 344**
Translation differences	(34)	(4)	(530)	(77)	(97)	(201)	(1)	(5)	(949)
Reallocation of goodwill	-	-	-	-	-	-	-	21	21
Derecognised on disposal of subsidiaries	-	-	-	(5)	-	-	(4)	(14)	(23)
As of 31 December 2011	**7 166**	**5 240**	**3 839**	**2 374**	**5 445**	**1 275**	**1 762**	**1 293**	**28 393**
Translation differences	(406)	(93)	94	(92)	(534)	-	1	(31)	(1 061)
Arising on acquisition of subsidiaries	-	236	-	-	-	-	-	-	236
Derecognised on disposal of subsidiaries	-	-	-	-	-	-	(4)	-	(4)
As of 31 December 2012	**6 760**	**5 383**	**3 933**	**2 282**	**4 911**	**1 275**	**1 759**	**1 262**	**27 564**
Accumulated impairment losses									
As of 1 January 2011	**(2 982)**	**(196)**	**-**	**(6)**	**(1 535)**	**-**	**(131)**	**(22)**	**(4 872)**
Translation differences	14	1	-	-	27	-	(1)	-	41
Impairment losses	-	(36)	-	-	-	(1 275)	-	(125)	(1 437)
Derecognised on disposal of subsidiaries	-	-	-	6	-	-	-	14	20
As of 31 December 2011	**(2 968)**	**(231)**	**-**	**-**	**(1 508)**	**(1 275)**	**(132)**	**(133)**	**(6 248)**
Translation differences	168	4	-	-	148	-	1	1	322
Impairment losses	(3 960)	-	-	-	-	-	-	-	(3 960)
Derecognised on disposal of subsidiaries	-	-	-	-	-	-	4	-	4
As of 31 December 2012	**(6 760)**	**(227)**	**-**	**-**	**(1 360)**	**(1 275)**	**(127)**	**(132)**	**(9 882)**
Carrying amount									
As of 31 December 2012	-	5 156	3 933	2 282	3 551	-	1 632	1 130	17 682
As of 31 December 2011	4 198	5 009	3 839	2 374	3 937	-	1 630	1 160	22 145

[1] Other includes primarily DiGi (Malaysia), Telenor Montenegro and Telenor Norway (Datametrix and Canal Digital Cable).

See note 17 for impairment testing.

/17/ Impairment testing

Goodwill acquired through business combinations has been allocated to individual cash-generating units as presented in note 16.

Fair value less cost–to-sell is applied to determine the recoverable amounts of the cash-generating units that are listed companies. Fair value less cost-to-sell has been derived from quoted market prices as of 31 December 2012 and 2011. DTAC is listed both on the Stock Exchanges in Singapore and in Thailand. DiGi is listed on the Stock Exchange in Malaysia.

Discounted cash flow models are applied to determine the value in use for the remaining cash-generating units. Management has projected cash flows based on financial forecasts and strategy plans covering a three-year period. Beyond the explicit forecast period of three years, the cash flows are extrapolated using constant nominal growth rates.

The value in use estimates have been compared with market valuation and multiples for peers in the telecommunication business for reasonableness.

Key assumptions

Key assumptions used in the calculation of value in use are growth rates, EBITDA margins, capital expenditure and discount rates.

Growth rates – The expected growth rates for a cash-generating unit converges from its current level experienced over the last few years to the long-term growth level in the market the entity operates. The growth rates used to extrapolate cash flow projections beyond the explicit forecast period are based on management's past experience, assumptions in terms of market share and expectations for the market development in which the entity operates. The growth rates used to extrapolate cash flows in the terminal value are not higher than the expected long-term growth in the market in which the entity operates.

Average EBITDA margin – The EBITDA margin represents the operating margin before depreciation and amortisation and is estimated based on the current margin level and expected future market development, which also takes into consideration committed operational efficiency programmes. Changes in the outcome of these initiatives may affect future estimated EBITDA margins.

Capital expenditure («Capex») – A normalised capex to sales ratio (capital expenditure as a percentage of revenues) is assumed in the long run. Changes in traffic volumes and number of subscriptions during a growth phase will affect the future capex to sales ratio. The Broadcast DTH/cable TV operation is less capital-intensive and the capex to sales ratio is therefore not one of the key assumptions for the valuation of this business. Estimated capital expenditures do not include capital expenditures that significantly enhance current performance of assets; as such effects generally are not included in the cash flow projections.

Discount rates – Discount rates are based on Weighted Average Cost of Capital (WACC) derived from the Capital Asset Pricing Model (CAPM) methodology. The cost of a company's equity and debt, weighted to reflect its capital structure of 70:30 respectively, derive its weighted average cost of capital. In economies where risk-free yields do not exist, the WACC rates used in discounting the future cash flows are based on a US 10-year risk-free interest rate, adjusted for inflation differential and country risk premium. The discount rates also take into account the debt premium, market risk premium, gearing, corporate tax rate, and asset beta. For cash-generating units within economies that currently experience high inflation rates and expect lower future inflation, rolling discount rates are applied.

The recoverable amounts for the cash-generating units have been determined based on the following key assumptions for the years ended 31 December 2012 and 2011:

	Discount rate after tax in %		Discount rate pre tax in %		Nominal growth in cash flow in terminal value in %	
	2012	2011	2012	2011	2012	2011
Telenor Hungary	**16.0 – 11.6**	10.2 – 8.8	**18.8 – 14.4**	12.3 – 10.9	**0.0**	0.0
Telenor Denmark	**7.3**	5.5	**9.8**	7.2	**0.0**	0.5
Telenor Sweden	**7.5**	5.0	**9.6**	6.6	**0.0**	0.5
Broadcast	**6.4**	4.5	**9.4**	6.6	**(1.5)**	(1.5)
Telenor Serbia	**16.2 – 12.9**	13.9-12.1	**18.0 – 14.7**	14.9-13.1	**3.0**	3.0

In the recoverable amount assessment, the Group has applied estimated cash flows after tax and corresponding discount rates after tax. The recoverable amounts would not change significantly if pre-tax cash flows and pre-tax discount rates had been applied instead. The pre tax discount rates are estimated using an iterative method.

Impairment losses

As a consequence of the 2G auction recommendations dated 23 April 2012 from The Telecom Regulatory Authority of India (TRAI) to the Department of Telecommunications (DOT) creating high uncertainty of the terms and conditions for the re-allocation of licences, an impairment loss of NOK 3.9 billion was recognised in the income statement in the first quarter of 2012 relating to the remaining tangible and intangible assets in India as of 31 March 2012. Capital expenditure, incurred after 31 March 2012 until 19 December 2012 (i.e. the effective date of new 2G spectrum allocation in 6 circles) was charged to income statement as it did not qualify for capitalisation considering the significant and continued uncertainty relating to the auction of licences. On 19 December 2012, Telenor (through Telewings) was allocated frequencies under 1800Mhz band in six telecom circles in India. However, the recognised impairment loss has not been reversed as there is still significant uncertainty relating to the underlying cash flows as of 31 December 2012. Assessment of significant uncertainty relates to two key parameters: 1) achieving expected revenue growth in short term with EBITDA breakeven in due course of time; 2) successful business transfer from Uninor to Telewings for the continued operations in India without additional cost or revenue loss.

As a consequence of fierce competitive environment in the Danish telecom market during 2012 leading to price reductions and lower margins, the Group has reassessed the value in use of Telenor Denmark in light of lower revenue growth and EBITDA margin than previously expected. Based on the estimated value in use, an impairment loss of NOK 4.0 billion was recognised in the income statement relating to the remaining goodwill of Telenor Denmark. The following key assumptions are applied in the value in use calculation for Telenor Denmark:

Key assumptions in 2012

	Percentage points
Discount rate after tax	7.3
Revenue growth [1]	(5.7)
EBITDA margin growth [1]	0.0
Nominal growth rate in terminal value	0.0

[1] Represents the compound annual growth rate during the explicit forecast period of three years.

After recognition of impairment loss relating to the remaining goodwill of Telenor Denmark, the estimated recoverable amount is approximately at the same level as the carrying amount of the cash-generating unit, indicating that minor changes in assumptions could result in further impairment losses relating to the carrying amount of remaining assets.

Sensitivity analyses of the cash-generating units with significant goodwill

In connection with the impairment testing of goodwill, sensitivity analyses have been carried out. The Group believes that no reasonably possible change in any of the key assumptions used for impairment testing would cause the carrying amount of any of the cash generating unit to exceed its recoverable amount.

/18/ Intangible assets

NOK in millions	Customer base	Licences	Trade-marks	Software acquired	Internally generated software	Roaming agreements and other [1]	Work in progress [2]	Total
Accumulated cost								
As of 1 January 2011	**1 774**	**25 728**	**2 627**	**13 337**	**2 447**	**3 563**	**1 805**	**51 281**
Reclassifications [3]	-	9	(21)	120	(2)	-	(34)	72
Additions	-	687	-	1 316	-	44	573	2 620
Additions internally developed	-	-	-	-	143	-	-	143
Additions through acquisition of subsidiaries	11	14	-	17	-	-	-	42
Translation differences	(14)	(1173)	(44)	(281)	(2)	(75)	(12)	(1 601)
Derecognition	(1 354)	(5)	-	(364)	(30)	15	(4)	(1 742)
As of 31 December 2011	**417**	**25 260**	**2 562**	**14 145**	**2 556**	**3 547**	**2 328**	**50 815**
Reclassifications [3]	-	1 442	-	(57)	3	-	(1 683)	(295)
Additions	-	9 354	-	1 265	-	56	1 432	12 107
Additions internally developed	-	-	-	-	255	5	-	260
Additions through acquisition of subsidiaries	195	-	24	1	-	-	-	220
Translation differences	(19)	(1 757)	(102)	(335)	(23)	(146)	(59)	(2 441)
Derecognition	(135)	(214)	-	(462)	(79)	(447)	(14)	(1 351)
As of 31 December 2012	**458**	**34 085**	**2 484**	**14 557**	**2 712**	**3 015**	**2004**	**59 315**
Accumulated amortisation and impairment losses								
As of 1 January 2011	**(1 484)**	**(7 304)**	**(1 605)**	**(10 039)**	**(2 173)**	**(1 669)**	**-**	**(24 274)**
Reclassifications [3]	-	(3)	-	46	-	-	(8)	35
Amortisation	(79)	(1 854)	(5)	(1 605)	(158)	(309)	-	(4 010)
Impairment losses	-	(2 866)	-	-	-	-	(1)	(2 867)
Translation differences	12	232	20	201	1	43	-	509
Derecognition	1 347	4	-	232	5	(22)	-	1 566
As of 31 December 2011	**(204)**	**(11 791)**	**(1 590)**	**(11 165)**	**(2 325)**	**(1 957)**	**(9)**	**(29 041)**
Reclassifications [3]	-	-	-	178	-	-	-	178
Amortisation	(52)	(2 011)	(2)	(1 549)	(148)	(257)	-	(4 019)
Impairment losses	-	(14)	-	(101)	-	-	-	(115)
Translation differences	10	745	70	270	16	65	-	1 176
Derecognition	135	214	-	452	76	447	-	1 324
As of 31 December 2012	**(111)**	**(12 857)**	**(1 522)**	**(11 915)**	**(2 381)**	**(1 702)**	**(9)**	**(30 497)**
Carrying amount								
As of 31 December 2012	347	21 228	962	2 642	331	1 313	1 995	28 818
As of 31 December 2011	213	13 469	972	2 980	231	1 590	2 319	21 774

[1] The carrying amount of the roaming agreements was NOK 1.1 billion as of 31 December 2012 and NOK 1.4 billion as of 31 December 2011.
[2] Net additions.
[3] Including reclassifications to/from other lines in the statement of financial position which is not a part of this table.

The additions of licences in 2012 were primarily renewal of 2G licence in Grameenphone, acquisition of spectrum in India and DTAC's investment in 3G licence, as well as DTAC's investments in mobile networks related to DTAC's concession right. The additions of licences in 2011 were primarily DTAC's investments in mobile networks related to DTAC's concession right, as well as acquisition of 4G licences and renewal of 2G licences in Telenor Sweden.

The additions in software acquired in 2012 mainly consist of acquisitions in Telenor Norway, Telenor Sweden and Telenor Hungary.

DTAC operates under a concession right to operate and deliver mobile services in Thailand granted by CAT Telecom Public Company Limited (CAT). CAT allows DTAC to arrange, expand, operate and provide the cellular telephone services in various areas in Thailand. The concession originally covered a 15-year period but the agreement was amended on 23 July 1993 and 22 November 1996 with the concession period being extended to 22 and 27 years, respectively. Accordingly, the concession period under the existing agreement expires in 2018. In February 2011, the Cabinet in Thailand appointed a committee to negotiate with the operators, reviewing compensation relevance to the Concession amendments. In June 2011, the Cabinet acknowledged that the Committee was unable to consider the operators' proposals as these proposals were beyond the Committee's authority. However, the Committee opined that at the initial stage, this matter should be reported to The National Broadcasting and Telecommunications Commission (NBTC) for consideration in order to issue relevant criteria and measures. At present, the final conclusion of the Cabinet or the way the Cabinet would exercise its discretion on this matter is still unknown to the Group. However, the Group believes the amendments were entered into in good faith, that the amendments are legitimate and that the state was not harmed by them.

The service concession of DTAC is accounted for under the Intangible Asset Model according to IFRIC 12 Service Concession Arrangements. The carrying amount of the concession right amounts to NOK 7.9 billion as of 31 December 2012 (NOK 7.9 billion as of 31 December 2011) and is amortised on a straight-line basis over the remaining concession period. Replacements and extensions are capitalised as intangible assets and amortised over the remaining useful life of the concession. Repair and maintenance are expensed as incurred.

On 18 October 2012, DTAC was awarded 3G licence in the auction for NOK 2.4 billion with validity period of 15 years with effect from 7 December 2012.

The Indian GSM auction was closed on 14 November 2012, and Telewings, a company controlled by the Group, secured spectrum in 6 of the former 13 circles in which Uninor had commercial operations. The spectrum is acquired for NOK 4.4 billion and is valid for a period of 20 years with effect from 19 December 2012.

On 7 August 2012, Grameenphone was awarded renewal of 2G licence for NOK 2.1 billion with validity period of 15 years with effect from 11 November 2011.

The intangible assets included above have finite useful lives except for certain trademarks which have indefinite useful lives with a carrying amount of NOK 932 million as of 31 December 2012, mainly represented by the trademark of DTAC. Cash-generating units to which trademarks with indefinite useful lives relates are tested for impairment annually or more frequently if there is any indication that the cash-generating unit may be impaired. See note 17 for impairment testing of the cash-generating units. When assessing an indefinite useful life of a particular trademark, the Group considers whether no foreseeable limit exists on its use and a normal level of sales and marketing expense is incurred to maintain that specific trademark. Customer base, trademarks and roaming agreements were acquired as part of business combinations. Licences consist, in addition to the DTAC concession right, primarily of mobile licences that were acquired separately or as part of business combinations.

Licences and roaming agreements are amortised over the licence periods (8 to 24 years, excluding the DTAC concession right). Trademarks with finite useful lives are amortised over their estimated useful lives, which is 15 years. Software is amortised over their estimated useful lives. Given the history of rapid changes in technology, software is susceptible to technological obsolescence and therefore, their estimated useful life is normally 3 to 7 years.

/19/ Property, plant and equipment

NOK in millions	Local, regional and trunk networks	Mobile telephone network	Subscriber equipment	Switches and equipment	Radio installa-tions	Cable-TV equipment	Buildings	Land	Corporate adminis-trative assets	Satellites	Work in progress [1]	Total
Accumulated cost												
As of 1 January 2011	**41 472**	**23 402**	**1 504**	**20 911**	**17 427**	**2 830**	**14 145**	**923**	**7 284**	**4 589**	**4 607**	**139 094**
Reclassifications [2]	786	157	8	(369)	302	-	109	-	127	-	(1 046)	74
Additions	2 220	1 883	199	1 063	1 737	238	330	1	851	(6)	1 639	10 155
Additions through acquisition of subsidiaries	-	-	-	-	-	7	-	-	-	-	-	7
Translation differences	(344)	(771)	(1)	(501)	(717)	-	(212)	(19)	(303)	-	(150)	(3 018)
Derecognition	(1 468)	(1 417)	(222)	(1 044)	(5 714)	(135)	(568)	(4)	(629)	-	(113)	(11 314)
As of 31 December 2011	**42 666**	**23 254**	**1 488**	**20 060**	**13 035**	**2 940**	**13 804**	**901**	**7 330**	**4 583**	**4 937**	**134 998**
Reclassifications [2]	726	708	-	(44)	(481)	-	(186)	-	349	-	(777)	295
Additions	2 087	1 378	355	658	1 122	357	721	59	879	-	1 632	9 248
Additions through acquisition of subsidiaries	249	-	-	4	-	74	-	-	13	-	10	350
Translation differences	(523)	(664)	(18)	(785)	(845)	(1)	(303)	(28)	(346)	-	(172)	(3 685)
Derecognition	(539)	(568)	(933)	(915)	(1 472)	(57)	(271)	(2)	(647)	1	(122)	(5 525)
As of 31 December 2012	**44 666**	**24 108**	**892**	**18 978**	**11 359**	**3 313**	**13 765**	**930**	**7 578**	**4 584**	**5 508**	**135 681**
Accumulated depreciation and impairment losses												
As of 1 January 2011	**(31 380)**	**(13 842)**	**(1 175)**	**(15 250)**	**(10 122)**	**(1 656)**	**(6 137)**	**(23)**	**(4 288)**	**(2 222)**	**(36)**	**(86 131)**
Reclassifications [2]	(458)	(13)	(1)	351	(79)	-	(15)	-	6	-	17	(192)
Depreciation	(2 215)	(2 839)	(226)	(1 520)	(2 203)	(242)	(592)	(1)	(1 141)	(184)	-	(11 163)
Impairment loss	(1)	(3)	-	-	-	-	(1)	-	(31)	-	-	(36)
Translation differences	145	486	1	153	276	-	40	-	169	-	2	1 272
Derecognition	1 463	1 346	208	1 016	5 663	90	535	1	533	--	17	10 872
As of 31 December 2011	**(32 446)**	**(14 865)**	**(1 193)**	**(15 250)**	**(6 465)**	**(1 808)**	**(6 170)**	**(23)**	**(4 752)**	**(2 406)**	**-**	**(85 378)**
Reclassifications [2]	-	-	-	-	-	-	-	-	(178)	-	-	(178)
Depreciation	(2 811)	(2 132)	(233)	(1 853)	(1 193)	(253)	(629)	-	(998)	(180)	-	(10 282)
Impairment loss	(148)	(33)	-	(1 368)	(1 501)	-	(141)	-	(287)	-	(270)	(3 748)
Translation differences	345	378	15	606	585	1	96	1	249	-	24	2 300
Derecognition	519	499	933	901	1 465	57	224	-	609	(6)	-	5 201
As of 31 December 2012	**(34 541)**	**(16 153)**	**(478)**	**(16 964)**	**(7 109)**	**(2 003)**	**(6 620)**	**(22)**	**(5 357)**	**(2 592)**	**(246)**	**(92 085)**
Carrying amount												
As of 31 December 2012	**10 125**	**7 955**	**414**	**2 014**	**4 250**	**1 310**	**7 145**	**908**	**2 221**	**1 992**	**5 262**	**43 596**
As of 31 December 2011	**10 220**	**8 389**	**295**	**4 810**	**6 570**	**1 132**	**7 634**	**878**	**2 578**	**2 177**	**4 937**	**49 620**
Depreciation periods in years [3]	3-30	5-20	3	3-10	5-15	3-15	3-90	-	3-10	17-18	-	-

[1] Net additions.
[2] Including reclassifications to/from other lines in the statement of financial position which is not a part of this table.
[3] Asset categories presented in this movement schedule is an aggregated total from different asset components belonging to a particular category, and the disclosed depreciation rates represent a range of useful lives allocated to components.

The Group has finance leases with carrying amounts of NOK 783 million as of 31 December 2012 (NOK 859 million as of 31 December 2011). These assets are as of 31 December 2012 primarily fibre optic network (local, regional and trunk networks) of NOK 448 million in Grameenphone in Bangladesh and DiGi in Malaysia (NOK 509 million in 2011), and properties (buildings and land) of NOK 321 million in Denmark and Sweden (NOK 341 million in 2011).

As of 31 December 2012, the present value of future minimum lease payments under finance leases (the Group as a lessee) is NOK 809 million (NOK 854 million as of 31 December 2011).

/20/ Associated companies

Associated companies

NOK in millions	2012	2011
Balance as of 1 January	**33 722**	30 776
Additions	7 009	2 686
Disposals	-	(75)
Share of net income	4 043	2 114
Equity transactions including dividends	(44)	(2 306)
Share of other comprehensive income	(1 540)	(210)
Translation differences	(2 667)	820
Reclassified as held for sale	-	(83)
Balance as of 31 December	**40 524**	33 722
Of which investments carried at a negative value [1]	211	245
Carrying amount of investments in associated companies	**40 735**	33 967

[1] Associated companies are carried at negative values where the Group has other long-term interests that in substance form part of the capital invested (classified against long-term receivables on associates), or a corresponding liability above and beyond the capital invested (classified as provision).

Additions in 2012 primarily relates to the acquisition of 305 million preferred shares of VimpelCom Ltd. from Weather Investments II S.a.r.l. for a consideration of NOK 2.9 billion and 65 million common shares of VimpelCom Ltd for a consideration of NOK 4.1billion.

Additions in 2011 were primarily related to the dilution of the Group's ownership interest in VimpelCom Ltd. from 39.58% to 31.67% following VimpelCom's acquisition of Wind Telecom on 15 April 2011. The transaction was accounted for as a deemed disposal with a gain of NOK 1.6 billion recognised in the income statement.

Specifications of investments in associated companies

NOK in millions	Share owned in % [1]	Carrying amount as of 31 December2012	Share of net income 2012 [2]
VimpelCom Ltd.	35.7	38 059	3 667
C More Group AB	35.0	370	(106)
Evry ASA	30.2	963	24
A-Pressen AS	48.2	942	458
RiksTV AS	33.3	(207)	34
Others	-	395	(36)
Total		**40 524**	**4 043**

[1] The share owned and voting interests are the same except for VimpelCom Ltd., where the voting interests are 42.95% as of 31 December 2012.
[2] Share of net income includes the Group's share of net income after taxes, amortisation of excess values, impairment losses and adjustment for differences in accounting policies.

The Group includes VimpelCom Ltd.'s published results with a one quarter lag, see note 3 for further details. Accordingly, share of net income from VimpelCom Ltd. in 2012 consists of share of net income for the fourth quarter of 2011(excluding significant transactions and events recorded by the Group in 2011), the first three quarters of 2012, and significant transactions and events for the fourth quarter of 2012 amounting to NOK 577 million according to the financial information for the fourth quarter of 2012 released by VimpelCom Ltd. on 6 March 2013. See below for further details.

Market values (quoted market value) of the Group's ownership interest in listed associated companies as of 31 December 2012 were NOK 33.9 billion, NOK 711 million and NOK 50 million for VimpelCom Ltd., Evry ASA and Wireless Matrix Corporation (included in others), respectively. The recoverable amounts, for impairment assessment, of VimpelCom Ltd. and Evry ASA are based on the Group's estimated fair value less cost-to-sell.

The following table sets forth summarised financial information of the Group's share of associated companies as of 31 December.

NOK in millions	2012	2011
Income Statement information		
Revenue	56 885	41 597
Net income	**4 043**	2 114
Statement of Financial Position information (including excess values)		
Total assets	122 397	111 767
Total liabilities	81 873	78 044
Net assets	**40 524**	33 722

VimpelCom Ltd.

VimpelCom Ltd. is incorporated in Bermuda, headquartered in the Netherlands, and is listed on the New York Stock Exchange. As of 31 December 2012, the Group owns 35.66% shares of VimpelCom Ltd. (economic ownership interests) with a voting share of 42.95%. The Group owns 305 million convertible preferred shares of VimpelCom Ltd., with voting rights but no entitlement to dividend. The Group has an option to convert these preferred shares into common shares at prevailing market price during the time period starting from 15 October 2013 until 15 April 2016.

On 24 December 2012, Altimo Cooperatief delivered a notice to VimpelCom Ltd. that it intends to convert its 128.5 million preferred shares into common shares at a ratio of one preferred share for one common share. The conversion date has been notified as 16 April 2013. This will not have an effect on Telenor's voting percentage, while Telenor's economic interest will be diluted from 35.66% to 33.05%, based on current outstanding shares and ownership percentages.

On 6 March 2013, VimpelCom Ltd. released financial information for the fourth quarter of 2012. Reported net income income attributable to VimpelCom Ltd.'s shareholders for the fourth quarter was USD 801 million, which includes fair value gain of USD 606 million arising from increase in VimpelCom Ltd.'s stake in Euroset and impairment of USD 328 million related to Wind Mobile Canada. In accordance with the accounting policy for associated companies, the Group has adjusted for its share of significant transactions and events of USD 99 million (equivalent to NOK 577 million), whereas the Group will, in the first quarter of 2013, recognise its share of the fourth quarter remaining net income of USD 523 million using the equity method of accounting.

/21/ Joint ventures

The Group has interests in the following jointly controlled entities which are consolidated proportionately:

Jointly controlled entity	Description	Ownership interest
3G Infrastructure Services AB	Jointly controlled entity with the mobile operator «3» in Sweden.	50%
Net4Mobility HB	Jointly controlled entity established in 2009, under partnership agreement, with mobile operator Tele2 Sverige AB in Sweden. [1]	50%
TT Netværket P/S	Jointly controlled entity established in 2012, under partnership agreement, with mobile operator TeliaSonera Mobile Holding AB in Denmark.	50%

[1] The Group is committed for its share of capital contribution upto the amount of NOK 481 million as of 31 December 2012. Under Swedish law, all partners in a partnership are jointly and severally liable for all obligations in a partnership.

The Group's share of assets, liabilities, revenues, expenses, taxes and profit of the jointly controlled entities, which are proportionately consolidated in the Group's financial statements, are as follows:

NOK in millions	2012	2011
Revenues	977	658
Operating expenses	(891)	(558)
Net financial income (expenses)	(40)	(9)
Profit before taxes	**46**	**92**
Income taxes	(9)	(23)
Net income	**37**	**69**
Non-current assets	4 125	2 180
Current assets	316	185
Total assets	**4 440**	**2 365**
Non-current liabilities	2 530	1 602
Current liabilities	479	356
Total liabilities	**3 009**	**1 958**
Net assets	**1 431**	**407**

/22/ Trade and other receivables

NOK in millions	2012	2011
Trade receivables	10 122	9 541
Provision for bad debt	(1 033)	(977)
Total trade receivables	**9 090**	**8 563**
Other current receivables		
Interest-bearing receivables	440	329
Accrued revenues	3 842	2 994
Receivables on associated companies and joint ventures	450	426
Receivables on employees	6	13
Other non-interest-bearing receivables	1 791	1 420
Provision for bad debt	(19)	(7)
Total other current receivables	**6 509**	**5 175**
Prepaid expenses [1]		
Deferred costs related to connection revenues	258	321
Prepaid leases that are amortised [2]	162	178
Prepaid expenses[3]	2 189	3 317
Total prepaid expenses	**2 610**	**3 816**
Total trade and other receivables	**18 209**	**17 554**

[1] Prepaid expenses do not meet the definition of a financial instrument, and are presented as non-financial (NF) in note 31.
[2] For prepaid leases that are amortised, see note 12.
[3] The decrease in prepaid expenses from 2011 to 2012 is mainly related to prepaid capital expenditure in Grameenphone in 2011, concerning the first instalment for renewal of the 2G licence, see also note 18.

Specification of provision for bad debt:

NOK in millions	2012	2011
Provision as of 1 January	**(985)**	(1 097)
Change during the year	(117)	61
Currency effects	48	42
Other changes [1]	2	9
Provision as of 31 December [2]	**(1 052)**	(985)
Realised losses for the year	(317)	(529)
Recovered amounts previously provided	81	106

[1] Other changes includes effects from acquisitions and disposals of businesses
[2] Provision of NOK 227 million as of 31 December 2012 (NOK 156 million as of 31 December 2011) relates to Telenor Hungary. Due to local Hungarian regulations, Telenor Hungary is not able to write off receivables without tax disadvantages unless certain conditions are met.

Specification of the age distribution of trade receivables is as follows [1]:

			Past due on the reporting date in the following periods:					
NOK in millions	Carrying amount	Not past due on the reporting date	less than 30 days	between 30 and 60 days	between 61 and 90 days	between 91 and 180 days	between 181 and 365 days	more than 365 days
As of 31 December 2012								
Trade receivables	10 122	6 184	1 777	420	204	354	370	813
Provision for bad debt	(1 033)	(58)	(11)	(32)	(40)	(97)	(168)	(627)
Total trade receivables	**9 090**	**6 127**	**1 766**	**388**	**164**	**257**	**202**	**186**
As of 31 December 2011								
Trade receivables	9 541	6 100	1 516	323	176	356	364	705
Provision for bad debt	(977)	(33)	(10)	(19)	(38)	(115)	(194)	(568)
Total trade receivables	**8 563**	**6 068**	**1 505**	**304**	**137**	**241**	**170**	**138**

[1] Trade receivables are a part of the class trade receivables and other current and non-current financial assets in note 31. Age distribution is not disclosed for other receivables of this class due to immaterial amounts.

For the trade and other current receivables that are not impaired or past due there are no indicators at the date of the reporting that the debtors will not be able to meet their payment obligations.

For information about the grouping of the financial instruments into appropriate classes, see note 31.

/23/ Other non-current and financial current assets

NOK in millions	2012	2011
Financial non-current assets [1]		
Available-for-sale investments	97	87
Financial derivatives - non-interest-bearing (note 31)	422	1 149
Fair value hedge instruments - interest-bearing (note 31)	1 648	511
Other financial non-interest-bearing non-current assets [2] [3]	573	556
Other financial interest-bearing non-current assets [3]	17	116
Total financial non-current assets	**2 757**	**2 419**
Prepaid expenses	1 552	822
Total other non-current assets	**4 309**	**3 241**
Other financial current assets [1]		
Assets held for trading	71	64
Bonds and commercial papers > 3 months	1 264	2 292
Financial derivatives - non-interest-bearing (note 31)	232	282
Total other financial current assets	**1 567**	**2 638**

[1] For further information about the fair values, methods for valuation and grouping into classes of financial instruments, see note 31.
[2] Other financial non-interest bearing assets include capital contribution to Telenor Pension Fund of NOK 298 million (unchanged since 2011).
[3] Includes receivables on associated companies in which the negative value on the associated company RiksTV AS in 2012 of NOK 207 million has partly been recognised as a NOK 146 million reduction in receivables. This loan is considered a part of the Group's investment in RiksTV AS. The remaining NOK 61 million is recognised as a provision, see also note 20 and 26. For 2011 the corresponding numbers, also related to RiksTV AS, were NOK 241 million, NOK 149 million and NOK 92 million, respectively.

/24/ Additional cash flow information

Acquisitions and disposals of subsidiaries and associated companies

The table below shows the effects on the consolidated statement of financial position from acquisitions and disposals of subsidiaries and associated companies. Please refer to note 20 for information on associated companies.

NOK in millions	2012	2011
Acquisitions of subsidiaries and associated companies		
Associated companies	7 009	2 686
Other non-current assets	808	47
Current assets	79	2
Liabilities	(417)	(8)
Total consideration	**7 479**	**2 727**
Cash payments related to acquisitions	(7 581)	(393)
Cash in subsidiaries acquired	48	-
Purchases of subsidiaries and associated companies, net of cash acquired	**(7 533)**	**(393)**
Disposals of subsidiaries and associated companies		
Associated companies	-	75
Other non-current assets	-	87
Current assets	1	110
Liabilities	(1)	(115)
Gains (losses) and translation adjustments on disposals	-	175
Sales price	**-**	**332**
Proceeds received as sale consideration	417	185
Cash in subsidiaries disposed of	(1)	(49)
Proceeds from disposal of subsidiaries and associated companies, net of cash disposed of	**416**	**136**

Acquisitions of associated companies in 2012 primarily relates to the acquisition of 305 million preferred shares of VimpelCom Ltd. from Weather Investments II S.a.r.l. for a consideration of NOK 2.9 billion and 65 million common shares of VimpelCom for a consideration of NOK 4.1 billion. Acquisitions of associated companies in 2011 were primarily related to the dilution of the Group's ownership interest in VimpelCom Ltd. from 39.58% to 31.67% following VimpelCom's acquisition of Wind Telecom on 15 April 2011. There were no cash proceeds related to this transaction.

Cash and cash equivalents as of 31 December

NOK in millions	2012	2011
Cash and cash equivalents in the Group's cash pool systems	4 567	3 140
Cash and cash equivalents outside the Group's cash pool systems	4 238	9 759
Total cash and cash equivalents	**8 805**	**12 899**

The Group has established cash pool systems. Under these agreements, Telenor ASA is the Group account holder and the other companies in the Group are sub-account holders or participants. The banks can offset balances in their favour against deposits, so that the net position represents the net balance between the bank and the Group account holder.

Subsidiaries in which Telenor owns less than 90% of the shares are normally not participants in the Group's cash pool systems, held by Telenor ASA. As of 31 December 2012 and 2011, the major part of the cash and cash equivalents outside the Group's cash pool systems relates to Uninor, DiGi, Grameenphone, DTAC and Telenor Serbia.

Included in cash and cash equivalents, there are restricted bank accounts amounting to NOK 141 million as of 31 December 2012 and NOK 138 million as of 31 December 2011.

Interest proceeds and payments

NOK in millions	2012	2011
Proceeds from interest income	739	735
Payments of interest expenses	(2 436)	(2 119)

Repayment of equity and dividends paid to non-controlling interests in subsidiaries

During 2012, dividends paid to non-controlling interests in subsidiaries amounted to NOK 6.0 Billion. This consists of dividends paid to non-controlling interests in DTAC by NOK 3.1 Billion, of which NOK 2.3 Billion was declared in 2011 but paid in 2012, in DiGi by NOK 2.3 Billion and Grameenphone by NOK 0.7 Billion.

Significant non-cash transactions

During 2012 licences were acquired with deferred payments totalling NOK 4.7 billion. The deferred payments relates to the licence acquisitions in India by NOK 2.9 billion, in DTAC by NOK 1.1 billion and in Gramenphone by NOK 0.6 billion.

/25/ Changes in equity

Paid-in capital

NOK in millions, except number of shares	Number of Share	Share capital	Other paid in capital	Treasury shares	Total paid-in capital
Equity as of 1 January 2011	**1 657 888 846**	**9 947**	**69**	**(157)**	**9 859**
Share buy back	-	-	-	(294)	(294)
Share options exercised and distributed shares to employees	-	-	-	9	9
Cancellation of shares	(49 695 233)	(298)	-	298	-
Equity as of 31 December 2011	**1 608 193 613**	**9 649**	**69**	**(144)**	**9 574**
Share buy back	-	-	-	(249)	(249)
Share options exercised and distributed shares to employees	-	-	-	9	9
Cancellation of shares	(48 245 807)	(289)	-	289	-
Equity as of 31 December 2012	**1 559 947 806**	**9 360**	**69**	**(95)**	**9 334**

Nominal value per share is NOK 6.

Telenor ASA held 15,749,680 treasury shares as of 31 December 2012 (23,954,781 shares as of 31 December 2011). The shareholders in the Annual General Meeting on 16 May 2012 approved the proposed cancellation of 48,245,807 shares.

Telenor ASA has an agreement with the Kingdom of Norway through the Ministry of Trade and Industry to carry through share buyback with the purpose to cancel the treasury shares through reduction of the share capital to maintain its ownership interest. The proposed cancellation is subject to approval by shareholders in the annual General Meeting on 15 May 2013 and if approved, the effect on equity is estimated to be a reduction of NOK 2.6 billion.

Other reserves

NOK in millions	Net unrealised gains/ (losses) reserve	Employee equity benefits reserve	Transactions with non-controlling interests	Equity adjustments in associated companies	Other equity transactions	Total other reserves
Equity as of January 2011	**13**	**311**	**3 777**	**(524)**	**5 196**	**8 771**
Other comprehensive income (loss), net of taxes	(46)	-	-	206	-	160
Share-based payment	-	29	-	-	-	29
Exercise of share options and distribution of shares to employees	-	23	-	-	-	23
Transactions with non-controlling interests	-	-	(99)	-	-	(99)
Share buyback	-	-	-	-	(4 241)	(4 241)
Other changes in other reserves during 2011	-	-	-	63	-	63
Equity as of 31 December 2011	**(33)**	**363**	**3 678**	**(255)**	**955**	**4 707**
Other comprehensive income (loss), net of taxes	18	-	-	(1 540)	-	(1 522)
Share-based payment	-	36	-	-	-	36
Exercise of share options and distribution of shares to employees	-	44	-	-	-	44
Transactions with non-controlling interests	-	-	(3 267)	-	-	(3 267)
Share buyback	-	-	-	-	(3 773)	(3 773)
Other changes in other reserves during 2011	-	-	-	319	-	319
Equity as of 31 December 2012	**(15)**	**443**	**411**	**(1 477)**	**(2 818)**	**(3 456)**

Net unrealised gains/losses reserve

This reserve includes fair value changes on available-for-sale financial assets and amount reclassified from equity to profit on gain/(loss) related to disposal of shares available-for-sale.

NOK in millions	Changes in net unrealised gains/(losses) reserve
Change in fair value on shares available-for-sale	9
Amount reclassified from equity to profit and loss related to shares available-for-sale	(55)
Total comprehensive income for the period 2011	**(46)**
Change in fair value on shares available-for-sale	13
Amount reclassified from equity to profit and loss related to shares available-for-sale	5
Total comprehensive income for the period 2012	**18**

Employee equity benefits reserve

This reserve includes vested equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to note 36 for further details on these programmes.

Transactions with non-controlling interests

This reserve includes effects from transactions with non-controlling interests.

In 2012, transactions with non-controlling interests were mainly related to Uninor. To secure financing of the operations in Uninor, Telenor ASA issued guarantees for the external interest-bearing debt in Uninor with NOK 10.6 billion. The lenders demanded payment in 2012 under the Telenor ASA guarantee. It was made evident that the partner would not contribute further capital to Uninor. Accordingly, NOK 3.5 billion which equals the non-controlling interests prorata share of the guaranteed amount were recognised in 2012 as a transaction with non-controlling interests in Uninor.

Equity adjustments in associated companies

This reserve includes underlying adjustment on equity in associated companies, such as other comprehensive income, share buyback and transactions with non-controlling interests.

NOK in millions	Equity adjustments in associated companies
Equity as of January 2011	**(524)**
Other comprehensive income, excluding effects of disposal	(210)
Amount reclassified from equity to profit and loss on disposal	416
Other comprehensive income, net of taxes	206
Other changes in other reserves	63
Equity as of 31 December 2011	**(255)**
Other comprehensive income, excluding effects of disposal	(1 540)
Other comprehensive income, net of taxes	(1 540)
Other changes in other reserves	319
Equity as of 31 December 2012	**(1 477)**

Other equity transactions

This reserve includes the decrease in other reserves as a result of acquisition and sale/cancellation of treasury shares and the increase as a result of transfers from other paid-in capital, including transfers from other paid-in capital related to cancellation of treasury shares. The price paid in excess of the nominal value of the shares reduces this reserve.

Cumulative translation differences

NOK in millions	Foreign currency translation	Net investment hedge	Taxes	Net Translation differences
Equity as of 1 January 2011	**(6 602)**	**1 646**	**(845)**	**(5 800)**
Changes during 2011, excluding effects of disposal	(898)	3	(125)	(1 019)
Amount reclassified from equity to profit and loss on disposal	536	-	-	536
Net changes during 2011	(363)	3	(125)	(483)
Equity as of 31 December 2011	**(6 964)**	**1 650**	**(970)**	**(6 284)**
Changes during 2012, excluding effects of disposal	(4 641)	1 335	(259)	(3 566)
Amount reclassified from equity to profit and loss on disposal	14	-	-	14
Net changes during 2012	(4 627)	1 335	(259)	(3 551)
Equity as of 31 December 2012	**(11 591)**	**2 985**	**(1 229)**	**(9 835)**

The amount reclassified from equity to profit and loss in 2011 was mainly related to the deemed disposal of VimpelCom.

In 2012, the translation difference on net investment in foreign operations was mainly affected by appreciation of the Norwegian krone against the functional currencies of the Group's major investments. The depreciation of the USD dollar by 7%, the Serbian Dinar by 10%, the Indian Rupee by 10% and the Danish Krone by 6% had the most significant impact.

In 2011, the depreciation of the Bangladeshi Taka by 12%, the Hungarian Forint by 12% and the Indian Rupee by 14% had the most significant impact on the translation difference on net investment in foreign operations. The depreciation of the Thai Bath and the Swedish Krone and the appreciation of US dollar also had a significant impact, even though the percentage change in the currencies was not significant.

Dividends paid and proposed

	2012	2011
Dividends		
Dividend per share in NOK – paid	5.00	3.80
Dividend per share in NOK - proposed by the Board of Directors	6.00	5.00

Total dividends of NOK 7.9 billion were paid in 2012, while NOK 6.2 billion were paid in 2011.

In respect of 2012, the Board of Directors propose a dividend of NOK 6.00 per share is paid to shareholders. This dividend is subject to approval by shareholders in the Annual General Meeting on 15 May 2013 and has not been included as a liability in the financial statements of 2012. The proposed dividend, if approved, is payable to all shareholders on the Norwegian Central Securities Depository (VPS) on 31 May 2013. The total estimated dividend to be paid is NOK 9.3 billion.

Equity available for distribution as dividends from Telenor ASA was NOK 35.6 billion as of 31 December 2012. The proposed cancellation of shares will impact the equity available for distribution as dividend by NOK 2.5 billion.

Non-controlling interests

NOK in millions	Non-controlling interests share of net income (loss) 2012	Non-controlling interests share of net income (loss) 2011	Non-controlling interests in the statement of financial position 31.12.12	Non-controlling interests in the statement of financial position 31.12.11
DiGi	1 167	1 168	275	1 385
Grameenphone	551	710	1 094	1 261
DTAC	828	775	1 967	1 880
Uninor	(2 356)	(2 625)	(395)	(1 736)
Other	30	24	116	120
Total	**219**	**52**	**3 057**	**2 910**

During 2012, it was made evident that the partner in Uninor will not contribute further capital to Uninor. When the lenders demanded payment under the guarantees from Telenor ASA, the prorata share of the guaranteed amount was recognised as transaction with non-controlling interests, see section above.

Other movements in the non-controlling interests mainly relate to dividends paid during 2012.

/26/ Provisions and obligations

Non-current

NOK in millions	2012	2011
Provisions for workforce reduction, onerous (loss) contracts and legal disputes	109	86
Asset retirement obligations	2 829	2 612
Provisions related to associated companies	64	92
Other provisions	284	122
Total non-current provisions and obligations	**3 286**	**2 911**

Current

NOK in millions	2012	2011
Provisions for workforce reduction, onerous (loss) contracts and legal disputes	707	427
Asset retirement obligations	6	9
Other provisions	564	549
Total current provisions and obligations	**1 277**	**986**

Development in 2012

NOK in millions	Workforce reductions	Onerous (loss) contracts	Legal disputes	ARO
As of 1 January 2012	**348**	**81**	**83**	**2 621**
Obligations arising during the year and effects of changes in estimates[1]	458	418	49	239
Accretion expense	-	-	-	76
Amounts utilised	(412)	(160)	(14)	(5)
Other changes	(7)	(7)	-	(50)
Translation differences	(3)	(9)	(10)	(47)
As of 31 December 2012	**384**	**323**	**108**	**2 835**

[1] For asset retirement obligations, an increase of NOK 188 million is related to decrease in long-term interest rates.

Development in 2011

NOK in millions	Workforce reductions	Onerous (loss) contracts	Legal disputes	ARO
As of 1 January 2011	**197**	**110**	**148**	**1 594**
Obligations arising during the year and effects of changes in estimates[1]	450	90	37	988
Accretion expense	-	-	-	70
Amounts utilised	(289)	(110)	(54)	(6)
Other changes	(9)	(9)	(34)	(7)
Translation differences	-	-	(15)	(17)
As of 31 December 2011	**348**	**81**	**83**	**2 621**

[1] For asset retirement obligations, an increase of NOK 790 million is related to decrease in long-term interest rates.

Asset Retirement Obligations

The Group has asset retirement obligations relating primarily to equipment and other leasehold improvements installed on leased network sites and in administrative and network buildings. Those leases generally contain provisions that require the Group to remove the asset and restore the sites to their original condition at the end of the lease term. The table above presents all changes in the Group's assets retirement obligations.

In most situations, the timing of the asset removals will be well into the future and there is significant uncertainty as to whether and when the obligation will be paid. The actual gross removal costs that the Group will incur may be significantly different from the estimated costs, for example due to negotiation of prices for a large amount of removals or agreements that reduce or relieve the Group from its obligations. The actual timing of the removals may also differ significantly from the estimated timing.

Workforce reduction

Provisions for workforce reductions included approximately 1,000 employees as of 31 December 2012 and approximately 850 employees as of 31 December 2011.

/27/ Pension obligations

The Norwegian companies in the Group are obligated to follow the Act on Mandatory company pensions and these companies pension schemes follows the requirement as set in the Act.

The Group provides pension plans for employees in Norway. In addition, the Norwegian government provides social security payments to all retired Norwegian citizens. Such payments are calculated by reference to a base amount annually approved by the Norwegian parliament (G-regulation). Benefits are determined based on the employee's length of service and compensation. The cost of pension benefit plans is expensed over the period that the employee renders services and becomes eligible to receive benefits.

Telenor Pension Fund in Norway, a defined benefit plan offered to all employees in Norway was closed for new members during 2006 and defined contribution plans with insurance companies were established as replacements.

3 874 of the Group's employees were members of the contribution plan in Norway as of 31 December 2012 (3,661 as of 31 December 2011). In 2012 3,159 of the Group's employees were covered through the defined benefit plans funded through Telenor Pension Fund (3,454 in 2011). In addition the Telenor Pension Fund paid out pensions to 1 670 persons in 2012 (1,559 in 2011). Telenor Sweden has a defined benefit plan with 775 active members in 2012 (748 in 2011). In other companies outside Norway, there are primarily contribution plans.

The Group offers an unfunded defined benefit plan to executive employees. As of 31 December 2012 the obligation recognised in the statement of financial position was NOK 365 million (NOK 347 million as of 31 December 2011) and the gross benefit obligation amounted to NOK 395 million (NOK 397 million as of 31 December 2011).

In Norway, the Group is a member of «agreement-based early retirement plans» (new AFP) which is considered a defined benefit multi-employer plan. The administrator is as of 31. December 2012 not able to calculate the Group's share of assets and liabilities, and these plans are consequently accounted for as defined contribution plans.

The defined benefit plan in Sweden has an obligation of NOK 368 million in 2012 (NOK 333 million in 2011). The pension expense was NOK 42 million in 2012 (NOK 39 million in 2011). The assumptions are set within the recommended levels according to Swedish actuaries. The discount rate used for the pension calculations as of 31 December 2012 was 3.5% and expected salary increase was set to 3.0%. This is the same as for 2011 calculations.

Some of the Swedish companies have multi-employer benefit plans. The administrators are not able to calculate the Group's share of assets and liabilities and these plans are consequently accounted for as defined contribution plans.

The risk table, K2005, is used for death and expected lifetime for the Norwegian plans, while the risk table for disability for the main pension plan is based on KU, which is the enhanced disability table of Storebrand (insurance company). The average expected lifetime in the risk tables are 81 years for men and 85 years for women. The table below shows the probability of an employee in a certain age group becoming disabled or dying, within one year, as well as expected lifetime.

	Disability %		Death %		Expected lifetime	
Age	Men	Women	Men	Women	Men	Women
20	0.12	0.15	-	-	79.00	83.34
40	0.21	0.35	0.09	0.05	79.35	83.60
60	1.48	1.94	0.75	0.41	80.94	84.57
80	-	-	6.69	4.31	87.04	88.97

The Financial Supervisory Authority of Norway has in March 2013 decided to introduce new and dynamic mortality assumptions for collective pension insurance plans in life insurance companies and pension funds that will come into effect from 2014. The background for the change is that people are consistently living longer, and that each new generation is living longer than the previous generation. A change in the mortality assumptions when calculating the pension obligations will be included in actuarial gains and losses. Telenor has not concluded on the effect on the Group's financial position or performance.

The plan assets were measured at 31 December 2012 and 2011. Calculation of the projected benefit obligations (PBO) as of 31 December 2012 was based on the member base at 22 November (at 9 December 2011).

The actuarial calculations for the Telenor Pension Fund obligations were carried out by independent actuaries. The present value of the projected defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

Employees that leave the Group before the age of retirement receive a paid-up policy. Telenor Pension Fund administers some of these policies. This is at the discretion of the Telenor Pension Fund and does not affect Telenor. At the time of issuance of paid-up policies Telenor is relieved of any further obligations towards these people. The funds and obligations are valued at the time of issuance of paid-up policies, and are derecognised from pension obligations and plan assets.

NOK in millions	2012	2011
Change in projected benefit obligation [1]		
Projected benefit obligation as of 1 January	7 195	6 039
Service cost	418	394
Interest cost	226	256
Actuarial (gains) and losses	(1 611)	675
Curtailments, settlements and past service cost	3	22
Acquisitions and sale	32	(9)
Benefits paid/paid-up policies	(183)	(187)
Translation difference	(46)	5
Benefit obligations as of 31 December	**6 034**	7 195
Change in plan assets		
Fair value of plan assets as of 1 January	4 083	3 983
Actual return on plan assets	353	(143)
Acquisitions and sale	14	(2)
Pension contribution	212	326
Benefits paid/paid-up policies	(64)	(80)
Translation difference	(28)	(1)
Fair value of plan assets as of 31 December	**4 570**	4 083
Funded status at the end of the year	**1 463**	3 112
Unrecognised net actuarial gains (losses) [1]	703	(1 179)
Total provision for pensions as of 31 December	**2 166**	1 933
Total provision for pensions as of 1 January	**1 933**	1 918
Acquisitions and sale	7	-
Net periodic benefit costs	540	453
Pension contribution	(212)	(326)
Benefits paid paid-up policies	(84)	(106)
Translation difference	(18)	(6)
Total provision for pensions as of 31 December	**2 166**	1 933

[1] Benefit obligation and unrecognised net actuarial gains (losses) includes social security tax.

Amounts for the current and previous four periods are as follows:

NOK in millions	2012	2011	2010	2009	2008
Benefit obligations as of 31 December	6 034	7 195	6 039	5 783	7 843
Fair value of plan assets as of 31 December	4 570	4 083	3 983	4 173	4 165
Funded status	1 463	3 112	2 056	1 610	3 677
Experience adjustments on benefit obligations in %	(29.4)	8.6	8.2	13.2	0.5
Difference between expected and actual return on plan asset in %	4.5	(9.0)	(2.1)	12.7	(15.6)

Experience adjustments on benefit obligations are the effects of differences between previous actuarial assumptions and what has actually occurred.

Assumptions used to determine benefit obligations for Norwegian companies as of 31 December

	2012	2011
Discount rate in %	3.9	3.0
Future salary increase in %	3.3	3.3
Future increase in the social security base amount in %	3.3	3.3
Future turnover in %	5.0	5.0
Expected average remaining service period in years	7.5	7.5
Future pension increases in %	2.8	2.8

Assumptions used to determine net periodic benefit costs for Norwegian companies for year ended 31 December

	2012	2011
Discount rate in %	3.0	4.2
Expected return on plan assets in %	3.9	5.5
Future salary increase in %	3.3	3.8
Future increase in the social security base amount in %	3.3	3.8
Future turnover in %	5.0	5.0
Expected average remaining service period in years	7.5	7.6
Future pension increases in %	2.8	3.3

The discount rate should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. Only if there is no deep market in such bonds government bonds shall be used. On 13 December 2012 The Norwegian Accounting Standards Board (NRS) acknowledged that Norwegian covered bonds, i.e. OMF (Obligasjoner med Fortrinnsrett), could fulfill the definition of deep market in high quality corporate bond, but left it up to the market participants individually to make the final assessment.

The criterion of «high quality» is believed to reflect the likelihood that the creditor receives payment for their loans. OMFs are covered bonds issued by mortgage companies owned by Norwegian banks under a well-established legal framework. Generally bonds with ratings better than AA are considered high quality. Most OMFs have AAA rating.

Particularly over the last couple of years the OMF market has experienced a strong increase in both trading and issuing volume. Price reliability, trading volume, turnover rate, and issuer volume and order depth has significantly improved. The difference between the bid and offer prices is perceived by the market as stable and low.

Thus Telenor is of the opinion that the OMF is a high quality bond, and that the market as of year end 2012 is sufficiently deep to use OMF as basis for setting the discount rate.

In 2011 Telenor applied an internally developed model for setting the pension assumptions were the discount rate was based on the interest rate on Norwegian government bonds. We think that an OMF-based discount rate reflects a more relevant discount rate and as a consequence we have abandoned the model used earlier. From 2012, Telenor will base its assumptions on the NRS model.

Components of net periodic benefit cost

NOK in millions	2012	2011
Service cost	(418)	(394)
Interest cost	(226)	(256)
Expected return on plan assets	170	226
Past service cost	-	(30)
Losses on curtailments and settlements	-	13
Amortisation of actuarial gains and losses	(66)	(12)
Net periodic benefit costs	**(540)**	**(453)**
Contribution plan costs	(411)	(411)
Total pension costs charged to the income statement for the year	**(950)**	**(865)**
Where of reported as other expense (note 10)	(16)	18
Where of reported as pension cost (note 8)	(935)	(883)

The table below shows an estimate of the potential effects of changes in the key assumptions for the defined benefit plans in Norway. The following estimates are based on facts and circumstances as of 31 December 2012. Actual results may deviate materially from these estimates.

NOK in millions	Discount rate		Future salary Increase		Social security base amount		Annual adjustments to pensions		Turnover	
Change in % is percentage points	-1%	+1%	-1%	+1%	-1%	+1%	-1%	+1%	-4%	+4%
Changes in:										
Benefit obligations	909	(720)	(460)	489	141	(179)	(471)	555	145	(121)
Expense due to amortisation of actuarial losses	45	(139)	(89)	45	27	(35)	(91)	45	28	(23)
Net periodic benefit cost including effect due to amortisation of actuarial losses (as shown above)	129	(204)	(136)	95	39	(52)	(130)	90	44	(37)

Telenor Pension Fund's weighted average asset allocations as of 31 December, by asset category were as follows:

	2012	2011
Asset categories		
Bonds %	62	63
Equity securities %	27	27
Real-estates %	9	9
Other %	2	1
Total	**100**	100

The bond investments are in securities issued by the Norwegian government, Norwegian municipals, financial institutions and corporations. Bonds held in foreign currencies are to a large extent currency hedged. Equity investments are in both in Norwegian and foreign securities. Currency hedging for foreign equity securities is evaluated per investment.

The Telenor Pension Fund owns real-estates previously held by the Group. The values of these were set based on evaluations made by an independent Project and Construction Management Company. Approximately 40% of the buildings measured in market value are used by the Group through internal rental contracts.

The expected long-term return on plan assets as of 31 December 2012 was 5.1% (3.9% in 2011). The expected long-term yield is estimated based on historical returns on pension funds.

The Group expects to contribute approximately NOK 210 million to the Telenor Pension Fund in 2013.

As of 31 December 2012, the estimated pension cost for 2013 for the defined benefit plans in Norway and Sweden was estimated to NOK 175 million and NOK 43 million, respectively. Other companies outside Norway have mainly contribution plans. The costs of the benefit plans outside Norway and Sweden are less than 15% of the total benefit costs and no estimates are made for these plans.

/28/ Trade and other payables and non-interest bearing liabilities

Non-current non-interest-bearing liabilities

NOK in millions	2012	2011
Financial derivatives (See note 31)	639	1 063
Other non-current non-interest-bearing liabilities	636	596
Total non-current non-interest-bearing liabilities	**1 275**	**1 659**

Trade and other payables

NOK in millions	2012	2011
Trade payables	4 670	5 315
Accrued expenses	14 124	13 451
Liabilities to associated companies	1	3
Total trade and other financial payables	**18 794**	**18 770**
Deferred connection revenues	711	671
Prepaid revenues	5 824	5 605
Government taxes, tax deductions etc.	2 704	3 275
Dividends payable	-	2 387
Total other payables	**9 239**	**11 938**
Total trade and other payables	**28 034**	**30 708**

Current non-interest bearing liabilities

NOK in millions	2012	2011
Financial derivatives (See note 31)	184	672
Other current non-interest-bearing liabilities	467	579
Total current non-interest-bearing liabilities	**651**	**1 251**

The dividends payable in 2011 related to dividends to non-controlling interests, declared by DTAC in 2011 which were paid in 2012. For information about the fair value of the financial derivatives and the grouping of financial instruments into appropriate classes, see note 31.

/29/ Interest-bearing liabilities

NOK in millions	2012 Current interest-bearing liabilities	2012 Non-current interest-bearing liabilities	2012 Total	2011 Current interest-bearing liabilities	2011 Non-current interest-bearing liabilities	2011 Total
Interest-bearing liabilities measured at amortised cost						
Bank loans	4 160	5 256	9 416	8 731	1 187	9 918
Finance lease obligations	29	780	809	15	839	854
Bonds and Commercial Papers [1]	4 902	28 405	33 308	1 556	19 722	14 829
License obligations [2]	772	4 532	5 303	168	823	991
Other liabilities	411	853	1 264	297	587	884
Total interest-bearing liabilities	**10 275**	**39 826**	**50 100**	**10 767**	**23 157**	**33 924**

[1] Includes interest bearing liabilities in fair value hedge relationships
[2] Net present value of future payments for mobile licenses in DTAC, India, Grameenphone, Pakistan, Denmark and Norway is recognised as interest-bearing liabilities.

Non-current interest-bearing liabilities

NOK in millions	Currency	2012 Debt before the effect of currency swaps	2012 Debt adjusted for the effect of currency swaps	2011 Debt before the effect of currency swaps	2011 Debt adjusted for the effect of currency swaps
Company					
Telenor ASA	EUR	28 473	16 703	19 024	13 589
	NOK [1]	62	(6 641)	655	(6,249)
	SEK	-	5 986	91	6 059
	HUF	-	509	-	29
	USD	-	11 081	-	5 733
	MYR	-	899	-	609
Total Telenor ASA		**28 536**	**28 536**	**19 771**	**19 771**
DiGi	MYR	1 627	1 627	1 092	1 092
Grameenphone	BDT	350	350	368	368
Denmark	DKK	395	395	448	448
Sweden	SEK	223	223	221	221
Pakistan	PKR	57	57	13	13
Pakistan	USD	357	357	452	452
India	INR	2 873	2 873	-	-
DTAC	THB	4 920	4 983	378	568
DTAC	USD	63	-	190	-
Other non-current interest bearing liabilities		425	425	224	224
Total subsidiaries		**11 290**	**11 290**	**3 386**	**3 386**
Total non-current interest-bearing liabilities		**39 826**	**39 826**	**23 157**	**23 157**

[1] Telenor ASA's debt position in Norwegian Krone is a net asset position when including currency swaps.

Current interest-bearing liabilities

NOK in millions	Currency	2012 Debt before the effect of currency swaps	2012 Debt adjusted for the effect of currency swaps	2011 Debt before the effect of currency swaps	2011 Debt adjusted for the effect of currency swaps
Company					
Telenor ASA	NOK	1 098	4 813	13	1 418
	SEK	90	90	-	146
	USD	-	432	-	488
	EUR [1]	3 715	(432)	1 556	(483)
Total Telenor ASA		**4 903**	**4 903**	**1 569**	**1 569**
DiGi	MYR	324	324	283	283
Denmark	DKK	64	64	65	65
Pakistan	USD	83	83	95	89
Pakistan	PKR	97	97	101	107
DTAC	USD	114	-	201	-
DTAC	THB	1 455	1 569	-	201
Grameenphone	BDT	1 242	1 242	-	-
India	INR	1 554	1 554	8 140	8 140
Other current interest-bearing liabilities		440	440	312	312
Total subsidiaries		**5 372**	**5 372**	**9 198**	**9 198**
Total current interest-bearing liabilities		**10 275**	**10 275**	**10 767**	**10 767**

[1] Telenor ASA's current debt position in EUR is a net asset position when including currency swaps.

Coupon payments on bonds issued under Telenor ASA's EMTN programme during the last 5 years range from 1.75% to 4.875%. The majority of these bonds are swapped to floating rate. The latest issuance was in 2012 when a EUR 600 million bond was issued with a 2.625% coupon and maturity in 2024.

Uninor's interest-bearing borrowings were fully guaranteed by Telenor ASA. These borrowings were repaid in 2012 by Telenor ASA in the third quarter to honour guarantees. Current interest-bearing liabilities in India as shown in the table above are borrowings issued after Telenor ASA settlement.

All outstanding debt issued by Telenor ASA is unsecured. The financing agreements except for the Commercial Papers, contain provisions restricting the pledge of assets to secure future borrowings without granting a similar secured status to the existing lenders (negative pledges) and also contain covenants limiting disposals of significant subsidiaries and assets.

Debt issued under Telenor ASA's EMTN programme is based on documentation that is commonly used for investment grade issuers in the Eurobond market. Telenor ASA's outstanding bonds under its existing EMTN Programme are subject to a Change of Control Clause. Such Change of Control shall be deemed to have occurred if a person or entity, other than the Kingdom of Norway directly or indirectly, own or acquire more than 50% of the issued ordinary share capital of Telenor ASA, whereby such change in ownership or acquisition leads to a downgrade below investment grade rating, the holder of such bonds can require Telenor ASA to redeem the principal amount together with accrued interest. The full definition of this Change of Control clause is described in the Final Terms for each specific bond issue.

The interest-bearing liabilities in subsidiaries are generally not guaranteed by Telenor ASA and are subject to standard financial covenants, some of which limit the ability to transfer funds to Telenor ASA in the form of dividends or loans.

/30/ Managing capital and financial risk management

Managing capital

The Group's capital allocation priorities are:
1. Maintain a strong financial position
2. An attractive shareholder remuneration
3. Disciplined and selective approach in terms of mergers and acquisitions (M&A)

The main priority of maintaining a strong financial position is targeted by keeping reported net debt/EBITDA below 2.0 in order to ensure access to funding through an investment grade rating. As of 31 December 2012, the reported net debt/EBITDA ratio was 1.04 (0.57 as of 31 December 2011) and Telenor ASA's long term credit rating was A3, stable outlook (Moody's) and A-, stable outlook (Standard & Poor's). The credit ratings were stable throughout the year.

The Group's capital structure consist of debt that includes the borrowings disclosed in note 29, cash and cash equivalents and equity attributable to the shareholders of Telenor ASA as presented in the consolidated statement of changes in equity and in note 25.

In order to adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, acquire or sell treasury shares or issue new shares. In 2012 Telenor returned NOK 11.6 billion kroner to shareholders, comprised of NOK 7.9 billion of ordinary dividends paid in May 2012 (NOK 5.00 per share) and NOK 3.7 billion of share buybacks carried out from July 2012 to year-end, of which NOK 1.7 billion were open market repurchases and the remaining 2.0 billion comprised the pro rata buybacks from the Norwegian state. Telenor ASA has an agreement with the Kingdom of Norway through the Ministry of Trade and Industry to carry through share buybacks with the purpose to cancel these shares through write-down of the share capital to maintain its ownership interest. See notes 25, 34 and 37 for further description. The share buyback programme was 72% completed as of year-end.

The Board of Telenor ASA has proposed to pay a dividend of NOK 6.00 per share for the fiscal year 2012, payable in May 2013. The objective is to distribute 50-80% of normalised net income, and aim for a nominal increase in the dividend per share. The pay-out ratio for the year 2012 was about 70%.

Financial risk factors

Telenor ASA's treasury function is responsible for funding and management of foreign exchange risk, interest rate risk, credit risk and liquidity for the parent company and for companies owned more than 90% directly or indirectly by Telenor ASA. Subsidiaries owned less than 90% normally have stand-alone financing.

The Group has limited activities related to interest rate and currency trading.

Liquidity risk

The Group emphasises financial flexibility by minimising liquidity risk through ensuring access to a diversified set of funding sources. Telenor ASA issues debt in the domestic and international capital markets mainly in the form of Commercial Paper and bonds. The Group uses Euro Commercial Paper, U.S. Commercial Paper, Euro Medium Term Note and the Norwegian domestic capital market to secure satisfactory financial flexibility. Telenor ASA has established committed syndicated revolving credit facilities of EUR 2.0 billion with maturity in 2016 and EUR 0.8 billion with maturity in 2017.

When permissible by local rules and regulations, subsidiaries owned 90% or more are part of Telenor ASA's cash management framework agreement. They participate in Telenor ASA's cash pool systems and place their excess liquidity with the internal bank in Group Treasury. Subsidiaries owned less than 90% have established their own cash management framework agreements for banking services, their own cash pool systems and place their excess liquidity externally.

Telenor ASA and each Subsidiary shall have sufficient sources of liquidity to cover expected needs for liquidity during the next 12 months. Liquidity to fund significant acquisitions and investments are considered separately.

The debt portfolio of Telenor ASA and each subsidiary with external debt shall have a balanced maturity profile. The Group's debt maturities shall be spread relative evenly over a time horizon of approximately 10 years by issuing bonds and commercial papers in order to reduce the Group's liquidity risk. The debt maturity profile is presented below. For information about duration please refer to chapter «Interest rate risk».

Maturity profile of the Group's liabilities (in nominal values)

NOK in millions	Total as of 31 December 2012	< 1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	10 years	>10 years	Not specified
Interest-bearing liabilities													
Bank loans	9 216	4 160	1 443	1 107	1 405	1 101	–	–	–	–	–	–	–
Bonds and Commercial Paper	31 381	4 902	1 887	–	–	7 341	3 671	–	5 506	–	3 671	4 405	–
Finance lease liabilities	809	29	31	30	33	37	40	120	36	40	47	366	–
Other interest-bearing liabilities	7 130	1 183	1 625	1 013	520	396	390	292	294	288	288	842	–
Sum of interest-bearing liabilities	**48 536**	**10 275**	**4 985**	**2 150**	**1 957**	**8 875**	**4 100**	**412**	**5 836**	**328**	**4 006**	**5 613**	**–**
Non-interest bearing liabilities													
Trade and other payables	28 034	28 034	–	–	–	–	–	–	–	–	–	–	–
Other current non-interest-bearing liabilities and provisions	1 928	1 928	–	–	–	–	–	–	–	–	–	–	–
Derivatives financial instruments non-current liabilities	646	20	308	36	–	212	58	–	–	–	12	–	–
Other non-current non-interest-bearing liabilities, pension obligations and provisions	6 084	–	–	–	–	–	–	–	–	–	–	–	6 084
Sum of non-interest-bearing liabilities	**36 692**	**29 982**	**308**	**36**	**–**	**212**	**58**	**–**	**–**	**–**	**12**	**–**	**6 084**
Total	**85 228**	**40 257**	**5 293**	**2 186**	**1 957**	**9 087**	**4 158**	**412**	**5 836**	**328**	**4 018**	**5 613**	**6 084**
Future interest payments	**6 087**	**1 018**	**783**	**705**	**768**	**701**	**435**	**448**	**400**	**293**	**235**	**300**	
Total including future interest payments	**91 315**	**41 274**	**6 076**	**2 890**	**2 725**	**9 788**	**4 593**	**860**	**6 236**	**621**	**4 253**	**5 913**	**6 084**

NOK in millions	Total as of 31 December 2011	< 1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	10 years	>10 years	Not specified
Interest-bearing liabilities													
Bank loans	9 904	8 731	457	477	128	111	–	–	–	–	–	–	–
Bonds and Commercial Paper	20 083	1 556	703	3 877	378	–	7 754	–	–	5 816	–	–	–
Finance lease liabilities	854	15	13	32	30	32	36	47	128	46	45	431	–
Other interest-bearing liabilities	1 875	377	667	185	186	131	123	109	10	10	12	66	–
Sum of interest-bearing liabilities	**32 716**	**10 678**	**1 840**	**4 571**	**722**	**274**	**7 913**	**156**	**138**	**5 871**	**56**	**496**	**–**
Non-interest bearing liabilities													
Trade and other payables	30 708	30 708	–	–	–	–	–	–	–	–	–	–	–
Other current non-interest-bearing liabilities and provisions	2 237	2 237	–	–	–	–	–	–	–	–	–	–	–
Derivatives financial instruments non-current liabilities	1 063	–	736	185	25	–	118	–	–	–	–	–	–
Other non-current non-interest-bearing liabilities, pension obligations and provisions	5 440	–	–	–	–	–	–	–	–	–	–	–	5 440
Sum of non-interest-bearing liabilities	**39 448**	**32 945**	**736**	**185**	**25**	**–**	**118**	**–**	**–**	**–**	**–**	**–**	**5 440**
Total	**72 164**	**43 623**	**2 576**	**4 756**	**747**	**274**	**8 030**	**156**	**138**	**5 871**	**56**	**496**	**5 440**
Future interest payments	**5 174**	**1 784**	**762**	**657**	**509**	**537**	**442**	**227**	**143**	**114**	**–**	**–**	**–**
Total including future interest payments	**77 338**	**45 407**	**3 338**	**5 412**	**1 257**	**811**	**8 472**	**383**	**281**	**5 985**	**56**	**496**	**5 440**

Interest rate risk

The Group is exposed to interest rate risk through funding and cash management activities. Changes in interest rates affect the fair value of assets and liabilities. Interest income and interest expense in the income statement are influenced by changes in interest rates in the market.

The main consideration regarding management of interest rate risk is to reduce the financial risk and minimise interest cost over time. A major part of the debt issued by the Group is fixed rate debt (78% of outstanding debt before swap as of 31 December 2012 and 96% as of 31 December 2011). The Group applies interest rate derivatives to manage the interest rate risk of the debt portfolio. This typically involves interest rate swaps. Forward rate agreements and interest rate options are used to a lesser extent.

According to Group Policy Treasury, Telenor ASA's total external debt portfolio shall have a interest rate duration below 2.5 years, whereas subsidiaries shall have a duration below 1 year. As of 31 December 2012, the average duration of the Group's debt was 1.5 years (1.3 years as of 31 December 2011). Telenor ASA's duration was 1.9 years as of 31 December 2012 (1.6 years as of 31 December 2011).

Derivative instruments designated as fair value hedging instruments

The Group employs two strategies that qualify for fair value hedge accounting. The first is to issue a fixed rate bond in the currency in which funding is to be raised and consequently enter into an interest rate swap receiving fixed and paying floating interest rate.

The second strategy is to hedge a fixed rate bond issued in currency other than local currency by entering into a cross currency interest rate swap receiving fixed rate foreign currency and paying floating rate local currency.

The table below shows the effective and the ineffective parts of the Group's fair value hedges. The ineffective part is recognised as «net change in fair value of financial instruments» under financial items in the income statement. The effective part will be offset by the change in fair value of the underlying hedged item. Effectiveness testing is performed on an accumulated basis. However, the hedging periods are long and the yearly effects may not be representative for the hedge effectiveness.

Fair value hedging relationships

NOK in millions	2012	2011
Net gain / (loss) recognised in the income statement on hedged items	(436)	(37)
Net gain / (loss) recognised in the income statement on hedging instruments	634	142
Amount of hedge ineffectiveness	**198**	**105**

Interest rate swaps are also used periodically to rebalance the portfolio to be in line with the duration requirements in Telenor's Group Policy Treasury. These derivatives do not qualify for hedge accounting.

Fair values of financial instruments designated as hedging instruments in fair value hedges:

NOK in millions	2012		2011	
Fair value as of 31 December	Assets	Liabilities	Assets	Liabilities
Fair value hedge instruments	1 648	(2)	511	-

Interest rate risk sensitivity analysis

Effects on changes in fair value

The Group calculates the sensitivity on the change in fair value of assets and liabilities of a defined parallel shift in the yield curve of the relevant currencies. For each simulation, the same shifts in interest rates are used for all currencies. The sensitivity analysis is run only for assets and liabilities that represent major interest-bearing positions.

Based on simulations performed, a 10% decrease of the yield curve as of 31 December 2012 would represent an increase in fair value of financial instruments of NOK 77 million (NOK 68 million as of 31 December 2011). Similarly, a 10%increase of the yield curve would result in a decrease in fair value of financial instruments of NOK 77 million (NOK 66 million as of 31 December 2011), respectively. These simulations disregard the effects of hedging and the measurement of interest bearing debt at amortised cost.

The impact on profit and loss would be different due to both the amortized cost measurement of interest-bearing debt and the effects of hedge accounting. Based on the same simulations described above the profit and loss effect for 2012 would, by a 10% decrease in the yield curve, represent a decrease in fair value of NOK 161 million or an increase in fair value of NOK 159 million by a similar increase in the yield curve. For 2011 the profit and loss effects would have been a decrease in fair values of NOK 150 million and an increase in fair values of NOK 155 million, respectively.

Effects on interest expenses

Interest rate movements would also affect interest expense from floating rate borrowings. The sensitivity analysis is run for floating rate liabilities, and reflects a 10% change in the interest rate by year end. If all interest rates for all currencies had weakened / strengthened by 10% for Telenor ASA and all subsidiaries, with all other variables held constant, interest expenses for the Group would have been NOK 47 million higher / lower as of 31 December 2012 (NOK 34 million as of 31 December 2011).

Exchange rate risk

The Group is exposed to changes in the value of NOK relative to other currencies. The carrying amount of the Group's net investments in foreign entities varies with changes in the value of NOK compared to other currencies. The net income of the Group is also affected by changes in exchange rates, as the profit and losses from foreign operations are translated into NOK using the average exchange rate for the period. If these companies pay dividends, it will typically be paid in currencies other than NOK. Exchange rate risk related to some net investments in foreign operations is partly hedged by issuing debt instruments in the currencies involved, when this is considered appropriate. Combinations of money market instruments (Commercial Paper and bonds) and derivatives (foreign currency forward contracts and cross currency swaps) are typically used for this purpose.

Exchange rate risk also arises when Telenor ASA or any of its subsidiaries enter into transactions denominated in other currencies than their own functional currency, including agreements made to acquire or dispose assets in a foreign currency. In accordance with Group Policy Treasury committed cash flows in foreign currency equivalent to NOK 50 million or above, are hedged economically by using forward contracts.

Exchange rate risk related to debt instruments in other currencies than the functional currencies of Telenor ASA or any of its subsidiaries is also a part of the financial risk exposure of the Group. Cross currency swaps are occasionally used to eliminate such exchange rate risk. Fair value hedge accounting is applied for these transactions when possible.

Short-term foreign currency swaps are frequently used for liquidity management purposes. No hedging relationships are designated in relation to these derivatives.

Derivative (and non-derivative) instruments designated as hedging instruments of net investment in foreign operations

As of 31 December 2012 and 2011, material hedging positions are designated as net investment hedges. There are no ineffectivenesses in the years ending 31 December 2012 and 2011.

Net investment hedging relationships

NOK in millions	2012	2011
Effective part recognised directly to other comprehensive income	1 335	3

Hedging as described above is only carried out in currencies that have well-functioning capital markets. Interest-bearing debt is designated as hedging instruments.

Fair value of interest-bearing debt designated as hedging instruments in net investment hedges:

NOK in millions	2012	2011
Fair value as of 31 December	Liabilities	Liabilities
Net investment hedge instruments	(31 550)	(22 522)

Exchange rate risk sensitivity analysis

This analysis does not take into account correlation between currencies other than NOK. Empirical studies confirm substantial diversification effect across the currencies that the Group is exposed to.

Effects on net currency gains (losses)

The Group is exposed to currency fluctuations on monetary items in the statement of financial position, denominated in other currencies than the functional currency. As of 31 December 2012, if the relevant functional currencies had weakened / strengthened by 10% against the currencies in which these items are denominated, with all other variables held constant, net income for the Group for the year would have been NOK 133 million higher / lower (NOK 1,193 million for 2011).

As of 31 December 2012, if the Norwegian Krone had weakened / strengthened by 10%, with all other variables held constant, the currency effects of translating the Group's foreign debt to the functional currency would be NOK 5,010 million lower / higher (NOK 3,392 million lower / higher as of 31 December 2011)of which NOK 3,275 million would impact other comprehensive income as the debt is part of net investment hedges (NOK 2,253 million as of 31 December 2011).

Effects due to foreign exchange translations on other comprehensive income

Translation of subsidiaries from their functional currencies into the presentation currency of the Group (NOK) will impact the Group's other comprehensive income and equity. If local currency had weakened / strengthened by 10% against the presentation currency of the Group (NOK), the increase / decrease in the carrying amount of equity as of 31 December 2012 would have been approximately NOK 10.4 billion (NOK 6.4 billion as of 31 December 2011).

Effects due to foreign exchange translations on net income

Translation of net income from subsidiaries with functional currency other than NOK, also represents a currency exposure for the Group. The sensitivity analysis is only carried out for the Group's major subsidiaries. If local currency had weakened / strengthened by 10% against all other currencies included in the analysis, net income for the Group would have been NOK 88 million lower / higher in 2012 (NOK 358 million in 2011).

Credit risk

Credit risk is the loss that the Group would suffer if a counterparty fails to perform its financial obligations. Except for equity instruments, the Group considers its maximum exposure to credit risk to be as follows:

Maximum credit exposure

NOK in millions	2012	2011
Cash and cash equivalents	8 805	12 899
Bonds and commercial papers > 3 months (note 23)	1 264	2 292
Financial derivatives (note 23)	2 302	1 942
Trade and other current financial receivables (note 22)	15 599	13 738

The Group's credit risks largely arise from trade receivables, financial derivatives, as well as cash and cash equivalents.

Credit risk related to trade receivables is assessed to be limited due to the high number of customers in the Group's customer base. As such, no further credit risk provision is required in excess of the normal provision for bad and doubtful receivables. See note 22 for information on receivables in terms of age distribution and provision for bad debt.

Credit risk arising from financial derivatives and cash deposits is managed through diversification, internal risk assessment and credit scoring, as well as credit risk mitigation tools. The main risk mitigation tools include legal netting and collateral agreements.

As of 31 December 2012 the fair value of the Group's financial derivatives was NOK 1.5 billion (NOK 1.4 billion as of 31 December 2011). This was partly off-set by NOK 432 million cash collateral related to positive fair values on derivatives (NOK 368 million as of 31 December 2011).

/31/ Fair values of financial instruments

Principles for estimating fair values
Based on the characteristics of the financial instruments that are recognised in the financial statements, the financial instruments are grouped into classes and categories as described in the table below. The estimated fair values of the Group's financial instruments are based on market prices and the valuation methodologies per class are described below.

Fair value hierarchy
The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in measuring the fair value of financial instruments in the Fair value through profit and loss («FVTPL») and the Available for sale («AFS») categories:

Level 1: Quoted prices (unadjusted) in active markets for identical financial instruments
Level 2: Inputs other than quoted prices included within Level 1 that are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: Inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

The table below includes analyses of financial instruments by their fair value hierarchy levels into which the fair value measurement is categorised.

Interest-bearing liabilities
Fair values of interest-bearing liabilities have been calculated using yield curves, which incorporates estimates of the Telenor ASA credit spread. The credit curve has been extrapolated using indicative prices on debt issuance by Telenor ASA for different maturities. The yield curves have been interpolated from cash and swap curves observed in the market for different currencies and maturities.

Trade receivables and other financial assets
Trade receivables and other receivables are discounted where the effect of discounting is considered to be material. The carrying amount is assessed to be a reasonable approximation of fair value for this class of financial instruments.

Other financial assets include equity securities. Fair values for listed shares are based on quoted prices at the end of the reporting period. Fair value of unlisted shares is calculated by using commonly used valuation techniques, or measured at cost if the investment does not have a quoted market price in an active market and the fair value cannot be reliably measured. Listed companies consolidated in the Group or accounted for using the equity method are not included in the table below.

Trade payables and other non-interest-bearing financial liabilities
For trade payables and other non-interest-bearing financial liabilities, the nominal amount is assessed to be a reasonable approximation of fair value. The effect of not discounting is considered to be immaterial for this class of financial instruments.

Cash and cash equivalents
The fair value for this class of financial instruments is assessed to be equal to the nominal amount.

Financial derivatives
Fair value of currency swaps, foreign currency forward contracts and interest rate swaps is estimated based on calculating the net present value of future cash flows, using swap curves and exchange rates as of 31 December 2012 and 2011, respectively.

						Fair values of financial instruments 31 December 2012 per class				
NOK in millions	Note	Fair value level	Category	Carrying amount	Fair value	Interest-bearing liabilities	Trade receivables and other financial assets	Trade payables and other non-interest-bearing financial liabilities	Cash and cash equivalents	Financial derivatives
Financial position item										
Other non-current assets	23			**4 310**	**4 310**					
		2	FVTPL	2 070	2 070	-	-	-	-	2 070
		3	AFS	395	395	-	395	-	-	-
			LAR	262	262	-	262	-	-	-
			NF [1]	1 583	1 583	-	-	-	-	-
Trade and other receivables	22			**18 209**	**18 209**					
			LAR	15 599	15 599	-	15 599	-	-	-
			NF [1]	2 610	2 610	-	-	-	-	-
Other financial current assets	23			**1 567**	**1 567**					
		2	FVTPL	303	303	-	71	-	-	232
			LAR	1 264	1 264	-	1 264	-	-	-
Cash and cash equivalents	24			**8 805**	**8 805**					
			LAR	8 805	8 805	-	-	-	8 805	-
Total - Fair value through profit and loss (FVTPL)				**2 373**	**2 373**					
Total - Available for sale (AFS)				**395**	**395**					
Total - Loans and receivables (LAR)				**29 930**	**29 930**					
Non-current interest-bearing financial liabilities	29			**(39 826)**	**(38 572)**					
			FLAC	(39 826)	(38 572)	(38 570)	-	-	-	(2)
Non-current non-interest-bearing financial liabilities	28			**(1 275)**	**(1 275)**					
		2	FVTPL	(639)	(639)	-	-	-	-	(639)
			FLAC	(636)	(636)	-	-	(636)	-	-
Current interest-bearing financial liabilities	29			**(10 275)**	**(10 274)**					
			FLAC	(10 275)	(10 274)	(10 274)	-	-	-	-
Trade and other payables	28			**(28 034)**	**(28 034)**					
			FLAC	(18 794)	(18 794)	-	-	(18 794)	-	-
			NF [1]	(9 239)	(9 239)	-	-	-	-	-
Current non-interest-bearing liabilities	28			**(651)**	**(651)**					
		2	FVTPL	(184)	(184)	-	-	-	-	(184)
			FLAC	(467)	(467)	-	-	(467)	-	-
						(48 844)	**17 591**	**(19 897)**	**8 805**	**(1 477)**
Total - Fair value through profit and loss (FVTPL)				**(823)**	**(823)**					
Total - Financial liabilities at amortised cost (FLAC)				**(69 998)**	**(68 743)**					

[1] The abbreviation NF in the tables above is used to represent non-financial assets and liabilities.

NOK in millions	Note	Fair value level	Category	Carrying amount	Fair value	Fair values of financial instruments 31 December 2011 per class: Interest-bearing liabilities	Trade receivables and other financial assets	Trade payables and other non-interest-bearing financial liabilities	Cash and cash equivalents	Financial derivatives
Financial position item										
Other non-current assets	23			**3 241**	**3 241**					
		2	FVTPL	1 660	1 660	-	-	-	-	1660
		3	AFS	385	385	-	385	-	-	-
			LAR	374	374	-	374	-	-	-
			NF [1]	822	822	-	-	-	-	-
Trade and other receivables	22			**17 554**	**17 554**					
			LAR	13 738	13 738	-	13 738	-	-	-
			NF [1]	3 816	3 816	-	-	-	-	-
Other financial current assets	23			**2 638**	**2 638**					
		2	FVTPL	346	346	-	64	-	-	282
			LAR	2 292	2 292	-	2 292	-	-	-
Cash and cash equivalents	24			**12 899**	**12 899**					
			LAR	12 899	12 899	-	-	-	12 899	-
Total - Fair value through profit and loss (FVTPL)				**2 006**	**2 006**					
Total - Available for sale (AFS)				**385**	**385**					
Total - Loans and receivables (LAR)				**29 303**	**29 303**					
Non-current interest-bearing financial liabilities	29			**(23 157)**	**(22 263)**					
			FLAC	(23 157)	(22 263)	(22 263)	-	-	-	-
Non-current non-interest-bearing financial liabilities	28			**(1 659)**	**(1 659)**					
		2	FVTPL	(1 063)	(1 063)	-	-	-	-	(1 063)
			FLAC	(596)	(596)	-	-	(596)	-	-
Current interest-bearing financial liabilities	29			**(10 767)**	**(10 733)**					
			FLAC	(10 767)	(10 733)	(10 733)	-	-	-	-
Trade and other payables	28			**(30 708)**	**(30 708)**					
			FLAC	(21 157)	(21 157)	-	-	(21 157)	-	-
			NF [1]	(9 551)	(9 551)	-	-	-	-	-
Current non-interest-bearing liabilities	28			**(1 251)**	**(1 251)**					
		2	FVTPL	(672)	(672)	-	-	-	-	(672)
			FLAC	(579)	(579)	-	-	(579)	-	-
						(32 996)	**16 853**	**(22 332)**	**12 899**	**(207)**
Total - Fair value through profit and loss (FVTPL)				**(1 736)**	**(1736)**					
Total - Financial liabilities at amortised cost (FLAC)				**(56 255)**	**(56 327)**					

[1] The abbreviation NF in the tables above is used to represent non-financial assets and liabilities.

/32/ Pledges and guarantees

NOK in millions	2012	2011
Finance lease liabilities secured by assets pledged	809	854
Total liabilities secured by assets pledged	**809**	**854**
Carrying amount of assets pledged as security for finance lease liabilities	778	858
Total assets pledged as security for liabilities	**778**	**858**

There has been no major change in liabilities secured by assets pledged as of 31 December 2012.

The Group's finance lease liabilities secured by assets pledged and carrying amount of assets pledged as security for finance lease liabilities as of 31 December 2012 were mainly related to Telenor Sweden, Telenor Denmark, DiGi and Grameenphone. See notes 19 and 29.

NOK in millions	2012	2011
Guarantee obligations	4 117	9 964

Purchased bank guarantees are not shown in the table.

In 2012, guarantee obligations include guarantees amounting to NOK 1 billion (NOK 1.1 billion in 2011) that are secured by pledged assets with a carrying amount of NOK 0.5 billion (NOK 6.1 billion in 2011). Guarantee obligations in 2011 includes guarantees from Telenor ASA on Uninor loans with NOK 8.1 billion. These obligations were settled with the repayment of Uninor loans in 2012. This repayment is also the reason for the change in carrying amount of pledged assets. Major guarantee obligations in 2012 include guarantees related to network roll-outs in joint ventures.

The Group's shares in the associated company RiksTV AS are pledged as security for the external financing of the company. See note 20.

/33/ Contractual obligations

The Group has entered into agreements with fixed payments in respect of the following as of 31 December 2012 and as of 31 December 2011:

2012

NOK in millions	2013	2014	2015	2016	2017	After 2017
Minimum lease payments under non-cancellable operating leases (the Group as a lessee)						
Lease of premises	1 645	1 187	1 056	901	806	1 686
Lease of satellite- and net-capacity	351	248	231	184	153	79
Other leases	57	36	21	5	-	-
Contractual purchase obligations						
IT-related agreements	621	25	1	-	-	-
Other contractual obligations	5 740	4 814	1 961	187	156	84
Committed investments						
Property plant and equipment and intangible asset	2 964	215	121	21	19	-
Total contractual obligations	**11 378**	**6 525**	**3 390**	**1 299**	**1 135**	**1 849**

2011

NOK in millions	2012	2013	2014	2015	2016	After 2016
Minimum lease payments under non-cancellable operating leases (the Group as a lessee)						
Lease of premises	2 078	1 756	1 553	952	729	1 807
Lease of satellite- and net-capacity	393	301	234	79	40	26
Other leases	50	32	17	7	-	-
Contractual purchase obligations						
IT-related agreements	1 548	397	69	23	23	23
Other contractual obligations	2 031	382	84	30	29	71
Committed investments						
Property plant and equipment and intangible asset	2 941	700	65	-	-	-
Total contractual obligations	**9 040**	**3 569**	**2 021**	**1 090**	**822**	**1 928**

The tables above do not include agreements under which the Group has no committed minimum purchase obligations. Tower leasing obligations in Uninor is included in «Minimum lease payments under non-cancellable operating leases» as of 31 December 2012 with NOK 3.3 billion for the period of 2013-2017 and NOK 1.5 billion after 2017.

DTAC's concession right

DTAC is obliged to pay an annual fee to CAT Telecom Public Company Limited (CAT) in accordance with the concession agreement. The annual fee is based on the greater of a minimum annual payment and a percentage of revenues from services. The minimum annual payments are not included above. The yearly minimum payments for the period 2013 – 2018 fluctuate in a range from NOK 137 million to NOK 218 million (converted from THB to NOK based on the exchange rate as of 31 December 2012). For further information regarding DTAC's concession right, see note 18.

/34/ Related parties

As of 20 March 2013, Telenor ASA was 53.97% (including treasury shares) owned by the Kingdom of Norway, represented through the Ministry of Trade and Industry.

The Board of Telenor ASA has been given authority by the General Meeting to carry through share buy backs with the purpose to cancel these shares through reduction of share capital. The cancellation requires approval from the General Meeting. Telenor ASA has entered into an agreement with the Ministry of Trade and Industry whereby it is agreed that such buy-back and cancellation should not affect the Ministry's shareholding. As a result, the Group is required to redeem a proportionate number of shares owned by the Ministry. The same General Meeting approving the cancellation of treasury shares, will be asked to approve the redemption of the shares owned by the Ministry against payment of an amount that corresponds to an average volume of weighted price at the time of the repurchase of treasury shares in the market together with compensation for interest.

The Norwegian telecommunications market is governed by the Electronic Communications Act of 4 July 2003 and other regulations issued pursuant to this Act. Until it expired 1 September 2004, the Group had to provide and maintain Universal Service Obligations (USO) according to the concession on fixed network. Thereafter it was carried on through an agreement between the Group and the Norwegian Ministry of Transport and Communications. The USO obligation entails among other things the provision of Public voice telephony and access to Internet to all households and companies, public pay phones, services for the disabled and for controlling end users expenses. The Group receives no compensation for providing USO services.

In addition, the Group was in 2012 and 2011 subject to Special Service Obligations (SSO) — security and preparedness (the defence of Norway) — following an agreement with the Norwegian Post and Telecommunications Authority («NPT»), coastal radio after an agreement with the Norwegian Ministry of Justice and Preparedness, services concerning Svalbard, wire services for ships, providing emergency lines for the police, fire department and ambulances. The Group receives compensation for providing SSO. In 2012 and 2011, the Group received NOK 91 million and NOK 90 million, respectively, under this agreement.

The Group pays an annual fee to NPT and the Norwegian Ministry of Transport and Communications for delivering electronic communication services, including payments for frequencies and numbers. The fee was NOK 107 million and NOK 98 million in 2012 and 2011, respectively.

The Group provides mobile and fixed telephony services, leased lines, customer equipment, Internet connections, TV distributions and other services to the state and companies controlled by the state in the normal course of business and at arms-length prices. The Group also purchases services, such as postal services, in the normal course of business and at arms-length prices. Details of such transactions are not included in this note.

The Group sold transmission capacity and related services in the digital and analog terrestrial transmission network to Norsk Rikskringkasting AS of NOK 173 million in 2012 and NOK 205 million in 2011.

Transactions with associated companies

	2012		2011	
NOK in millions	Sales to	Purchases from	Sales to	Purchases from
	1 082	2 416	1 261	2 552

In 2012 and 2011, sales to associated companies include network access charges to Norges Televisjon AS of NOK 303 million and NOK 356 million, respectively. Sales in 2012 and 2011 also include sub-leasing of sports rights to C More Group AB for NOK 79 million and NOK 144 million, respectively. In addition, sales in 2012 and 2011 include delivery of Nordic Connect and Managed Services to Evry ASA of NOK 232 million and NOK 199 million, respectively. Sales to Vimpelcom amounts to NOK 458 million in 2012 and NOK 405 million in 2011.

Purchases from associated companies in 2012 include distribution rights from C More Group AB of NOK 673 million. In 2011 purchases included distribution rights from TV2 AS, TV2 Zebra AS and C More Group AB of NOK 1,126 million. Purchases in 2012 and 2011 also include purchases of IT services from Evry ASA of NOK 565 million and NOK 446 million, respectively. A substantial part of the purchases in 2012 and 2011 concerns sales and marketing support for distributors of the Group's products and services in Norway.

Purchases from Vimpelcom amounts to NOK 354 million in 2012 and NOK 367 million in 2011.

The Group's shares in the associated company RiksTV AS are pledged as collateral for debt in the company. Furthermore, the Group has provided fulfilment guarantees of NOK 75 million in favour of the associated company Norges Television AS.

For information of receivables on associated companies, see note 22 and 23. The Group had no significant payables or debt to associated companies as of 31 December 2012 and 2011.

Transactions with subsidiaries have been eliminated on consolidation and do not represent related party transactions. See note 16 in the financial statements of Telenor ASA for a list of significant subsidiaries. The same applies to transactions with joint ventures that are consolidated proportionally, see note 21.

For compensation of key management personnel, see note 36.

/35/ Commitments and contingencies

The Group is involved in a number of legal proceedings in various forums. While acknowledging the uncertainties of litigation, the Group is of the opinion that based on the information currently available, these matters will be resolved without any material adverse effect individually or in the aggregate on the Group's financial position. No provisions have been made for the legal disputes discussed in this note. For legal disputes, in which the Group assess it to be probable (more likely than not) that an economic outflow will be required to settle the obligation, provisions have been made based on management's best estimate. See note 14 for tax disputes.

Grameenphone

1) BTRC – Audit claim

In April 2011, Bangladesh Telecommunication Regulatory Commission (BTRC) announced its intention to conduct an audit of the existing mobile operators in Bangladesh. As part of this initiative, BTRC appointed a Chartered Accountant firm for conducting the audit of Grameenphone. On 3 October 2011 Grameenphone received a claim amounting to approximately NOK 2.2 billion from BTRC referring to findings of the audit that the regulator carried out over a few months from April 2011 related to circumstances from the establishment of Grameenphone until today. Grameenphone has contended and clarified to BTRC and the Chartered Accountant firm that acceptable audit standards and practices have not been followed during and after the audit and the claims made remain unfounded, unsubstantiated and without merit.

As a consequence, Grameenphone filed a title suit in the Civil Court of first instance on 17 October 2011 against BTRC seeking an injunction restraining BTRC from claiming the said demand and filed an Appeal in the High Court Division (HCD) of the Supreme Court of Bangladesh seeking an order of injunction against the claim made by BTRC. On 20 October 2011 HCD directed the parties to maintain 'as is situation' (status quo) in respect of the claim made by BTRC for a period of six months from 20 December 2011 and this was later extended until May 2013. In this period BTRC may present arguments to the court why the claim shall remain valid.

2) BTRC – Claim in relation to licence renewal

Grameenphone received a notification from BTRC on 17 October 2011 for 'Notification of Award of Licence Renewal' which included a claim for payment of additional spectrum fee of up to approx. NOK 280 million for 7.4 MHz spectrum granted in 2008, based on retrospective application of Market Competition Factor (MCF) as introduced in the new Licence Renewal Guidelines of 2011. The same notification also demanded that all payments shall be made 'without any deductions', contrary to the rule of National Board of Revenue (NBR) that the applicable VAT must be deducted at source by Grameenphone and submitted to NBR. Grameenphone won the first set of legal proceedings in High Court, but BTRC appealed to the Supreme Court which sent the case back to the High Court for further proceedings. On 13 February 2012, the High Court rejected the claim from BTRC. On the same day, the High Court also directed Grameenphone to add 15% VAT amount to BTRC's receivables and pay an additional 15% VAT to National Board of Revenue (NBR). The Court allowed Grameenphone to obtain rebate on this VAT thereby, limiting Grameenphone's total renewal cost to 100%. As the proposed rebate mechanism is not workable under present VAT scheme, Grameenphone has filed a petition with the Appellate Division. Meanwhile, NBR sent formal notice on 1 April 2012 for payment of VAT of NOK 168 million on renewal fees (which was withheld) and accordingly Grameenphone paid to NBR with protest. On 16 July 2012, the appellate division of the Supreme Court granted Grameenphone Leave to Appeal. On 29 November 2012, Grameenphone obtained certified copy of the Leave Granting Order from the Appellate Division and is preparing to file the Appeal as required.

3) SIM tax on replacement SIM cards

On 16 May 2012, National Board of Revenue issued a notice to Grameenphone claiming SIM tax and interest of NOK 1.1 billion on replacement SIM cards issued during the period from July 2007 to December 2011. Grameenphone challenged the demand by a writ petition before the High Court which passed a Stay Order on the operation of the demand valid until 13 September 2013.

DTAC

1) Dispute between TOT, CAT and DTAC regarding Access Charge/Interconnection

On 17 May 2006, the National Telecommunications Commission (NTC) (presently known as the National Broadcasting and Telecommunications Commission (NBTC)) issued the Notification on Use and Interconnection of Telecommunications Network of 2006 (Notification) applicable to telecommunication licencees who have its own telecommunication network, requiring the licencees to interconnect with each other on request, where the interconnection provider is entitled to apply an interconnection charge that reflects its costs.

On 17 November 2006, DTAC issued a written notification informing TOT Public Company Limited (TOT) and CAT Telecom Public Company Limited (CAT) that DTAC would no longer apply the rates for calculating the access charge under the Access Charge Agreements entered into with TOT on the basis that the rate and the collection of access charge under the Access Charge Agreements were contrary to the law in a number of respects. DTAC also informed TOT and CAT that it would pay the interconnection charge to TOT when DTAC and TOT have entered into an interconnection charge agreement in accordance with the Notification.

On 9 May 2011, TOT filed a plaint with the Central Administrative Court requiring the court to order DTAC and CAT to jointly pay access charge to TOT, together with the default interests, in the amount of approximately NOK 21 billion. DTAC submitted a defense to the court on 26 January 2012. Presently, this case is under consideration of the Central Administrative Court. The net effect (before income taxes) in ceasing to recognise the access charge under the Access Charge Agreements from 18 November 2006 to 31 December 2012 amounts to NOK 9.6 billion in reduced expenses.

DTAC is also in dispute with TOT in a matter related to the negotiation and entering into an interconnection agreement between TOT and DTAC's respective networks. DTAC requested on 2 October 2006 a negotiation of such agreement between the parties, pursuant to the Notification. The matter has been through various administrative and court proceedings, which has concluded that TOT is obligated to commence negotiations with DTAC. TOT still rejects the entering into an interconnection agreement and has appealed the matter to Supreme Administrative Court. The matter is now under consideration of the Court.

2) Disputes between DTAC and CAT regarding revenue sharing payment under Concession Agreement

On 11 January 2008, CAT submitted a claim to the Arbitration Institute requesting DTAC to make concession revenue sharing payments for the 12th – 16th concession years (16 September 2002 to 15 September 2006) amounting to NOK 4.0 billion including penalties. The basis for the claim is the fact that revenue share paid by DTAC to CAT was made after deduction of excise tax. DTAC's opinion is that it was entitled to do so by virtue of the resolutions made by the Thai Council of Ministers in February 2003 and a letter issued by CAT allowing such deduction.

On 28 May 2012, the Arbitral Tribunal rendered an award in favor of DTAC and dismissed CAT's claim for Excise tax on Revenue Sharing Payment. However, on 31 August 2012, CAT filed a lawsuit with the Central Administrative Court in order to revoke the arbitration award. Presently, this case is under the court's consideration.

On 31 August 2011, CAT filed a lawsuit with the Arbitration Institute requesting DTAC to pay additional revenue sharing on interconnection charge for the concession year 16th (16 September 2006 to 15 September 2007) in the amount of NOK 732 million plus penalty interest at the rate of 15% p.a. from 16 December 2007 based on the ground that DTAC has no right to deduct any interconnect expenses from its revenue and has no right to exclude interconnect revenue from its revenue to be calculated for the revenue sharing (payment of concession fee) to CAT under the Concession Agreement.

On 16 November 2012, CAT filed a new statement of claim to the Arbitration Tribunal requesting for additional revenue sharing for the 17th concession year (16 September 2007 to 15 September 2008) in the amount of NOK 735 million (including VAT) plus penalty interest at the rate of 15% p.a.

3) Foreign ownership

One of DTACs competitors, True Move made a number of complaints to the Thai Police and the Thai Ministry of Commerce early in 2011 that DTAC is in breach of the Foreign Business Act (FBA) limiting foreign ownership to 49% of the share capital without special permission. In addition, on 22 September 2011, one of DTAC's minority shareholders (holding 100 shares in DTAC) filed a complaint against state agency, National Broadcasting and Telecommunication Commission (NBTC), with the Central Administrative Court alleging that NBTC (as an administrative agency) has negligently not performed its duties by allowing DTAC to operate telecom business. Therefore, the Central Administrative Court has issued a summon requesting DTAC to be a co-defendant to this case. The management is of the opinion that the Group's ownership structure in DTAC was established, and is, in accordance with Thai law as well as the established practices in Thailand.

Uninor

In India, Unitech Wireless (Uninor) and many other telecom operators as well as the federal government through the Department of Telecommunications and the Telecom Regulatory Authority of India («TRAI»), were named as respondents in public interest petitions filed before the Supreme Court by the Centre for Public Interest Litigation (CPIL), a non-governmental organisation and Dr. Subramanian Swamy. These petitions sought the cancellation of the licences granted by the government in January 2008 to such operators, an imposition or punitive damages on grounds of alleged irregularities in granting the licences, failure to meet eligibility requirements and delays in meeting roll out obligations.

On 2 February 2012 the Indian Supreme Court delivered its judgment on the public interest petition, in which it quashed 122 2G licences, including those granted to Uninor. Following this decision, the Supreme Court ordered that the 2G licences and spectrum should be auctioned. The spectrum auction was completed in November 2012. The Supreme Court allowed the current licencees to continue operations, however in its decision on 15 February 2013, the Supreme Court ordered that all mobile operators who did not win spectrum in the November auctions to close down services immediately. As a consequence of this, Uninor has closed down its operations in the Mumbai telecom circle.

On 10 October 2012 Telenor and Unitech Ltd. reached an agreement to amicably settle all disputes between the two parties. The parties have agreed to support the transfer of the business in Uninor to a new entity controlled by Telenor. Unitech Ltd. has agreed to dispose of its shareholding in Uninor. Unitech Ltd. nominees have withdrawn from the Uninor Board and all special shareholder rights stand suspended. Subsequent to a successful business transfer and spectrum auction, all disputes and claims between the parties shall stand withdrawn.

Telenor Pakistan

The Federal Board of Revenue (FBR), has alleged that the Cellular Mobile Operators (CMOs) have altogether evaded Federal Excise Duty (FED) in the total amount of NOK 2,8 billion in relation to the FED which was payable by them on interconnect charges. The alleged liability for Telenor Pakistan was approximately NOK 0.8 billion.

The CMO's joint position is that all applicable FED has been duly paid by the CMOs on the services provided by them and, therefore, no further payment of FED on interconnect charges is payable by them under law. Hence, no evasion of FED has taken place. In order to resolve the issue, the CMOs had previously agreed with the FBR that they would, from 1 July 2012, make the payment of FED on interconnect charges in accordance with the new procedure stipulated by the FBR. In return for the CMOs' agreement to do so, on 30 June 2012 the FBR issued a Statutory Regulatory Order (SRO) exempting the CMOs from their previous alleged liability for the FED payable on interconnect charges over the last 5 years. However, the SRO was not published in the Official Gazette by the FBR, and thereby it did not attain the requisite legal effect.

The National Accountability Bureau (NAB) has started an enquiry on the basis that it had received information of alleged corrupt payments to the FBR for the issuance of the SRO. All the CMOs are participating in the enquiry. The CMOs also collectively decided to challenge the chargeability of the FED on interconnect charges through a writ petition in the Islamabad High Court. The matter has been heard in court several times (latest on 14 March 2013) and the parties are now awaiting the court's decision.

Telenor Norge AS

The EFTA Surveillance Authority (ESA) and the Norwegian Competition Authority initiated on 4 December 2012 an investigation against Telenor Norge AS regarding possible abuse of dominant market position and/or possible anti-competitive practices. The investigation is carried out pursuant to Articles 53 and 54 of the EEA Agreement and comprises mobile communication services at wholesale and retail level in Norway, including voice, SMS, MMS and data, as well as mobile services sold in bundles that include other products/services.

/36/ Remuneration to management etc.

Board of Directors

Remuneration to the Board of Directors (the Board) consists of a Board fee which is fixed for the year depending on role in the Board as well as compensation for other Board elected committees. The Board's fees are set by the Corporate Assembly.

The aggregate remuneration for the Board and the Corporate Assembly recognised in 2012 was NOK 3.1 million and NOK 0.7 million, respectively. In 2011 this was NOK 3.0 million and NOK 0.6 million, respectively. In addition, remuneration for the Audit Committee, Governance and Remuneration Committee, The Ethics and Sustainability Committee and Nomination Committees was in total NOK 0.7 million (NOK 0.5 million in 2011). The members of the Board are entitled to a fixed compensation per meeting in the subcommmittees that they attend and have no agreement which entitles them to extraordinary remuneration in the event of termination or change of office or agreement concerning bonus, profit sharing, options or similar. The number of shares owned by the members of the Board of Directors, Deputy Board Members and the Corporate Assembly as of 31 December 2012 and 2011 is shown below. Shares owned by the Board of Directors and Deputy Board Members include related parties. None of these members have any share options.

NOK in thousands, except number of shares	Number of shares as of 31 December 2012 [1]	Board Fee 2012	Fee for Board elected committee's 2012	Number of shares as of 31 December 2011	Board Fee 2011	Fee for Board elected committee's 2011
Board						
Harald Norvik (until 16.05.2012)	-	184	23	16 520	483	28
Svein Aaser (from 16.05.2012)	5 000	319	6	-	-	-
John Giverholt (until 18.05.2011)	-	-	-	-	125	44
Kjersti Kleven (until 23.11.2011)	-	-	-	-	220	11
Sanjiv Ahuja (until 18.05.2011)	-	-	-	-	98	-
Olav Volldal (until 18.05.2011)	-	-	-	-	98	11
Liselott Kilaas	-	313	29	-	271	28
Barbara Milian Thoralfsson	-	251	58	4 900	241	67
Burckhard Bergmann	-	251	29	-	241	17
Hallvard Bakke (from 19.05.2011)	-	251	35	-	153	11
Dag J. Opedal (from 19.05.2011)	-	251	81	-	153	23
Frank Dangeard (from 19.05.2011)	-	251	35	-	153	11
Sally Margaret Davis (from 21.11.2011)	-	272	23	-	-	-
Harald Stavn	5 109	251	81	4970	241	55
Bjørn Andre Anderssen	2 337	251	29	1 982	241	28
Brit Østby Fredriksen	6 171	251	35	5 022	241	22
Per Gunnar Salomonsen (deputy board member)	700	16	-	700	-	-

[1] Shareholdings not included for representatives who are no longer members or deputy members as of 31 December 2012

None of the members of the Board received compensation from any other Group companies, except for the employee representatives. Their remuneration as employees is not included above. None of the members of the Board of Directors have loans in the company.

	Number of shares as of 31 December 2012 [1]	Number of shares as of 31 December 2011
Deputy Board Members		
Hege Karita Ottesen	825	-
Wenche Aannestad	4 905	4 267
Per Gunnar Salomonsen	700	700
Irene Vold	4 108	3 713
Kenneth Pettersen (from 18.01.2012)	976	728
Kaare-Ingar Sletta	627	627

[1] Shareholdings not included for representatives who are no longer deputy members as of 31 December 2012

	Number of shares per. 31 December 2012 [1]	Number of shares per. 31 December 2011
Corporate Assembly		
Anders Skjævestad (chairman from 16.05.2012)	100	-
Roger Rønning	1 780	1 429
Stein Erik Olsen	1 489	1 308
Astri Skare	112	-
Mai Britt Thune	3 167	-
Magnhild Øvsthus Hanssen	2 397	2 008
Anne Kristin Endrerud	275	275
Morten Fallstein	682	682
Jan Otto Eriksen	2 837	2 152
Espen Egeberg Christiansen (deputy member)	280	359
Ellen Erland (deputy member from 07.12.2011)	1 987	2 140
Steffan Philip Thorvaldsen (deputy member from 07.12.2011)	30	288
Baard Myhre	935	823
Håkon Berdal (deputy member from 07.12.2011)	2 539	2 034

[1] Shareholdings not included for representatives who are no longer members as of 31 December 2012

Statement on the Group CEO and Group Executive Management remuneration

The statement on the Group CEO and Group Executive Management remuneration is established according to the following requirements:

- Norwegian act on public limited liability companies (allmennaksjeloven)
- The accounting act (regnskapsloven)
- The Government's policy on the remuneration of leading personnel issued by the Norwegian Ministry of Trade and Industry with effect from 1 April 2011
- The Norwegian Code of Practice for Corporate Governance

1. Remuneration policy

The Group's remuneration policy is to reward achieved performance and to influence and reinforce Telenor's culture throughout the Group. The Group seeks to offer a total remuneration package that is attractive and competitive, without taking the lead in a total remuneration context.

The following figure gives an overview of the key remuneration principles:

Remuneration Principles

Attract, retain and develop the right leaders & talent	Ensure the right balance of interests between owners, company, leaders and employees	Support strategic ambitions and goals aligned with the Telenor Way

2. Remuneration governance

The Board of Directors (the Board) has appointed a separate Governance and Remuneration Committee (GRC) which acts as an advisor for the Board of Directors and the Group CEO and is responsible for monitoring, evaluating and recommending executive remuneration and Group remuneration programmes.

The committee comprises of the Chairman of the Board, two of the shareholder elected Board members and one employee representative. The Group CEO normally attends the Committee meetings. Other representatives of the management attend upon notice; the Committee may dismiss their attendance when appropriate, and likewise call for attendance from other relevant sources. The secretary of the Board acts as secretary of the Committee unless otherwise agreed from time to time.

Governance model and responsibilities

Recipient	Recommendations developed by	Approved by	Communicated by
Group CEO	GRC	the Board	Chairman of the Board
Other Group Executives	GRC and Group CEO	the Board	Group CEO

The Committee has no independent decision-making authority, except where expressly granted by the Board. The Governance and Remuneration Committee acts as advisor for the Board and the Group CEO and is mainly responsible for the following remuneration issues:

- Evaluate annually the Group CEO's total remuneration and present recommendations to the Board of Directors for decision.
- Consider and sign off, on behalf of the Board, remuneration and related adjustments for the executives reporting to the Group CEO.
- Be informed on remuneration developments and market situation for executives and present remuneration principles applicable for Telenor executives to the Board for approval.
- Consider Group overall remuneration policy and programmes, including bonus programmes, share-based schemes etc., and present recommendations to the Board for decision.
- Oversee and prepare the Board's handling of principal matters relating to pension schemes and other retirement issues.
- Review the Management's proposal for the declaration regarding the determination of salary and other remuneration to senior employees pursuant to section 6-16a in the Act relating to Public Limited Companies.

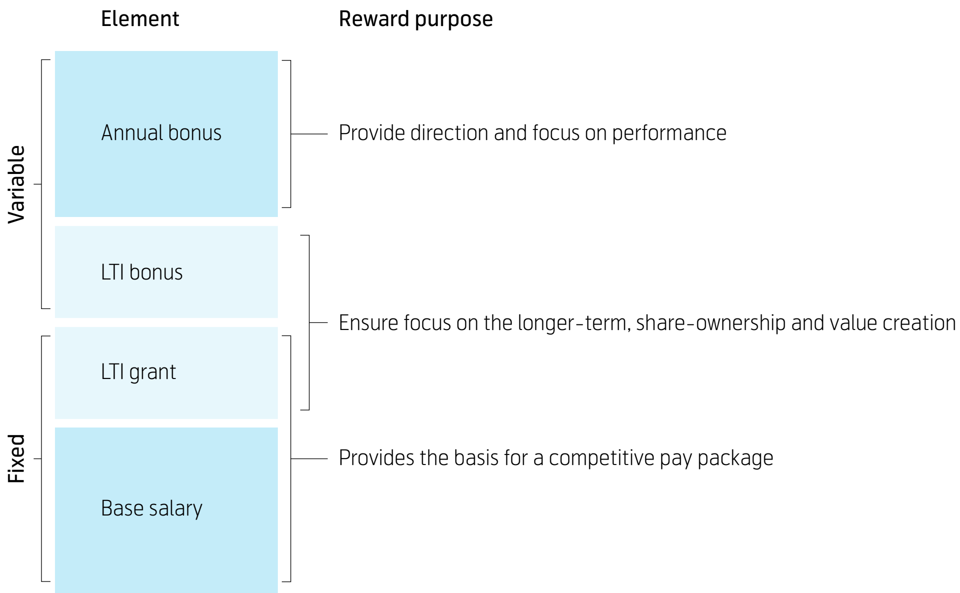
3. Main remuneration principles coming fiscal year

The overall remuneration for Top Management reflects accountabilities and impact of role and role holder, breadth and complexity of operations.

The main remuneration elements are based on the key remuneration principles described above and are also reflective of:

- The national and international framework.
- The business environment the company operates within.
- Both long and short term business focus and behaviours.
- Sustainability of results and adherence to Telenor Way (the Group's values, ethics, codes of conduct and governance principles).

The arrangements are transparent and in line with good corporate governance. The main remuneration elements for Group CEO and other members of Group Executive Management include the following:



Element	Description	Performance/eligibility criteria
Fixed compensation	Fixed compensation consists of both base salary and fixed long term incentive grant (LTI grant).	
i. Base salary	• The base salary is reviewed annually based on the role, relevant market, business environment, business focus and performance	Sustainable performance through: • Delivery according to business ambitions • Demonstrated leadership and «The Telenor Way" • Building and developing organisational capabilities
ii. Long term incentive grant (LTI grant)	• The LTI programme is a fixed monetary compensation of 30% and 25% of the annual base salary for the Group CEO and Other Group Executives, respectively • The participant of the programme is required to invest the net after tax amount into Telenor ASA shares, bought in the market and is obliged to hold for a lock-in period of four years. • If the executives are on an international assignment, the LTI grant is based on the net salary and the compensation is halved	Participation in the LTI programme is limited to: 1. Group CEO and Other Group Executives 2. Other direct reports to the Group CEO 3. Management of business areas, subsidiaries and group functions according to the following criteria: • Key personnel and/or critical role • Behaviour and performance aligned to the Telenor way • Long-term focus
Variable pay	The total variable pay consists of long term incentive bonus and the annual bonus. However, total variable pay is annually capped at 50% of the fixed compensation (in line with the Government's guidelines on the remuneration of leading personnel).	
i. Long term incentive bonus (LTI bonus)	• The participant in the LTI programme is entitled to an LTI bonus after the first two years of the programme period if the performance benchmark is achieved • The participant is obliged to invest the whole net LTI bonus, if any, in Telenor ASA shares with further obligation to hold during the defined lock-in period of the programme	Performance benchmark: The gross return on the Telenor ASA share develops better relative to the STOXX® Europe 600 Telecommunications index (SXKGR) over the two year period from December 2012 to December 2014 LTI bonus terms: • If the Telenor ASA share performs less than the index, no LTI bonus is awarded. • If the Telenor ASA share performs better than the index, the LTI bonus is equal to the current value of the initial LTI shares • If the Telenor ASA share performs minimum 15 percentage points better than the index, the LTI bonus is three times the current value of the initial LTI shares
ii. Annual bonus	• Bonus potential for achievement of the target performance level for the Group CEO and Other Group Executives is 37.5% of the annual bonus basis (annual base salary including the fixed LTI grant). • Maximum potential for exceeding target performance is 50% of annual bonus basis	• The annual bonus is based on achievement of company and role-specific targets, with ambitious performance levels set up front for e.g. the following KPI areas: • Growth • Profitability • Efficiency • Innovation and new services • Customer centricity • Talent management • Holistic assessment based on sustainability of results and adherence to the Telenor way
Other general benefits	The Group CEO and Other Group Executives are entitled to other benefits such as: • Pension- and insurance arrangements. • Company car or car allowance • Electronic communication • Newspapers	• As per local policies and country specific practices for Norwegian employees.

Fixed compensation

i. Base salary

The annual review of base salary for the Group CEO and other Group Executives is effective as of 1 January. Last year's review was conducted during first quarter.

ii. Long term incentive grant (LTI grant)

The LTI programme consists of a fixed monetary grant (based on base salary) and a variable (bonus) element.

If the participant leaves Telenor during the lock-in period, the participant has to repay to Telenor an amount equal to the quoted market value of shares held. If the participant leaves Telenor during the lock-in period due to circumstances within Telenor, the participant is not obliged to repay the value of the shares held.

Variable pay

If the calculated variable pay exceeds 50% of fixed compensation for the full year, the variable pay cap is enforced by calculating the annual bonus first and then any LTI bonus is reduced.

i. LTI bonus:

If the executives are on an international assignment, any LTI bonus is net and hence, following the same methodology as the initial LTI grant, reduced to half of the current value.

If the participant leaves Telenor during the lock-in period, the participant has to repay to Telenor an amount equal the market value of shares held. If the participant leaves Telenor during the lock-in period due to circumstances within Telenor, the participant is not obliged to repay the value of the shares held.

ii. Annual bonus:

The bonus payments are subject to vacation pay, but not included in the pensionable earnings.

The Group CEO and other Group Executives should at a minimum have shareholdings corresponding to the value of one annual base salary. In order to fulfil this requirement, the executive is required to invest up to 20% of the bonus payment in Telenor ASA shares.

Pension- and insurance arrangements

Following the Government's remuneration guidelines of 2011, the Group does not offer new pension agreements above 12 G (G is the base amount of Norwegian Social Security).

All members of the current Group Executive Management have agreed pension terms and conditions prior to the Government's remuneration guidelines of 2011.

	>12 G Defined benefit	>12 G Defined contribution	>12 G No pension agreement
<12 G Defined benefit	Jon Fredrik Baksaas Morten Karlsen Sørby Sigve Brekke Berit Svendsen	Jon Erik Haug Rolv-Erik Spilling	Kjell Morten Johnsen
<12 G Defined contribution	N/A	Richard Olav Aa Hilde Tonne	N/A

The Group applied a defined contribution pension arrangement for individuals hired externally as of 2006. The pension is based on the balance of accrued company contribution plus annual return on the accrual. The annual accrual is 4% of the annual base salary from 1- 6 G, 8% from 6 – 12 G. Four members of the Group Executive Management are currently covered by a defined contribution above 12G. Two of these are covered by a defined contribution of 30% of base salary above 12 G and in addition, these two are entitled to an annual accrual of 10% of base salary for service in the Group Executive Management. This accrual is limited to ten years of service and is meant to ensure the pension entitlements from age 65 up to the general retirement age of 67. The other two members are currently covered by a defined contribution of 15% of base salary above 12 G.

For those having defined benefit, the pension entitlement is 60% of the annual base salary the first ten years after the retirement and thereafter 58%. The Group CEO has a defined pension-qualifying income equal to NOK 4.96 million as of 1 January 2013. The pension-qualifying income is adjusted for CPI-ATE (consumer price index adjusted for changes in indirect taxes and excluding energy products) annually. The Group CEO is entitled to a defined contribution of 30% of salary above the cap in the defined benefit scheme.

The Group CEO is entitled to retire at age 60 and the other Executives employed before 2012 to retire at age 62 or 65, based on individual agreements. Executives hired in 2012 have a retirement age of 67.

The Group CEO and other Group Executives are covered by the general insurance arrangements applicable within Telenor ASA.

Severance pay

The Group CEO and other Group Executives are entitled to severance pay in case of notice based on company circumstances.

The severance pay is calculated as from the expiry of the notice period.

The current terms and conditions for severance pay are in accordance with the remuneration guidelines from the Government.

Employee share programme

The programme is based on common purpose and guidelines for the Telenor Group.
i) support our value- and performance-based culture by aligning interests between the employees and the owners
ii) stimulate and reward group performance and cross business unit industrialization
iii) strengthen the employees' interest in the long term development of the company

The Group operates a general employee share programme for employees, which is also applicable for executives, offering employees the opportunity to purchase Telenor ASA shares for 1, 2, 3, or 4 percent of the annual gross base salary (minimum investment amount of NOK 3,000) with a discount of maximum NOK 1,500. If the Telenor ASA share performs better than the STOXX® Europe 600 Telecommunications index (SXKGR) over a 2 year period, the employees will be granted a share programme bonus equal to the conditions as for the LTI bonus, except for the lock-in condition, given that the individual is still employed in the Telenor Group.

4. Remuneration principles and implementation previous fiscal year

The remuneration principles applied in 2012 for the Group CEO and other Group Executives are basically the same as explained above for 2013. However some changes made during 2012 are reflected below:

Pension arrangements above 12 G

Following the Government's remuneration guidelines of 2011, the Group did not offer any new pension agreements above 12 G (G is the base amount of Norwegian Social Security) but instead compensates with an increase in annual base salary. This arrangement was applied to the new members of the Group Executive Management hired in 2012.

Share-based programmes

Share based programmes, which started in 2010, awarded bonus shares to participants in 2012. This award was based on Telenor ASA share performance relative to the respective benchmarked indexes. The participants of both these programmes are required to purchase Telenor ASA shares for the net bonus awarded in each programme.

i. Employee share programme

Employee share programme (ESP) 2010 was implemented with the same terms and conditions as explained in the previous section with the following deviations:

1. No minimum requirement for purchase value.
2. Performance benchmark (Dow Jones Stoxx 600 Telecommunications (SXKP) index) was based on share price instead of gross return.
3. Only a 1:1 bonus share award matching the number of shares purchased if the Telenor ASA share performed better than the benchmarked index.

ESP 2010 resulted in bonus shares in 2012. Based on the above performance criteria, the 2010 programme ended with the Telenor ASA share beating the benchmarked index by 29 percentage points.

ii. Long term incentive programme

Long Term Incentive (LTI) programme 2010 was implemented with the same terms and conditions as explained in the previous section. The Telenor ASA share gross return beat the benchmarked index by 25 percentage points and thereby resulted in a 3:1 matching LTI bonus for the participants.

Variable pay

The cap on total variable pay (annual bonus and LTI bonus) was exercised for the first time in 2012 as per the Government's guidelines on the remuneration of leading personnel. The variable pay for the Group Executive Management members was capped at 50% of their respective fixed compensation term for the year.

Actual remuneration to the Group CEO and Group Executive Management

During 2012, the Group Executive Management consisted of the following members:

	Position	GEM period during 2012
Jon Fredrik Baksaas	Group Chief Executive Officer (CEO)	Full year
Morten Karlsen Sørby	EVP and Head of Strategy and Regulatory Affairs	Full year
Sigve Brekke	EVP and Head of Asia region	Full year
Richard O. Aa	EVP and Group Chief Financial Officer (CFO)	Full year
Hilde M. Tonne	EVP and Head of Group Industrial Development	Full year
Berit Svendsen	EVP and Chief Executive Officer Norway	Full year
Kjell Morten Johnsen	EVP and Head of Europe region	from 11 May 2012
Rolv-Erik Spilling	EVP and Head of Digital Services	from 1 November 2012
Jon Erik Haug	EVP and Head of Group People Development	from 1 November 2012
Oddvar Hesjedal	EVP and Head of Group People Development	until 31 October 2012
Kristin Skogen Lund	EVP and Head of Digital Services	until 31 October 2012
Bjørn Magnus Kopperud	EVP and Head of Central and Eastern Europe region	until 10 May 2012

Aggregate remuneration including pension cost for the Group Executive Management was NOK 71.9 million in 2012 and NOK 54.6 million in 2011. The pension costs included in these figures were NOK 11.2 million in 2012 and NOK 11.1 million in 2011. The remuneration includes the long term incentive granted in 2012 and 2011. See description in the statement above. For details see tables on next page.

None of the members of the Group Executive Management have loans in the company.

Remuneration to Group Executive Management 2012

	Fixed compensation (while being member of the GEM)		Variable pay (capped at 50% of fixed compensation for the full year)					
NOK in thousands	Base salary	Long term incentive (LTI) grant	Annual bonus paid 2012	Long term incentive bonus paid 2012	Other benefits [1]	Total salary and other taxable income [5]	Pension benefit earned [2]	Total
Jon Fredrik Baksaas	5 150	1 519	1 884	1 441	770	10 764	3 246	14 010
Morten Karlsen Sørby	3 150	777	1 038	921	773	6 659	1 728	8 387
Sigve Brekke [3a), 7a)]	2 987	367	1 154	527	5 128	10 163	1 742	11 905
Richard O. Aa	2 900	696	995	799	341	5 732	928	6 660
Hilde M. Tonne [3b), 7b)]	2 310	245	836	289	3 087	6 768	662	7 430
Berit Svendsen [6)]	2 350	595	419	-	223	3 587	1 096	4 683
Kjell Morten Johnsen [3c), 6), 7c)] (from 11 May 2012) [4)]	1 509	-	869	295	3 026	5 699	121	5 820
Rolv-Erik Spilling (from 1 November 2012) [4)]	392	-	-	-	34	426	61	487
Jon Erik Haug (from 1 November 2012) [4)]	392	-	-	-	96	488	62	550
Oddvar Hesjedal (until 31 October 2012) [4)]	1 875	534	761	667	199	4 036	1 093	5 129
Kristin Skogen Lund (until 31 October 2012) [4)]	2 267	671	787	905	261	4 891	4	4 895
Bjørn Magnus Kopperud (until 10 May 2012) [4)]	767	570	-	-	172	1 508	455	1 963

For Kristin Skogen Lund, pension accruals from the defined contribution plan were paid out in 2012. The payment was made after adjusting the due taxes on redemption of long term incentive shares (10 210 released shares), resulting in a final payment of NOK 319 000.

Remuneration to Group Executive Management 2011

NOK in thousands	Base salary	Long term incentive (LTI) grant	Annual bonus paid 2011	Other benefits [1]	Total salary and other taxable income [5]	Pension benefit earned [2]	Total
Jon Fredrik Baksaas	5 000	1 432	1 995	864	9 291	3 078	12 369
Morten Karlsen Sørby	3 070	734	1 156	844	5 804	1 583	7 387
Sigve Brekke [3a]	2 900	336	1 006	3 998	8 240	1 656	9 896
Richard O. Aa	2 750	647	891	230	4 518	912	5 430
Hilde M. Tonne [3b] (from 14 September 2011) [4]	667	-	-	604	1 271	208	1 479
Berit Svendsen (from 14 September 2011) [4]	705	-	-	56	761	236	997
Oddvar Hesjedal [6a] (from 8 April 2011) [4]	1 677	-	655	716	3 048	1 063	4 111
Kristin S. Lund	2 650	622	619	231	4 122	879	5 001
Bjørn Magnus Kopperud (from 14 November 2011)	375	-	-	34	409	205	614
Jan Edvard Thygesen (until 13 November 2011) [4]	2 500	709	1 224	652	5 085	1 029	6 114
Ingvald Fergestad (until 7 April 2011) [4]	438	378	-	52	868	287	1 155

All figures are exclusive social security tax.

1) Include items such as vacation allowance beyond ordinary monthly pay, insurance, company car or car allowance, taxable bonus shares related to employee share programme etc. For Sigve Brekke, Kjell Morten Johnsen and Hilde Tonne, expatriate allowances as well as tax benefit for net salary, LTI grant, annual bonus and LTI bonus are included due to their international assignment. Also for these members, benefits such as accommodation, children education, travel etc. are included.
2) The calculations of pension benefits earned are based on the same actuarial and other assumptions as used in the pension benefit calculations in note 27.
3) Entitlement to guaranteed net annual salary, consisting of base salary as well as expatriate allowances as part of international assignment. In addition, LTI grant, annual bonus and LTI bonus are paid out on net basis.
   a) Sigve Brekke received a guaranteed net salary of NOK 3,000,000 in 2012 (NOK 2,900,000 in 2011).
   b) Hilde Tonne received guaranteed net salary of NOK 1,166,675 in 2012 (NOK 667,000 in 2011).
   c) Kjell Morten Johnsen received a guaranteed net salary of NOK 686,668 in 2012.
4) The compensation is based on their respective period in the Group Executive Management.
5) For number of options granted and outstanding as well as their terms, see section on options and shares below.
6) Variable pay consisting of annual bonus and LTI bonus paid during the year is related to the individual's former position other than Group Executive Management in the year before.
   a) In 2011, Oddvar Hesjedal received net annual bonus due to his former international assignment. The tax benefit for this has been included in other benefits.
7) LTI bonus figures in remuneration for 2012 table reflect the capped amounts after enforcing the variable pay cap as explained in the main remuneration principles. Variable pay (annual bonus 2012 plus LTI bonus 2012) divided by fixed compensation (annual base salary per 1 January 2012 plus LTI grant for 2012) can be maximum 50%. For those having guaranteed net salary, their variable pay as well as the cap are based on net amounts. For those who have served for less than one full year in Group Executive Management, the calculation was based on annualized amounts.
   a) Sigve Brekke was entitled to net NOK 3,000,000 per 1 January 2012. He received net LTI grant of NOK 367,191, net annual bonus of NOK 1,154,000 and capped net LTI bonus of NOK 527,000 during 2012.
   b) Hilde Tonne was entitled to net NOK 2,000,000 per 1 January 2012. She received net LTI grant of NOK 245,343, net annual bonus of NOK 836,000 and capped net LTI bonus of NOK 289,000 in 2012.
   c) Kjell Morten Johnsen was entitled to net NOK 2,060,000 per 1 January 2012. He received net LTI grant of NOK 202,365, net annual bonus of NOK 868,636 and net LTI bonus of NOK 294,849 in 2012. The calculations of variable pay are based on his former position abroad in 2011.

As a result of a pension review in 2010, a new pension agreement was signed with Sigve Brekke in 2011 and gave rise to a one-time expense of NOK 13 million in 2011.

Jan Edvard Thygesen's withdrawal from Telenor's share based incentive programs, annual bonus and vacation pay earned in 2011 and LTI bonus from the LTI programme 2010, normally granted as restricted shares, was settled with a one-time cash element of NOK 2.6 million. Restricted LTI shares acquired in the LTI programmes from 2009 to 2011 were released. The amounts are not included in the table above.

Individual terms

	Agreed period of notice, months base salary	Severance pay months base Salary	Pension benefits
Jon Fredrik Baksaas	6 months	24 months. In case of new position the severance pay is reduced by 75% of income in new position	60% defined benefit of a defined pension-qualifying income of NOK 4,896,437 (per 01.01.2012) until the age of 70, thereafter 58% and 30% defined contribution above the defined pension-qualifying income. The pension-qualifying income cap is adjusted with CPI-ATE (consumer price index adjusted for changes in indirect taxes and excluding energy products) January 1 every year. Retirement age 60.
Morten Karlsen Sørby	6 months	6 months	60% defined benefit of base salary until the age of 72, thereafter 58%. Retirement age 62.
Sigve Brekke	6 months	6 months	60% defined benefit of base salary until the age of 75, thereafter 58%. Retirement age 65.
Richard Olav Aa	6 months	6 months	Defined contribution, 4% of 1 – 6 G, 8% of 6-12 G and 30% of base salary above 12 G. In addition, annual contribution of 10% of base salary for early retirement scheme. Retirement age 65.
Hilde Tonne	6 months	6 months	Defined contribution, 4% of 1 – 6 G, 8% of 6-12 G and 30% of base salary above 12 G. In addition, annual contribution of 10% of base salary for early retirement scheme. Retirement age 65.
Berit Svendsen	6 months	6 months	60% defined benefit of base salary until the age of 72, thereafter 58%. Retirement age 62.
Kjell Morten Johnsen	6 months	6 months	66% defined benefit of base salary up to 12 G. Retirement age 67.
Rolv-Erik Spilling	6 months	6 months	66% defined benefit of base salary up to 12 G. Defined contribution, 15% of base salary above 12 G. Retirement age 67.
Jon Erik Haug	6 months	6 months	66% defined benefit of base salary up to 12 G. Defined contribution, 15% of Base salary above 12 G. Retirement age 67.
Oddvar Hesjedal	6 months	6 months	60% defined benefit of base salary until the age of 72, thereafter 58%. Retirement age 62.
Kristin Skogen Lund	6 months	6 months	Defined contribution, 4% of 1 – 6 G, 8% of 6-12 G and 30% of base salary above 12 G. In addition, annual contribution of 10% of base salary for early retirement scheme. Retirement age 65.
Bjørn Magnus Kopperud	6 months	6 months	60% defined benefit of base salary until the age of 72, thereafter 58%. Retirement age 62.

Options and shares 2012

	Options* held as of 1 January 2012	Exercised options	Average exercise price on exercised options	Options held as of 31 December 2012	Average exercise price outstanding options	Average remaining lifetime	Restricted shares from the LTI programme held as of 31 December 2012	Available shares (incl. restricted) held as of 31 December 2012
Jon Fredrik Baksaas	100 000	-	-	100 000	74.90	0.52	27 458	180 305
Morten Karlsen Sørby [1a)]	55 000	55 000	74.90	-	-	-	16 073	58 590
Sigve Brekke [1b)]	40 000	40 000	74.90	-	-	-	15 915	80 577
Richard O. Aa	-	-	-	-	-	-	14 668	16 880
Kjell Morten Johnsen	-	-	-	-	-	-	8 894	43 947
Hilde M. Tonne	-	-	-	-	-	-	9 261	20 123
Berit Svendsen [1c)]	20 000	20 000	74.90	-	-	-	2 949	19 660
Rolv-Erik Spilling	15 000	-	-	15 000	74.90	0.52	6 517	12 742
Jon Erik Haug	-	-	-	-	-	-	7 281	8 861

Options and shares 2011

	Options* held as of 1 January 2011	Exercised options	Average exercise price on exercised options	Options held as of 31 December 2011	Average exercise price outstanding options	Average remaining lifetime	Restricted shares from the LTI programme held as of 31 December 2011	Available shares (incl. restricted) held as of 31 December 2011
Jon Fredrik Baksaas	100 000	-	-	100 000	74.90	1.52	26 252	162 600
Morten Karlsen Sørby	55 000	-	-	55 000	74.90	1.52	14 866	47 786
Sigve Brekke	40 000	-	-	40 000	74.90	1.52	17 999	62 824
Richard O. Aa	-	-	-	-	-	-	7 157	8 296
Hilde M. Tonne	-	-	-	-	-	-	8 340	21 211
Berit Svendsen	20 000	-	-	20 000	74.90	1.52	-	12 295
Oddvar Hesjedal	-	-	-	-	-	-	12 183	18 972
Kristin Skogen Lund	-	-	-	-	-	-	7 015	8 110
Bjørn Magnus Kopperud	40 000	-	-	40 000	74.90	1.52	10 063	38 746
Jan Edvard Thygesen [1d)]	55 000	10 000	74.90	-	-	-	-	-

* Options have been granted in 2006.

[1)] Share options exercised during the period were:
- [a)] Morten Karsen Sørby exercised share options in 2012 that was reported as additional taxable income of NOK 1,611,500.
- [b)] Sigve Brekke exercised share options in 2012 that was reported as additional net income of NOK 1,492,000.
- [c)] Berit Svendsen exercised share options in 2012 that was reported as addtional income of NOK 746,000.
- [d)] Jan Edvard Thygesen exercised share options in 2011 that was reported as additional taxable income of NOK 170,000.

Loans to employees

Total loans to employees were NOK 11 million as of 31 December 2012 and NOK 15 million as of 31 December 2011.

Fees to the auditors

The table below summarises audit fees for 2012 and 2011 and fees for audit related services, tax services and other services incurred by the Group during 2012 and 2011. Fees include both Norwegian and foreign subsidiaries.

	Audit fees		Fees for further assurance services		Fees for tax services		Other fees	
NOK in millions, excluding VAT	2012	2011	2012	2011	2012	2011	2012	2011
Telenor ASA	4.9	4.9	0.9	0.2	1.3	2.7	2.2	4.2
Other Group companies	25.6	25.3	2.3	2.6	1.5	1.5	1.6	3.8
Total Group auditor	**30.5**	30.3	**3.1**	2.8	**2.8**	4.2	**3.9**	8.0
Other auditors in subsidiaries	0.4	0.3	0.1	0.1	-	-	-	-
Total	**30.9**	30.6	**3.2**	2.9	**2.8**	4.2	**3.9**	8.0

Fees for audit services include fees associated with the required statutory and financial audits. Further assurance services principally include other attestation services required by laws and regulations, attestations related to information system, audits, attestations and agreed upon procedures required by regulators and other third parties. Fees for tax services include tax compliance and advice regarding tax rules and consequences, as well as tax due diligence services in connection with acquisitions, disposals and other transactions. Other fees relate to financial due diligence services and consultations in connection with acquisitions, disposals and other transactions.

/37/ Number of shares, authorisations, ownership etc.

As of 31 December 2012, Telenor ASA had a share capital of NOK 9,359,686,836 divided into1,559,947,806 ordinary shares with a nominal value of NOK 6 each. The share capital was decreased by NOK 289,474,842 and the number of registered shares was decreased by 48,245,807 during the year. All ordinary shares have equal voting rights and the right to receive dividends. As of 31 December 2012, the company owned 15,749,680 treasury shares, compared to 23,954,781 treasury shares as of 31 December 2011.

The Annual General Meeting (AGM) in May 2011 authorised the Board of Directors to acquire up to 83,000,000 own shares, corresponding to approximately 5% of the share capital, to optimise the company's capital structure. Within this authorisation, which was valid until AGM in May 2012, Telenor repurchased 22,209,858 own shares. Prior to the AGM Telenor entered into an agreement with its largest shareholder, the Kingdom of Norway, represented through the Ministry of Trade and Industry. The agreement implied that the Kingdom of Norway was committed, through the Ministry of Trade and Industry's participation and voting in Telenor's general meeting, to contribute to the cancellation of a proportionate number of its shares so that the Kingdom of Norway's ownership interest in Telenor would remain unaffected if Telenor repurchased shares for the purpose of cancellation. The agreement was valid until the AGM in 2012. Following AGM approval in May 2012, Telenor's share capital was reduced by NOK 289,474,842 by cancellation of the 22,209,858 shares repurchased under the authorisation from AGM in May 2011 and redemption of 26,035,949 shares owned by the Kingdom of Norway against payment of an amount of approximately NOK 2.3 billion to the Kingdom of Norway.

In addition, at the AGM in May 2011, authority was given to the Board of Directors to acquire 1,000,000 own shares, corresponding to approximately 0.06% of the company's share capital, for use in connection with fulfilment of the company's obligations pursuant to Telenor's option programme for 2006, the company's LTI programmes for senior employees and in connection with Telenor's general share programme for employees. No shares were purchased under this authorisation, which was valid until the AGM in May 2012.

At the AGM in May 2012, authority was given to the Board of Directors to acquire up to 80,000,000 own shares, corresponding to approximately 5% of the share capital, for the purpose of cancellation. The authorisation is valid until the AGM in May 2013. In connection with this authorisation Telenor entered into a new agreement with the Kingdom of Norway regarding redemption of shares, similar to the agreement entered into in 2011.

In accordance with the authorisation from the AGM, Telenor on 24 July 2012 announced the initiation of a share buy-back programme consisting of buy-backs in the open market and subsequently purchase of a pro rata number of shares from the Ministry of Trade and Industry, in accordance with the agreement entered between Telenor and the Ministry. From the announcement of the buy-back programme in July 2012 up to year-end 2012 Telenor purchased 15,426,413 shares for the purpose of cancellation. The shares, corresponding to approximately 1.0% of the company's share capital, were acquired in the open market at average price NOK 110.07 or approximately NOK 1.7 billion in total. Based on the number of treasury shares held for cancellation at year-end 2012, 18,083,921 of the Ministry of Trade and Industry's Telenor shares would be redeemed through a share capital reduction, corresponding to approximately 1.2% of the company's share capital, for a total consideration of approximately NOK 2.0 billion plus interest. Telenor's 2012-2013 share buy-back programme was finalised on 15 March 2013 and comprised of 43.32 million shares, of which 19.94 million shares were repurchased in the open market at an average price of NOK 112.08 per share. The remaining 23.38 million shares will be purchased from the Ministry of Trade and Industry for a total consideration of approximately NOK 2.6 billion plus interest. The 43.32 million shares will be cancelled following approval by the Annual General Meeting in May 2013, whereby the number of registered Telenor shares will be reduced by approximately 2.8% from today's 1,559,947,806.

As of 31 December 2012, Telenor ASA had about 43,000 registered shareholders, compared with about 45,800 as of 31 December 2011.

Changes in treasury shares

	2012	2011
Balance 1 January	**23 954 781**	26 117 284
Purchase of treasury shares	15 426 413	22 209 858
Treasury shares used in option and LTI programmes	(1 421 656)	(1 495 263)
Cancellation of treasury shares	(22 209 858)	(22 877 098)
Balance 31 December	**15 749 680**	23 954 781
Of which held for cancellation	15 426 413	22 209 858

The 20 largest shareholders as 31 December 2012 from shareholder register [1]

		Number of shares	%
	Name of shareholders		
1	Ministry of Trade and Industry, Kingdom of Norway	841 829 056	53.97
2	Folketrygdfondet	76 534 571	4.91
3	State Street Bank and Trust Co (nominee)	42 345 204	2.71
4	Clearstream Banking SA (nominee)	28 947 106	1.86
5	Bank of New York Mellon (nominee)	24 315 579	1.56
6	State Street Bank & Trust Co (nominee)	21 677 841	1.39
7	The Northern Trust Co (nominee)	21 661 242	1.39
8	JPMorgan Chase Bank (nominee)	21 630 875	1.39
9	Euroclear Bank SA/NV (nominee)	20 759 795	1.33
10	Telenor Treasury shares	15 749 680	1.01
11	JPMorgan Chase Bank (nominee)	15 040 894	0.96
12	State Street Bank & Trust Co (nominee)	11 199 447	0.72
13	State Street Bank & Trust Co (nominee)	10 735 937	0.69
14	The Northern Trust Co (nominee)	9 678 801	0.62
15	State Street Bank & Trust Co (nominee)	8 917 727	0.57
16	Bank of New York Mellon (nominee)	8 910 350	0.57
17	JPMorgan Chase Bank (nominee)	8 765 200	0.56
18	Bank of New York Mellon (nominee)	8 210 492	0.53
19	JPMorgan Chase Bank (nominee)	7 501 962	0.48
20	RBC Investor Services Trust (nominee)	7 014 967	0.45
	Total held by 20 largest shareholders	**1 211 426 726**	**77.66**
	Total all Telenor shares	**1 559 947 806**	**100.00**

The 20 largest shareholders as 31 December 2012, beneficial ownership [2]

		Number of shares	%
	Name of shareholders		
1	Ministry of Trade and Industry, Kingdom of Norway	841 829 056	53.97
2	Folketrygdfondet	76 534 571	4.91
3	Franklin Resources	57 908 656	3.71
4	UBS	23 042 880	1.48
5	FMR	22 537 672	1.44
6	DNB	22 259 534	1.43
7	BlackRock	21 998 343	1.41
8	Alecta pensionsförsäkring	21 661 242	1.39
9	Manning & Napier Advisors	19 552 135	1.25
10	State Administration of Foreign Exchange	19 346 197	1.24
11	Telenor Treasury shares	15 749 680	1.01
12	State Street Corporation	14 141 242	0.91
13	Kommunal Landspensjonskasse	10 185 686	0.65
14	APG	8 689 373	0.56
15	JPMorgan Chase & Company	8 590 029	0.55
16	Wellington Management Company	8 468 694	0.54
17	Standard Life Investments	7 976 102	0.51
18	Vanguard Group	7 697 914	0.49
19	Svenska Handelsbanken	7 299 010	0.47
20	William Blair & Company	7 188 110	0.46
	Total held by 20 largest shareholders	**1 222 656 126**	**78.38**
	Total shares	**1 559 947 806**	**100.00**

1) Source: VPS share register
2) The data is provided by Thomson Reuters and is obtained through an analysis of beneficial ownership and fund manager information provided in replies to disclosure of ownership notices issued to all custodians on the Telenor VPS share register. Every reasonable effort has been made to verify the data, however neither Telenor nor Thomson Reuters can guarantee the accuracy of the analysis.

/38/ Events after the reporting period

India (see also note 4 and 35)

On 15 February 2013, the Supreme Court in India ordered to all operators that did not win the spectrum in the previous auctions to close down their services in the respective circles immediately. This Supreme Court order opens up for possible retroactive spectrum fee payments for the licences quashed by the Supreme Court order on 2 February 2012, applicable to the licensees who have continued business until new licences are issued. The possible financial implications of the Supreme Court order dated 15 February 2013 are unknown.

Temporary licenses are not made available to ensure that services are shut down in an orderly manner and customers able to port out. As Uninor is bound by law to comply with the order of the Supreme Court, the company was obliged to close down its mobile network in Mumbai immediately.

Grameenphone

On 18 February 2013, Telenor was informed by media that the Grameen Bank Commission (which was established by the Government of Bangladesh in May 2012 to make recommendations on future actions upon observing the activities of Grameen Bank and its associated institutions) submitted an interim report to Ministry of Finance. The Commission's interim report asserts that there were irregularities when the shareholders of Grameenphone initiated a consortium and were issued licences in 1996. In an annex to the report, the commission recommends suspending Grameenphone's licences but not shutting down their operations. The commission said if the government desires to let Grameenphone continue operation it may consider doing so only if Telenor agrees to transfer 16% of its shares immediately and unconditionally to either Grameen Telecom or Grameen Bank. The transfer of shares should, according to the Commission, be made effective from 2002, as the Commission alleges that Telenor was supposed to reduce its shares to 35% at that time.

Telenor Group has not been a party to the ongoing review by the Grameen Bank Commission, as it relates to matters between the Bangladeshi Government and Grameen Bank. Telenor Group is concerned that the ongoing process between the Government and Grameen Bank impacts significant investments in Bangladesh. Telenor Group will consider all available legal options to secure investment in Bangladesh and protect the future of Grameenphone, its customers, employees and its business community at large if needed. In the meantime, on 5 March 2013, Finance Minister of Bangladesh commented on the news agency Reuters that Bangladesh won't suspend Telenor licence despite commission request.

DTAC

CAT and DTAC have a number of disputes and disagreements over understanding and reach of the concession agreements. This now also include how the new 3G regime is to be understood in relation to the concession agreements. DTAC is of the opinion that the company is operating in accordance with applicable laws and regulations and refute any allegations from CAT that DTAC is operating in violation of concession agreements.

Income Statement

Telenor ASA 1 January – 31 December

NOK in millions	Note	2012	2011
Revenues	1	**591**	508
Operating expenses			
Salaries and personnel costs	2, 3	**(850)**	(746)
Other operating expenses	4	**(1 041)**	(912)
Depreciation, amortisation and impairment losses	8	**(128)**	(112)
Total operating expenses		**(2 019)**	**(1 770)**
Operating profit (loss)		**(1 428)**	**(1 262)**
Financial income and expenses			
Financial income	6	**39 496**	16 210
Financial expenses	6	**(6 023)**	(8 796)
Net currency gains (losses)	6	**244**	804
Net gains (losses and impairment) of financial assets	6	**(162)**	(397)
Net financial income (expenses)	6	**33 555**	**7 821**
Profit before taxes		**32 127**	**6 559**
Income taxes	7	**(264)**	(391)
Net income		**31 863**	**6 168**

Statement of Comprehensive Income

Telenor ASA 1 January – 31 December

NOK in millions	**2012**	2011
Net income	**31 863**	6 168
Other comprehensive income (loss)		
Net gain (loss)on cash flow hedges	50	(36)
Income taxes	(14)	10
Other comprehensive income (loss), net after taxes	**36**	(26)
Total comprehensive income	**31 899**	6 142

Statement of Financial Position

Telenor ASA as of 31 December

NOK in millions	Note	**2012**	2011
ASSETS			
Non-current assets			
Deferred tax assets	7	4 629	3 225
Goodwill		20	20
Intangible assets	8	270	339
Property, plant and equipment		18	16
Shares in subsidiaries	15	40 335	40 269
Non-current interest-bearing receivables Group companies	11	87 013	91 036
Other non-current financial assets	9, 11	2 257	1 324
Total non-current assets		134 542	136 229
Current assets			
Trade receivables Group companies		408	380
Trade receivables external		7	3
Other current financial assets	9, 11	5 498	4 089
Liquid assets and short-term placements	11	3 539	2 885
Total current assets		9 452	7 357
Total assets		143 994	143 586
EQUITY AND LIABILITIES			
Equity	10	49 679	29 666
Non-current interest-bearing external liabilities	11	28 536	19 771
Non-current non-interest-bearing liabilities within the Group	11	-	186
Non-current non-interest-bearing external liabilities	11	617	481
Pension obligations	3	368	341
Other provisions		41	23
Total non-current liabilities		29 562	20 802
Current interest-bearing liabilities within the Group	11	51 323	76 271
Current interest-bearing external liabilities	11	4 916	1 569
Drawings on Group's cash pool	11	5 498	6 115
Current non-interest-bearing liabilities within the Group	11, 12	306	186
Current non-interest-bearing external liabilities	11, 12	2 710	2 905
Provision for guarantees	13	-	6 072
Total current liabilities		64 753	93 118
Total equity and liabilities		143 994	143 586

Fornebu, 21 March 2013

Svein Aaser
Chairman

Liselott Kilaas
Deputy Chairman

Hallvard Bakke
Board member

Dr. Burckhard Bergmann
Board member

Frank Dangeard
Board member

Sally Davis
Board member

Dag J. Opedal
Board member

Barbara Milian Thoralfsson
Board member

Bjørn André Anderssen
Board member

Brit Østby Fredriksen
Board member

Harald Stavn
Board member

Jon Fredrik Baksaas
President & CEO

Statement of Cash Flows

Telenor ASA 1 January – 31 December

NOK in millions	2012	2011
Profit before taxes	32 127	6 559
Income taxes paid	(1 486)	(2 345)
Net (gains) losses, impairment and change in fair value of financial assets and liabilities	163	(117)
Depreciation, amortisation and impairment losses	128	112
Net currency (gains) losses not relating to operating activities	(249)	(826)
Net changes in interest accruals against Group companies	(1 763)	(2 236)
Provision for guarantees	(6 072)	6 072
Net changes in other accruals	(3 968)	295
Net cash flow from operating activities	**18 880**	**7 514**
Proceeds from sale of property, plant and equipment and intangible assets	28	19
Purchases of property, plant and equipment and intangible assets	(61)	(17)
Purchases of subsidiaries	(4)	-
Proceeds from sale of other investments	1 194	3
Purchases of other investments	(21)	(1 691)
Net cash flow from investing activities	**1 136**	**(1 686)**
Proceeds from borrowings	16 516	368
Repayments of borrowings	(3 611)	(2 464)
Net change in Group's cash pool	(19 700)	5 165
Purchase of treasury shares	(4 022)	(4 535)
Dividends paid to equity holders of Telenor ASA	(7 925)	(6 206)
Net cash flow from financing activities	**(18 742)**	**(7 672)**
Effect on cash and cash equivalents of changes in foreign exchange rates	(3)	(14)
Net change in cash and cash equivalents	1 271	(1 858)
Cash and cash equivalents as of 1 January	(3 230)	(1 372)
Cash and cash equivalents as of 31 December	**(1 959)**	**(3 230)**
Specification of cash and cash equivalents:		
Liquid assets and short term placements	3 539	2 885
Drawing from Group's cash pool	(5 498)	(6 115)
Cash and cash equivalents as of 31 December	**(1 959)**	**(3 230)**

Statement of Changes in Equity

Telenor Group – for the years ended 31 December 2011 and 2012

NOK in millions (except for number of shares)	Number of shares	Share capital	Treasury shares	Other paid in capital	Other reserves	Retained earnings	Total equity
Equity as of 1 January 2011	**1 657 888 846**	**9 947**	**(157)**	**69**	**10 070**	**14 289**	**34 218**
Net income for the period	–	–	–	–	–	6 168	6 168
Other comprehensive income for the period	–	–	–	–	(26)	–	(26)
Total comprehensive income	**–**	**–**	**–**	**–**	**(26)**	**6 168**	**6 142**
Dividend	–	–	–	–	–	(6 206)	(6 206)
Share based payment	–	–	–	–	15	–	15
Share buy back	–	–	(294)	–	(4 241)	–	(4 535)
Cancellation of shares	(49 695 233)	(298)	298	–	–	–	–
Exercise of share options and distribution of shares	–	–	9	–	23	–	32
Equity as of 31 December 2011	**1 608 193 613**	**9 649**	**(144)**	**69**	**5 841**	**14 251**	**29 666**
Net income for the period						31 863	31 863
Other comprehensive income for the period					36		36
Total comprehensive income					**36**	**31 863**	**31 899**
Dividend						(7 925)	(7 925)
Share based payment					8		8
Share buy back			(249)		(3 773)		(4 022)
Cancellation of shares	(48 245 807)	(289)	289				
Exercise of share options and distribution of shares			9		44		53
Equity as of 31 December 2012	**1 559 947 806**	**9 360**	**(95)**	**69**	**2 156**	**38 189**	**49 679**

Other comprehensive income in other reserves, see note 10.

Notes to the Financial Statements

Telenor ASA

/00/ Contents notes

/01/ General information and summary of significant accounting principles

Telenor ASA is a holding company and contains the Group Management, Corporate Functions, Research and Development and the Group's internal bank (Group Treasury).

The financial statements have been prepared in accordance with simplified IFRS pursuant to the Norwegian Accounting Act § 3-9 and regulations regarding simplified application of IFRS issued by the Ministry of Finance on 21 January 2008.

Telenor ASA's accounting principles are consistent to the accounting principles for the Group, as described in note 2 of the consolidated financial statements. Where the notes for the parent company are substantially different from the notes for the Group, these are shown below. Otherwise, refer to the notes to the consolidated financial statements.

Telenor ASA uses the indirect method for the statement of cash flows. Cash and cash equivalents consist of liquid assets, short-term placements and drawings from cash pool. Net change in Group internal drawing rights are loans to, and placements from Group companies. These loans and placements have high turnover and are presented net. The repurchase of shares bought for the purpose of distributing them to the employees as bonus shares etc. is classified under operating activities.

Revenues are mainly sale of Group services to other Group companies, sale of research and development services and sale of other consultancy services. Purchases from other Group companies consist mainly of consultancy fees in strategic Group projects, property lease, IT-operations and maintenance.

Telenor ASA conducts the main part of the external debt financing in the Group, and provides loan and guarantees to, and receives deposits from Group companies. See note 29 to the consolidated financial statements.

Shares in subsidiaries and receivables from and loans provided to subsidiaries are evaluated at the lower of cost or fair value. Any adjustments in values are classified as financial income and expenses in the income statement. Derivative financial instruments held with subsidiaries are carried at fair value.

/02/ Salaries and personnel costs

The Group's Chief Executive Officer and the Board of Directors have the same positions in Telenor ASA. See note 36 of the consolidated financial statements for further information about compensation to the Board of Directors, management and auditor.

NOK in millions	2012	2011
Salaries and holiday pay	**(573)**	(518)
Social security tax	**(85)**	(82)
Pension cost including social security tax (Note 3)	**(95)**	(85)
Share-based payments [1]	**(56)**	(29)
Other personnel costs	**(41)**	(32)
Total salaries and personnel costs	**(850)**	**(746)**
Number of employees, average	**545**	532

[1] Share-based payments are costs related to Telenor's employees share program and Long Term Incentive plan (LTI) for senior executives and key personnel.

/03/ Pension obligation, defined benefit plan – liabilities and assets

Telenor ASA is obliged to follow and complies with the Act on Mandatory Company Pensions. The company has a pension scheme according to the requirement set in the Act.

NOK in millions	2012	2011
Change in projected benefit obligation		
Projected benefit obligation as of 1 January	1 138	983
Service cost	61	54
Interest cost	33	40
Actuarial (gains) and losses	(230)	99
Acquisition/sale/transfer of business	10	2
Benefits paid/paid-up policies	(40)	(40)
Benefit obligations as of 31 December	**972**	**1 138**
Change in plan assets		
Fair value of plan assets as of 1 January	588	582
Actual return on plan assets	66	(19)
Acquisition/sale/transfer of business	(1)	-
Pension contribution [1]	38	43
Benefits paid/paid-up policies	(17)	(18)
Fair value of plan assets as of 31 December	**674**	**588**
Funded status as of 31 December	**298**	**550**
Unrecognised net actuarial gains (losses) [2]	70	(209)
Total provision for pensions as of 31 December	**368**	**341**
Total provision for pensions as of 1 January	**341**	335
Transfer of business	11	2
Net periodic benefit costs	78	70
Pension contribution	(43)	(47)
Benefits paid/paid-up policies	(19)	(19)
Total provision for pensions as of 31 December	**368**	**341**

[1] Telenor ASA expects to contribute approximately NOK 39 million to the Telenor Pension Fund in 2013.
[2] Benefit obligation and unrecognised net actuarial gains (losses) includes social security tax.

271 employees were covered by the defined benefit plan of the Telenor Pension Fund, which paid out pensions to 395 persons. For information of assumptions used and description of pension plans, please see note 27 to the consolidated financial statements.

NOK in millions	2012	2011
Components of net periodic benefit cost		
Service cost	(61)	(54)
Interest cost	(33)	(40)
Expected return on plan assets	25	33
Amortisation of actuarial gains and losses	(9)	(9)
Net periodic benefit costs	**(78)**	**(70)**
Contribution plan costs	(17)	(15)
Total pension costs recognised in the income statement	**(95)**	**(85)**

/04/ Other operating expenses

NOK in millions	2012	2011
Cost of premises, vehicles, office equipment, operation and maintenance etc.	(152)	(142)
Travel and travel allowances	(90)	(74)
Marketing, representation and sales commission	(66)	(60)
Consultancy fees and costs for external personnel	(598)	(522)
Provision for bad debt	(35)	-
Other operating expenses	(100)	(114)
Total other operating expenses	**(1 041)**	**(912)**

Provision for bad debt is mainly related to accounts receivable Uninor in India.

Consultancy fees are primarily related to the hiring of temporary personnel, the safeguarding of interests and to the assessment of new market opportunities. In addition, audit fees and other fees to the auditor are included, see note 36 to the consolidated financial statements.

In 2011 Telenor ASA received a claim for Value Added Taxes (VAT) recalculation related to consultants fee for a total of NOK 58 million. The VAT is expensed in the profit and loss. Telenor ASA has filed a complaint on the decision and the case is pending a review by the court.

/05/ Research and development costs

Research and development expenses in Telenor ASA were NOK 204 million in 2012 and NOK 195 million in 2011. Research and development activities relate to new technologies and new usages of the existing network.

/06/ Financial income and expenses

NOK in millions	2012	2011
Interest income from Group companies	3 094	3 822
Increase in fair value of financial instruments held for trading	634	830
Group contribution from subsidiaries	35 251	11 200
Other financial income	246	11
Other financial income from Group companies	271	347
Total financial income	**39 496**	**16 210**
Interest expenses Group companies	(1 329)	(1 590)
Interest expenses (external)on financial liabilities measured at amortised cost	(1 160)	(750)
Loss on guarantees for subsidiaries	(2 841)	(6 072)
Decrease in fair value of financial instruments held for trading	(563)	(351)
Other financial expenses	(130)	(33)
Total financial expenses	**(6 023)**	**(8 796)**
Foreign currency gain	1 270	998
Foreign currency loss	(1 026)	(194)
Net foreign currency gains	**244**	**804**
Impairment losses on loans to Group companies and associated companies	(125)	(34)
Impairment losses in shares in subsidiaries	(37)	(363)
Net gains (losses and impairment) on financial assets	**(162)**	**(397)**
Net financial income (expenses)	**33 555**	**7 821**

Group contribution received from Group companies is recognised as financial income in the year it is approved by the General Meeting in the relevant company and Telenor ASA obtains the right to the Group contribution.

In 2012 Telenor ASA received and recognised NOK 3.9 billion in taxable Group contribution and NOK 31.2 billion in tax-free Group contribution, which related to the financial year 2011. In addition, a total dividend of NOK 178 million relating to the financial year 2011 was received. The Group contribution for the financial year 2012 is estimated to be NOK 6.6 billion and this will be recognised in 2013.

Change in value of financial instruments held for trading is related to derivatives used as hedges for interest-bearing liabilities that do not meet the requirements for hedge accounting.

Other financial income from Group Companies is mainly commissions for guarantees given, see note 13. Telenor ASA has guaranteed on behalf of the debt in its subsidiary Uninor. In relation to this Telenor ASA has recognised an income of NOK 266 million related to the guarantee commission fee in 2012 and NOK 344 million in 2011.

A provision for loss on guarantees in Telenor ASA on behalf of Uninor was recognised in 2011 with NOK 6,072 million. Repayments under the guarantees with a total of NOK 10,620 million were executed during the third quarter of 2012. The claim towards Uninor regarding repayment under the guarantees and guarantee commission fees is written down to NOK 2,269 million, the best estimate of recoverable amount.

Telenor ASA has in the period 2009 to 2011 recognised losses on guarantees made on behalf of Cinclus Technology AS and loans to the company. In 2011, a total of NOK 19 million was recognised relating to this. The activities in Cinclus Technology AS were terminated in 2011 and losses on guarantees and loans were realised. On the 26 of June 2012, the existing share capital for Cinclus Technology AS was written down to zero and Telenor ASA subscribed to new shares in the company. Settlement for the new shares was mainly offset against accounts receivable for loans and against recourse rights under guaranties. In Telenor ASA the shareholding was recognised at fair value, which resulted in an additional NOK 11 million recorded as losses.

The provision for losses on loans to Aero Mobile Holding AS was increased by NOK 15 million in 2011. On the 26 June 2012, the existing share capital of Aero Mobile Holding AS was written down to zero and Telenor ASA subscribed to new shares in the company. Settlement for the new shares was offset against receivables on loans. In Telenor ASA, the shareholding was recognised at fair value, which resulted in an additional NOK 10 million recorded as losses. By the end of 2012, the shareholding was written down by NOK 37 million.

In 2012, Telenor ASA made a provision for losses on loans to other subsidiaries with NOK 104 million.

/07/ Income taxes

NOK in millions	2012	2011
Profit before taxes	**32 127**	**6 559**
Current taxes	(1 660)	(1 466)
Current withholding tax	(11)	(10)
Adjustment in previous years' current income tax	(10)	2
Change in deferred taxes	1 417	1 083
Total income tax expense	**(264)**	**(391)**
Tax basis:		
Profit before taxes	32 127	6 559
Non-deductible expenses and tax-free income	98	602
Group contribution previous year	(3 900)	(5 400)
Group contribution previous year – tax-free	(31 351)	(5 800)
Changes in temporary differences	2 354	5 402
Utilisation of Norwegian tax credits	-	(29)
Group contribution current year	6 600	3 900
Tax basis for the year	**5 928**	**5 234**
Current taxes according to statutory tax rate (28%)	**1 660**	**1 466**
Effective tax rate		
Expected income taxes according to statutory tax rate (28%)	(8 996)	(1 837)
Non-deductible expenses	(27)	(179)
Received Group contribution, tax-free	8 778	1 624
Withholding tax paid during the year used for income deduction	(9)	(1)
Adjustment in previous years' current income tax	(10)	2
Income tax expense	**(264)**	**(391)**
Effective tax rate in %	**0.82%**	**5.95%**

NOK in millions	2012	2011	Changes
Temporary differences as of 31 December			
Non-current assets	59	75	(16)
Interest element in connection with fair value hedges of liabilities	(1 749)	(1 313)	(436)
Other non-current receivables	(73)	(40)	(33)
Other derivatives [1]	929	(104)	1 033
Losses on guarantees	(8 891)	(6 072)	(2 819)
Currency revaluation reserves	312	369	(57)
Other accruals for liabilities	(90)	(83)	(7)
Pension liabilities	(368)	(341)	(27)
Group contribution	(6 600)	(3 900)	(2 700)
Unutilised tax credits carried forward	(39)	(39)	-
Total before cash flow hedge	**(16 510)**	**(11 448)**	**(5 062)**
Cash flow hedge	(22)	(72)	50
Total	**(16 532)**	**(11 520)**	**(5 012)**
Net deferred tax assets (28%)	**4 629**	**3 225**	**1 404**
Recorded to other comprehensive income [2]			14
Change in deferred taxes			**1 417**

[1] The other derivatives used to hedge liabilities and cash flows and changes in value are recognised in the income statement.
[2] Deferred taxes recognised in other income items in total income is primarily related to tax on the value change in derivatives that are designated as hedging instruments in cash flow hedges. Other comprehensive income elements are presented gross in the comprehensive income with the related tax effect on a separate line.

Telenor ASA has in 2012 fulfilled its guarantees to external lenders for loans to Uninor, which totaled NOK 10,620 million. The operations in Uninor will in 2013 be transferred to the newly established subsidiary Telewings, and the values will be used to cover the debts. Telenor ASA has calculated a coverage of approximately 20% for the recourse rights relating to the guarantee and the remaining accounts receivable. Telenor ASA will claim tax deduction for losses as they are finally determined and the estimated losses are included as temporary differences.

In 2011, Telenor ASA claimed a tax deduction for realised losses on loans and guarantees related to Cinclus Technology AS for a total amount of NOK 683 million. In 2012, Telenor ASA has taken over ownership of the shares through an offset against receivables and recourse rights, as per the comments to note 6, and have realised an additional loss of NOK 11 million. This loss is mainly related to interest income recognised in 2012 and a tax deduction is claimed for this loss.

Telenor ASA is claiming a tax deduction for losses on interest income of NOK 46 million, relating to the loans to Aero Mobile Holding AS. The loss was realised in June 2012, when Telenor ASA became the new owner, as per comments to note 6. The loss is split between NOK 8 million recognised in net income in the current year and NOK 36 million recognised as interest income in the period 2009 to 2011,

As a result of change in tax rules related to deduction of loss on loan to subsidiaries, with effect from 6 October 2011, a temporary difference related to the provision on such loans was reversed in 2011 with a total of NOK 252 million. The amount was reversed as non-deductible tax expense.

/08/ Intangible assets

2012

NOK in millions	Accumulated cost 1 January	Additions	Disposals	Amortisations and impairment losses	Accumulated amortisations and impairment losses	Carrying amount 31 December
Licences and legal rights (12 - 15 years)	538	20	(213)	(57)	(139)	206
Software purchased (5 years)	419	15	(13)	(64)	(382)	39
Work in progress	8	17	-	-	-	25
Total intangible assets	**965**	**52**	**(226)**	**(121)**	**(521)**	**270**

2011

NOK in millions	Accumulated cost 1 January	Additions	Disposals	Amortisations and impairment losses	Accumulated amortisations and impairment losses	Carrying amount 31 December
Licences and legal rights (12 - 15 years)	538	-	-	(39)	(295)	243
Software purchased (5 years)	382	37	-	(68)	(331)	88
Work in progress	24	(16)	-	-	-	8
Total intangible assets	**944**	**21**	**-**	**(107)**	**(626)**	**339**

/09/ Other financial assets

NOK in millions	2012	2011
Capital contribution in Telenor Pension Fund [1]	298	120
Other financial assets external	1 959	1 204
Total other non-current financial assets	**2 257**	**1 324**
Short-term interest-bearing receivables Group companies	351	1 333
Receivables Group companies [2]	4 265	640
Short term placement > 3 months	496	1 691
Other current financial assets external	386	425
Total other current financial assets	**5 498**	**4 089**

[1] The amount capitalised in the statement of financial position is the cost price, which equals fair value. In 2012, Telenor ASA took over the equity deposits held by subsidiaries, and now holds the entire core capital in the pension fund.

[2] The recourse rights and receivable for guarantees fees relating to Uninor were NOK 10,525 million at the end of 2012. Of this, NOK 8,256 million has been set aside for losses. Valuation of the claim is based on an estimated consideration for the sale of the business from Uninor to Telewings, which is the new Indian company, and the estimated reimbursement from the government of India for the confiscated licenses. There is considerable uncertainty associated with the valuation of this reimbursement.

/10/ Equity and dividends

Allocation of equity and dispositions over the last 2 years is shown in a separate table, see statement of changes in shareholders' equity. Nominal value per share is NOK 6. As of 31 December 2012 Telenor ASA had 15,749,680 treasury shares.

	2012	2011
Dividends		
Dividends per share in NOK – paid	5.00	3.80
Dividends per share in NOK – proposed by the Board of Directors	6.00	5.00

Total dividends for 2011 of NOK 7,925 million were paid in May 2012. The Board of Directors proposes payment of dividends of NOK 9,265 million to shareholders for 2012. Equity available for distribution as dividends from Telenor ASA was NOK 35,602 million as of 31 December 2012.

Telenor ASA has an agreement with the Kingdom of Norway through the Ministry of Trade and Industry to carry through share buy backs with the purpose to cancel these shares through reduction of the share capital to maintain its ownership interest. The proposed cancellation is subject to approval by shareholder in the annual General Meeting on 15 May 2013 and if approved, the estimated effect on equity available for distribution is NOK 2.5 billion.

Other comprehensive income in other reserves

This reserve includes change in fair value on cash flow hedges and amount reclassified from equity to profit and loss related to realisation of cash flow hedges.

NOK in millions	Changes in Other reserves/Other comprehensive income
Change in fair value cash flow hedges	(36)
Income taxes	10
Total other comprehensive income for the period 2011	**(26)**
Change in fair value cash flow hedges	50
Income taxes	(14)
Total other comprehensive income for the period 2012	**36**

/11/ Financial instruments and risk management

Risk management

Telenor ASA's treasury function is responsible for financial risk management including liquidity management, interest rate risk, managing foreign exchange risk, credit risk and capital management. The activities in the treasury function are performed according to policies and procedures approved by the Board of Directors of Telenor ASA. The management and the board in Telenor ASA receive on regular basis information regarding the financial area of the company.

Short-term and long-term financial flexibility is in focus, and Telenor ASA issues debts in Norwegian and foreign capital market mainly through certificates and bonds. In addition, Telenor ASA has established committed syndicated revolving credit facilities of EUR 2.0 billion with maturity in 2016 and of EUR 0.8 billion with maturity in 2017.

Financing of the Group's investing activities and the Group's cash flows implies that Telenor ASA is exposed to interest rate risk related to interest income and interest costs taken to income statement, as a result of changes in interest rates in the market. Changes in the market rates also influences fair value of assets and liabilities.

Telenor ASA is exposed to currency risk related to changes in value of NOK compared to other currencies, as a result of debt held in other currencies than NOK. Currency risk also influences the value of Telenor ASA's net investment hedges in foreign countries which will fluctuate accordingly the changes in the NOK rate.

The Company has credit risk related to receivables and financial instruments with positive value against external parties and other companies in the Group.

Telenor ASA uses derivatives as forward currency contracts, future interest rate swaps and to some extent interest rate options to manage the risk exposure related to changes in currency and interest rates. All derivative contracts are measured at fair value with changes through profit and loss. This also applies to derivative contracts for Group companies. If hedge accounting is applicable, the changes in fair value of derivatives are recognised as other comprehensive income.

See also note 2 'Summary of significant accounting policies' and note 30 'Managing capital and financial risk management' in the consolidated financial statements where financial risks and accounting for financial instruments are explained in detail.

Fair value of financial instruments

Principles for estimating fair values

Based on the characteristics of the financial instruments that are recognised in the financial statement, these are grouped into the classes and categories described in the table below. The estimated fair values of the financial instruments are based on market prices and the valuation methodologies per class are described below.

Fair value hierarchy

Telenor ASA measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in measuring the fair value of financial instruments in the Fair value through profit and loss («FVTPL») and Available for sale («AFS») categories:

Level 1: Quoted prices (unadjusted) in active markets for identical financial instruments
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: Inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

The table below includes analyses of financial instruments by their fair value hierarchy levels into which the fair value measurement is categorised.

Interest-bearing liabilities

Fair values of interest-bearing liabilities have been calculated using yield curves, which incorporates estimates of the Telenor ASA credit spread. The credit curve has been extrapolated using indicative prices on debt issuance by Telenor ASA for different maturities. The yield curves have been interpolated from cash and swap curves observed in the market for different currencies and maturities.

Trade receivables and other current and non-current financial assets

For trade receivables and other current receivables, the nominal amount is assessed to be a reasonable approximation of fair value. The effect of not discounting is considered to be immaterial for this class of financial instruments.

Fair values for listed shares are based on quoted prices at the end of the reporting period. Fair value of unlisted shares is calculated using commonly used valuation techniques, or measured at cost if the investment does not have a quoted market price in an active market and the fair value cannot be reliably measured.

Trade payables and other non-interest bearing financial liabilities

For trade payables and other non-interest bearing financial liabilities the nominal amount is assessed to be a reasonable approximation of fair value. The effect of not discounting is considered to be immaterial for this class of financial instruments.

Cash and cash equivalents

The fair value for this class of financial instruments is assessed to be equal to the nominal amount.

Derivatives

Fair values of currency swaps, foreign currency forward contracts and interest rate swaps are estimated based on calculating the net present value of future cash flows, using swap curves and exchange rates as of 31 December 2012 and 2011, respectively.

Nok in millions	Note	Fair value level	Category	Carrying amount	Fair value	Fair values of financial instruments 31 December 2012 per class: Interest-bearing liabilities	Trade receivables and other financial assets	Trade payables and other non-interest bearing financial liabilities	Cash and cash equivalents	Financial derivatives
Balance item										
Non-current interest-bearing receivables on group companies [1]				**87 013**	**87 013**					
			LAR	87 013	87 013	-	87 013	-	-	-
Other non-current financial assets	9			**2 257**	**2 257**					
External counterparties		2	FVTPL	1 937	1 937	-	-	-	-	1 937
Telenor Group counterparties		3	AFS	298	298	-	298	-	-	-
External counterparties			LAR	22	22	-	22	-	-	-
Trade receivables on group companies				**408**	**408**					
			LAR	408	408	-	408	-	-	-
Trade receivables external				**7**	**7**					
			LAR	7	7	-	7	-	-	-
Other current financial assets	9			**5 498**	**5 498**					
External counterparties		2	FVTPL	230	230	-	-	-	-	230
Telenor Group counterparties		2	FVTPL	1	1	-	-	-	-	1
External counterparties			LAR	646	646	-	646	-	-	-
Telenor Group counterparties			LAR	4 621	4 621	-	4 621	-	-	-
External counterparties			NF [4]	1	1	-	-	-	-	-
Liquid assets and short-term placements [2]				**3 539**	**3 539**					
			LAR	3 539	3 539	-	-	-	3 539	-
Total - Fair value through profit and loss (FVTPL)				**2 168**	**2 168**					
Total - Available for sale (AFS)				**298**	**298**					
Total - Loans and receivables (LAR)				**96 255**	**96 255**					
Non-current interest-bearing external liabilities [3]				**(28 536)**	**(27 290)**					
			FLAC	(28 536)	(27 290)	(27 290)	-	-	-	-
Non-current non-interest-bearing external liabilities				**(617)**	**(617)**					
		2	FVTPL	(617)	(617)	-	-	-	-	(617)
Current interest-bearing liabilities within the Group [1]				**(51 323)**	**(51 323)**					
			FLAC	(51 323)	(51 323)	(51 323)	-	-	-	-
Current interest-bearing external liabilities [3]				**(4 916)**	**(4 916)**					
			FLAC	(4 916)	(4 916)	(4 916)	-	-	-	-
Drawings from cash pool [2]				**(5 498)**	**(5 498)**					
			FLAC	(5 498)	(5 498)	(5 498)	-	-	-	-
Current non-interest-bearing liabilities within the Group	12			**(306)**	**(306)**					
		2	FVTPL	(181)	(181)	-	-	-	-	(181)
			FLAC	(125)	(125)	-	-	(125)	-	-
Current non-interest-bearing external liabilities	12			**(2 710)**	**(2 710)**					
			FVTPL	(149)	(149)	-	-	-	-	(149)
		2	FLAC	(782)	(782)	-	-	(782)	-	-
			NF [4]	(1 779)	(1 779)	-	-	-	-	-
						(89 027)	**93 014**	**(907)**	**3 539**	**1 221**
Total - Fair value through profit and loss (FVTPL)				**(947)**	**(947)**					
Total - Financial liabilities at amortised cost (FLAC)				**(91 180)**	**(89 934)**					

[1] Non-current interest-bearing receivables group companies consist entirely of loans from Telenor ASA's internal bank (Group Treasury) to subsidiaries. Current interest-bearing liabilities Group consist entirely of deposit in the internal bank of Telenor ASA from subsidiaries.
[2] The Group has established cash pool systems with three banks. Under these agreements, Telenor ASA is the Group account holder and the other companies in the Group are sub-account holders or participants. The banks can set off balances in their favour against deposits, so that the net position represents the net balance between the bank and the Group account holder. Liquid assets and short-term placements consist of cash outside the cash pool and short term placements in the money-market with less than 3 months to maturity.
[3] For specification regarding external interest-bearing liabilities in Telenor ASA see note 29 to the consolidated financial statements.
[4] The abbreviation NF in the table above is short for non-financial assets and liabilities.

Nok in millions	Note	Fair value level	Category	Carrying amount	Fair value	Fair values of financial instruments 31 December 2011 per class: Interest-bearing liabilities	Trade receivables and other financial assets	Trade payables and other non-interest bearing financial liabilities	Cash and cash equivalents	Financial derivatives
Balance item										
Non-current interest-bearing receivables on group companies [1]				**91 036**	**91 036**					
			LAR	91 036	91 036	-	91 036	-	-	-
Other non-current financial assets	9			**1 324**	**1 324**					
External counterparties		2	FVTPL	1 182	1 182	-	-	-	-	1 182
Telenor Group counterparties		3	AFS	120	120	-	120	-	-	-
External counterparties			LAR	22	22	-	22	-	-	-
Trade receivables on group companies				**380**	**380**					
			LAR	380	380	-	380	-	-	-
Trade receivables external				**3**	**3**					
			LAR	3	3	-	3	-	-	-
Other current financial assets	9			**4 089**	**4 089**					
External counterparties		2	FVTPL	216	216	-	-	-	-	216
Telenor Group counterparties		2	FVTPL	6	6	-	-	-	-	6
External counterparties			LAR	1 898	1 898	-	1 898	-	-	-
Telenor Group counterparties			LAR	1 967	1 967	-	1 967	-	-	-
External counterparties			NF [4]	3	3	-	-	-	-	-
Liquid assets and short-term placements [2]				**2 885**	**2 885**					
			LAR	2 885	2 885	-	-	-	2 885	-
Total - Fair value through profit and loss (FVTPL)				**1 403**	**1 403**					
Total - Available for sale (AFS)				**120**	**120**					
Total - Loans and receivables (LAR)				**98 190**	**98 190**					
Non-current interest-bearing external liabilities [3]				**(19 771)**	**(18 912)**					
			FLAC	(19 771)	(18 912)	(18 912)	-	-	-	-
Non-current non-interest-bearing liabilities within the Group				**(186)**	**(186)**					
			FVTPL	(152)	(152)	-	-	-	-	(152)
			FLAC	(34)	(34)	(34)	-	-	--	-
Non-current non-interest-bearing external liabilities				**(481)**	**(481)**					
		2	FVTPL	(481)	(481)	-	-	-	-	(481)
Current interest-bearing liabilities within the Group [1]				**(76 271)**	**(76 271)**					
			FLAC	(76 271)	(76 271)	(76 271)	-	-	-	-
Current interest-bearing external liabilities [3]				**(1 569)**	**(1 569)**					
			FLAC	(1 569)	(1 569)	(1 569)	-	-	-	-
Drawings from cash pool [2]				**(6 115)**	**(6 115)**					
			FLAC	(6 115)	(6 115)	(6 115)	-	-	-	-
Current non-interest-bearing liabilities within the Group	12			**(186)**	**(186)**					
		2	FVTPL	(73)	(73)	-	-	-	-	(73)
			FLAC	(113)	(113)	-	-	(113)	-	-
Current non-interest-bearing external liabilities	12			**(2 905)**	**(2 905)**					
			FVTPL	(605)	(605)	-	-	-	-	(605)
		2	FLAC	(723)	(723)	-	-	(723)	-	-
			NF [4]	(1 577)	(1 577)	-	-	-	-	-
						(102 900)	**95 425**	**(836)**	**2 885**	**92**
Total - Fair value through profit and loss (FVTPL)				**(1 311)**	**(1 311)**					
Total - Financial liabilities at amortised cost (FLAC)				**(104 596)**	**(103 736)**					

1) Non-current interest-bearing receivables group companies consist entirely of loans from Telenor ASA's internal bank (Group Treasury) to subsidiaries. Current interest-bearing liabilities Group consist entirely of deposit in the internal bank of Telenor ASA from subsidiaries.

2) The Group has established cash pool systems with three banks. Under these agreements, Telenor ASA is the Group account holder and the other companies in the Group are sub-account holders or participants. The banks can set off balances in their favour against deposits, so that the net position represents the net balance between the bank and the Group account holder. Liquid assets and short-term placements consist of cash outside the cash pool and short term placements in the money-market with less than 3 months to maturity.

3) For specification regarding external interest-bearing liabilities in Telenor ASA see note 29 to the consolidated financial statements.

4) The abbreviation NF in the table above is short for non-financial assets and liabilities.

The table below shows the maturity profile for Telenor ASA's liabilities in nominal values:

2012

NOK in millions	Total as of 31 December 2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022->	Not specified
Interest-bearing liabilities												
Bonds and Commercial Paper	31 381	4 902	1 887	-	-	7 341	3 671	-	5 506	-	8 075	-
Other interest-bearing liabilities	62	-	14	14	15	6	-	-	-	-	-	13
Sum of interest-bearing liabilities external	**31 444**	**4 902**	**1 901**	**14**	**15**	**7 347**	**3 671**		**5 506**		**8 075**	**13**
Other Interest-bearing liabilities within the Group	51 323	51 323	-	-	-	-	-	-	-	-	-	-
Drawing on Group cash pools	5 498	-	-	-	-	-	-	-	-	-	-	5 498
Interest-bearing liabilities Telenor Group	**56 821**	**51 323**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5 498**
Non-interest bearing liabilities												
Trade and other payables external	721	721	-	-	-	-	-	-	-	-	-	-
Trade and other payables within the Group	125	125	-	-	-	-	-	-	-	-	-	-
Other current non-interest-bearing liabilities	2 170	2 170	-	-	-	-	-	-	-	-	-	-
Derivatives finanacial instruments non-current liabilities	590	-	308	-	-	212	58	-	-	-	12	-
Other non-current non-interest-bearing liabilities	77	-	-	-	-	-	-	-	-	-	-	77
Sum of non-interest-bearing liabilities	3 683	3016	308	-	-	212	58	-	-	-	12	77
Total	**91 948**	**59 241**	**2 208**	**14**	**15**	**7 559**	**3 728**	**-**	**5 506**	**-**	**8 087**	**5 589**
Future interest payments	5 453	684	660	626	695	666	437	450	402	295	537	-
Total including future interest payments	**97 400**	**59 925**	**2 869**	**640**	**709**	**8 226**	**4 165**	**450**	**5 908**	**295**	**8 625**	**5 589**

2011

NOK in millions	Total as of 31 December 2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Not specified
Interest-bearing liabilities												
Bonds and Commercial Paper	19 692	1 556	689	3 877	-	-	7 754	-	-	5 816	-	-
Other interest-bearing liabilities	72	13	11	12	12	13	11	-	-	-	-	-
Sum of interest-bearing liabilities external	**19 764**	**1 569**	**700**	**3 889**	**12**	**13**	**7 765**	**-**	**-**	**5 816**	**-**	**-**
Other Interest-bearing liabilities within the Group	76 271	76 271	-	-	-	-	-	-	-	-	-	-
Drawing on Group cash pools	6 115	-	-	-	-	-	-	-	-	-	-	6 115
Interest-bearing liabilities Telenor Group	**82 386**	**76 271**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**6 115**
Non-interest bearing liabilities												
Trade and other payables external	12	12	-	-	-	-	-	-	-	-	-	
Trade and other payables within the Group	54	54	-	-	-	-	-	-	-	-	-	-
Other current non-interest-bearing liabilities	3 025	3 025	-	-	-	-	-	-	-	-	-	-
Derivatives finanacial instruments non-current liabilities	481	-	178	185	-	-	118	-	-	-	-	-
Other non-current non-interest-bearing liabilities	-	-	-	-	-	-	-	-	-	-	-	186
Sum of non-interest-bearing liabilities	**3 572**	**3 091**	**178**	**185**	**-**	**-**	**118**	**-**	**-**	**-**	**-**	**186**
Total	**105 722**	**80 931**	**878**	**4 073**	**12**	**13**	**7 883**	**-**	**-**	**5 816**	**-**	**6 301**
Future interest payments	4 972	896	806	770	600	600	600	233	233	233	-	-
Total including future interest payments	**110 694**	**81 827**	**1 684**	**4 843**	**613**	**614**	**8 483**	**233**	**233**	**6 049**	**-**	**6 301**

For specification regarding external interest-bearing liabilities in Telenor ASA, see note 29 in the consolidated financial statements.

/12/ Current non-interest-bearing liabilities

NOK in millions	2012	2011
Trade payables to Group companies	125	113
Financial derivatives	181	73
Current non-interest-bearing liabilities within the Group	**306**	**186**
Trade payables external	721	661
Government taxes, tax deductions, holiday pay etc.	119	111
Taxes payable	1 660	1 466
Financial derivatives	149	605
Other current liabilities	61	62
Current non-interest-bearing external liabilities	**2 710**	**2 905**

/13/ Guarantees

NOK in millions	2012	2011
Guarantee liabilities	3 114	11 286

The table above does not include purchased bank guarantees. The guarantee liabilities mainly consist of guarantees issued by the parent company Telenor ASA on behalf of subsidiaries, with NOK 3.1 billion as of 31 December 2012 (NOK 11.3 billion as of 31 December 2011).

As of 31 December 2011, Uninor had current interest-bearing debt of NOK 8.1 billion with financial guarantees from Telenor ASA. Guarantee exposure towards India were significantly reduced after the repayment of Uninor loans in 2012. As of 31 December 2012 Indian subsidiaries had interest-bearing debt of NOK 1.5 billion guaranteed by Telenor ASA that is included in the table above. At the same date Telenor ASA had an additional exposure in India of NOK 3.7 billion through purchased bank guarantees not included in the table above. This exposure was reduced to NOK 2.0 billion as of 21 March 2013.

/14/ Contractual obligations

As of 31 December 2012, Telenor ASA had committed purchase obligations. These obligations are primarily car lease agreements that Telenor ASA had entered into on behalf of other Group companies.

Total obligations as of 31 December 2012 was NOK 26 million for period 2013-2016, of which NOK 16 million applies to 2013. The obligation as of 31 December 2011 was NOK 27 million, of which NOK 17 million related to 2012.

/15/ Related parties

Telenor ASA's transactions with its major shareholder, the Norwegian State represented by the Ministry of Trade and Industry, are discussed in note 34 to the consolidated financial statements.

Telenor ASA's other related parties consist mainly of subsidiaries of the Group. Telenor ASA sells and buys services from these companies, see note 1 for further description, and provides loans and receives deposits from the companies. When permissible by local rules and regulations, subsidiaries owned 90% or more are part of Telenor ASA's cash pool systems and the internal bank in Group Treasury. Through the internal bank, the subsidiaries can get loans, place excess liquidity and make currency exchanges.

In addition, Telenor ASA receives dividends that are recognised as financial income, see note 6. Group contributions and dividends recognised in 2012 and 2011 of NOK 35,251 million and NOK 11,200 million, respectively, are received from companies within Other units. Unpaid group contribution at 31 December 2012 was NOK 1,682 million.

Sales and purchases of services, receivables and liabilities

	2012				2011			
NOK in million	Sales	Purchases	Receivables	Liabilities	Sales	Purchases	Receivables	Liabilities
Subsidiaries								
Norway	209	36	58	8	191	33	109	47
Sweden	38	2	15	1	34	3	29	4
Denmark	35	1	13	1	27	1	15	1
Hungary	29	-	11	1	20	3	17	1
Serbia	20	-	14	1	15	-	14	-
Montenegro	5	-	2	-	3	-	2	-
DTAC – Thailand	47	-	117	1	36	-	67	-
DIGI – Malaysia	35	-	57	3	29	-	51	-
Grameenphone – Bangladesh	34	-	204	2	23	-	157	-
Pakistan	7	-	20	4	1	-	9	3
Uninor – India	14	-	39	-	6	-	22	-
Broadcast	40	-	7	-	40	-	17	-
Other units	49	486	197	103	65	439	-	559
Total	**562**	**524**	**754**	**125**	**491**	**478**	**509**	**615**

Financial transactions, receivables and liabilities

	2012				2011			
NOK in million	Interest income	Interest expense	Receivables	Liabilities	Interest income	Interest expense	Receivables	Liabilities
Subsidiaries								
Norway	14	257	-	13 811	187	157	239	12 376
Sweden	26	21	1 023	956	69	135	2 362	1 379
Denmark	116	-	4 722	-	102	-	6 579	35
Hungary		138	-	470	-	209		3 427
Montenegro	-	-	-	1 312	-	-	-	-
Pakistan	3	-	348	-	386	-	1 333	-
Broadcast	342	62	8 345	2 708	442	71	9 634	3 699
Other units	2 556	938	72 590	50 243	3 062	972	75 283	54 797
Total	**3 057**	**1 416**	**87 028**	**69 500**	**4 248**	**1 544**	**95 430**	**75 713**

/16/ Shares in subsidiaries

The table below sets forth Telenor ASA's ownership interest in its subsidiaries. These subsidiaries will mainly be holding companies and their directly owned subsidiaries. Several of the subsidiaries named in the second part own shares in other subsidiaries as described in their respective annual reports.

Ownership interests correspond to voting interest if not otherwise stated.

Shares in subsidiaries

(NOK in millions)	Office	Share owned in % 2012	Share owned in % 2011	Carrying amount as of 31 December 2012	Carrying amount as of 31 December 2011
Telenor Networks Holding AS	Norway	100.0	100.0	13 124	13 124
Telenor International Centre AS	Norway	100.0	100.0	-	-
Telenor Intercom Holding	Norway	100.0	100.0	1 279	1 279
Telenor Shared Service AS	Norway	100.0	100.0	49	49
Telenor Communication II AS	Norway	100.0	100.0	670	670
Telenor Mobile Holding AS	Norway	100.0	100.0	13 698	13 698
Telenor Business Partner Invest AS	Norway	100.0	100.0	788	788
Telenor Broadcast Holding AS	Norway	100.0	100.0	4 429	4 429
Telenor Eiendom Holding AS	Norway	100.0	100.0	4 159	4 159
Telenor KB AS	Norway	100.0	100.0	-	-
Telenor Forsikring AS	Norway	100.0	100.0	300	300
Maritime Communications Partner AS [1]	Norway	98.9	98.9	172	172
Telenor Services 1 AS	Norway	100.0	100.0	1	1
Telenor GTI AS	Norway	100.0	100.0	1 600	1 600
Aeromobile Holding AS [2]	Norway	100.0	-	65	-
Cinclus Technology AS [2]	Norway	100.0	-	1	-
Total				**40 335**	**40 269**

[1] The remaining 1,1% of the shares are owned by Telenor Communication II AS.
[2] In June 2012, the shares owned by Telenor Communication II AS were written down to zero and cancelled. Telenor ASA then subscribed to the new shares. See comments to note 6

Shares in subsidiaries owned through subsidiaries

	Office	Share owned in % 2012	Share owned in % 2011
Telenor Networks Holding AS			
Telway AS	Norway	100.0	100.0
Telenor Global Services AS	Norway	100.0	100.0
Telenor Svalbard AS	Norway	100.0	100.0
Telenor Norge AS	Norway	44.5	44.5
TBS Infrastructure AB [5]	Sweden	-	100.0
Datametrix AS	Norway	100.0	100.0
Telenor International Centre AS			
Telenor Russia AS	Norway	100.0	100.0
Telenor Intercom Holding AS			
Nye Telenor Mobile Communications 1 AS	Norway	100.0	100.0
Telenor Shared Service AS			
Telenor Shared Services Danmark A/S	Denmark	100.0	100.0

Telenor Communication II AS			
Telenor Venture VI AS	Norway	100.0	51.0
Telenor Next Holding AS (previously Telenor Venture VII AS)	Norway	100.0	100.0
Telenor Kapitalforvaltning AS	Norway	100.0	100.0
Cinclus Technology AS [2]	Norway	-	100.0
Smartcash AS	Norway	100.0	100.0
Aeromobile Holding AS [2]	Norway	-	100.0
Telenor Media & Content Services AS	Norway	100.0	100.0
TMMH AS	Norway	100.0	100.0
Telenor Traxion AS	Norway	100.0	100.0
Telenor Objects AS	Norway	100.0	100.0
Valuecodes AS	Norway	51.0	51.0
Telenor Comoyo AS	Norway	100.0	100.0
Telenor Business Internet Services AS [3]	Norway	100.0	-
Telenor Mobile Holding AS			
Nye Telenor Mobile Communications III AS	Norway	100.0	100.0
Telenor Mobile Communications AS	Norway	100.0	100.0
Telenor East Invest AS	Norway	100.0	100.0
Telenor Mobile Sweden AS [1]	Norway	-	100.0
Nye Telenor Mobile Communications II AS	Norway	100.0	100.0
Telenor Norge AS	Norway	55.5	55.5
Wireless Mobile International AS [1]	Norway	-	100.0
Telenor Telehuset AS	Norway	100.0	100.0
Telenor Danmark Holding AS	Denmark	100.0	100.0
Telenor Montenegro MNR	Montenegro	100.0	100.0
Telenor Sverige Holding AB	Sweden	100.0	100.0
Telenor East Holding AS	Norway	100.0	100.0
Telenor East Holding II AS	Norway	100.0	100.0
Telenor Connexion Holding AB	Sweden	100.0	100.0
Telenor Broadcast Holding AS			
Telenor Satellite Broadcasting AS	Norway	100.0	100.0
Telenor UK Ltd.	Great Britain	100.0	100.0
Canal Digital AS	Norway	100.0	100.0
Canal Digital Kabel TV AS	Norway	100.0	100.0
Norkring AS	Norway	100.0	100.0
Telenor Vision International AB	Sweden	100.0	100.0
Telenor Satellite Broadcasting CEE Region s.r.o. [4]	Czech Republic	-	90.0
Conax AS	Norway	100.0	100.0
Premium Sports AS	Norway	100.0	100.0
Telenor Eiendom Holding AS			
Telenor Eiendom Fornebu Kvartal 1 AS	Norway	100.0	100.0
Telenor Eiendom Fornebu Kvartal 2 AS	Norway	100.0	100.0
Telenor Eiendom Fornebu Kvartal 3 AS	Norway	100.0	100.0
Telenor Eiendom Fornebu Kvartal 4 AS	Norway	100.0	100.0
Telenor Eiendom Hareløkken AS	Norway	100.0	100.0
Ègetvølgy Zrt	Hungary	100.0	100.0

[1] Merged with another Telenor company in 2012.
[2] Ownership acquired by Telenor ASA.
[3] Established in 2012.
[4] Liquidated in 2012.
[5] Sold in 2012.

Other significant subsidiaries (owned through holding companies)

	Office
Telenor Sverige AB	Sweden
Sonofon AS	Denmark
DiGi.Com Bhd	Malaysia
Telenor Magyarország Zrt	Hungary
Telenor d.o.o.	Serbia
Telenor Pakistan (Private) Ltd.	Pakistan
Total Access Communications Plc. (DTAC)	Thailand
Grameenphone Ltd.	Bangladesh
Unitech Wireless Private Limited	India
Telewings Communications Services Private Ltd	India

Responsibility Statement

«We confirm that, to the best of our knowledge, the consolidated financial statements for the year ended 31 December 2012 have been prepared in accordance with IFRS as adopted by the EU, and that the financial statements for the parent company for the year ended 31 December 2012 have been prepared in accordance with the Norwegian Accounting Act and simplified IFRS in Norway, give a true and fair view of the Company's and Group's assets, liabilities, financial position and results of operations, and that the Report of the Board of Directors gives a true and fair review of the development, performance and financial position of the Company and the Group, and includes a description of the principle risks and uncertainties that they face.»

Fornebu, 21 March 2013

Svein Aaser
Chairman

Liselott Kilaas
Deputy Chairman

Hallvard Bakke
Board member

Dr. Burckhard Bergmann
Board member

Frank Dangeard
Board member

Sally Davis
Board member

Dag J. Opedal
Board member

Barbara Milian Thoralfsson
Board member

Bjørn André Anderssen
Board member

Brit Østby Fredriksen
Board member

Harald Stavn
Board member

Jon Fredrik Baksaas
President & CEO

Auditor's Report 2012

Statsautoriserte revisorer
Ernst & Young AS

Dronning Eufemias gate 6, NO-0191 Oslo
Oslo Atrium, P.O.Box 20, NO-0051 Oslo

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Medlemmer av Den norske Revisorforening

To the Annual Shareholders' Meeting of
Telenor ASA

AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements of Telenor ASA, comprising the financial statements for the Parent Company and the Group. The financial statements of the Parent Company and the Group comprise the statement of financial position as at 31 December 2012, the statements of income, comprehensive income, cash flows and changes in equity for the year then ended as well as a summary of significant accounting policies and other explanatory information.

The Board of Directors' and Chief Executive Officer's responsibility for the financial statements

The Board of Directors and Chief Executive Officer are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the Parent Company and the International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal control as the Board of Directors and Chief Executive Officer determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements for the Parent Company and the Group.

ERNST & YOUNG

Opinion on the financial statements of the Parent Company

In our opinion, the financial statements of Telenor ASA have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2012 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Opinion on the financial statements of the Group

In our opinion, the financial statements of the Group have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Group as at 31 December 2012 and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the EU.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report and the statement on corporate governance

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Directors' report and the statement on corporate governance concerning the financial statements, the going concern assumption and the proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the Board of Directors and Chief Executive Officer have fulfilled their duty to ensure that the Company's accounting information is properly recorded and documented as required by law and generally accepted bookkeeping practice in Norway.

Oslo, 21 March 2013
ERNST & YOUNG AS

Anders Gøbel
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been made for information purposes only.)

Statement from the Corporate Assembly of Telenor ASA

On 21 March 2013, the Corporate Assembly of Telenor ASA passed the following resolution.

The Corporate Assembly recommended that the Annual General Meeting approves the Board's proposal for Financial Statement for Telenor Group and Telenor ASA for 2012 and recommends a dividend payment of NOK 6.0 per share totalling NOK 9.3 billion, to be paid in 2013, and a transfer of NOK 31.86 billion to retained earnings.

Financial Calendar 2013

26 April 2013	Telenor's result for the 1st quarter 2013
15 May 2013	Annual General Meeting 2013
23 July 2013	Telenor's result for the 2nd quarter 2013
31 October 2013	Telenor's result for the 3rd quarter 2013

Key Figures

	2008 [1]	2009 [1]	2010 [1]	2011 [1]	2012 [1]
Organic revenue growth [2]	4%	0%	6%	7%	5%
EBITDA margin [3]	31.2%	32.5%	30.8%	31.0%	32.2%
EBIT margin	15.6%	13.6%	13.2%	10.5%	9.5%
Capex/Sales	21.3%	16.5%	12.2%	11.6%	12.1%
Operating cash flow margin [4]	9.9%	16.0%	18.6%	19.4%	20.1%
Net interest-bearing liabilities [5]	45 547	26 332	19 276	17 231	33 082
Net interest-bearing liabilities/EBITDA	1.55	0.85	0.67	0.57	1.04
Earnings per share	7.83	5.22	8.69	4.45	6.43%
ROCE [6]	14.2%	10.9%	9.9%	7.4%	11.7%
Total Return [7]	(63.2%)	75.1%	20.6%	7.8%	20.1%

1) Figures as reported in each year.
2) Organic revenue is defined as revenue adjusted for the effects of acquisition and disposal of operations and currency effects.
3) EBITDA margin before other income and expenses.
4) Operating cash flow is defined as EBITDA before other income and expenses – Capex, excluding licences and spectrum.
5) Starting from 2011, net interest-bearing liabilities is defined as interest-bearing debt excluding net present value of licence liabilities.
6) Return on capital employed (ROCE) after tax and including associated companies.
7) Dividends are reinvested on ex-dates.

Disclaimer

This report contains statements regarding the future in connection with Telenor's growth initiatives, profit figures, outlook, strategies and objectives. 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.

Telenor Group's operations

Telenor Group is an international provider of telecoms, data and media communication services.

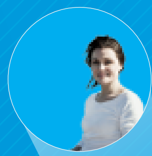
Headquartered in Norway, Telenor Group is one of the world's major mobile operators with 148 million mobile subscriptions in its consolidated operations, revenues of NOK 101.7 billion in 2012 and a workforce of approximately 30,000.

Our vision is simple: Telenor exists to help customers get the full benefit of communications services in their daily lives. We're here to help.

READ MORE
For more information about Telenor Group, please visit www.telenor.com

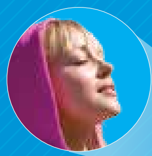
Telenor
Norway

Telenor is the country's leading telecommunications operator.



Telenor
Sweden

Telenor is the third largest mobile operator in Sweden.



Telenor
Denmark

Telenor is the second largest mobile operator in Denmark.

Telenor
Hungary

Telenor is the second largest mobile operator in Hungary.

Telenor
Serbia

Telenor is the largest mobile operator in Serbia.

Telenor
Montenegro

Telenor is the largest mobile operator in Montenegro.

The Telenor Group is listed on the Oslo Stock Exchange.

Telenor
Pakistan

Telenor is the second largest mobile operator in Pakistan.

Uninor
India

The Indian mobile operator Uninor launched its services in December 2009 and has presence in six Indian telecom circles.

Grameenphone
Bangladesh

Grameenphone is the largest mobile operator in Bangladesh. Grameenphone is listed on the Dhaka Stock Exchange (DSE) Ltd and the Chittagong Stock Exchange (CSE) Ltd.

dtac
Thailand

dtac is the second largest mobile operator in Thailand and is listed on the Stock Exchange of Thailand and the Singapore Exchange.

DiGi
Malaysia

DiGi is the third largest mobile operator in Malaysia. DiGi is listed on Bursa Malaysia.

VimpelCom Ltd

Telenor Group holds an economic stake of 35.7% in VimpelCom Ltd, operating in 18 markets. VimpelCom Ltd has 214 million subscribers (as of 31 Dec 2012), and is listed on the New York Stock Exchange.

21 March 2013

telenor group

built around people

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Growth comes from truly understanding the needs of people, to drive relevant change

www.telenor.com