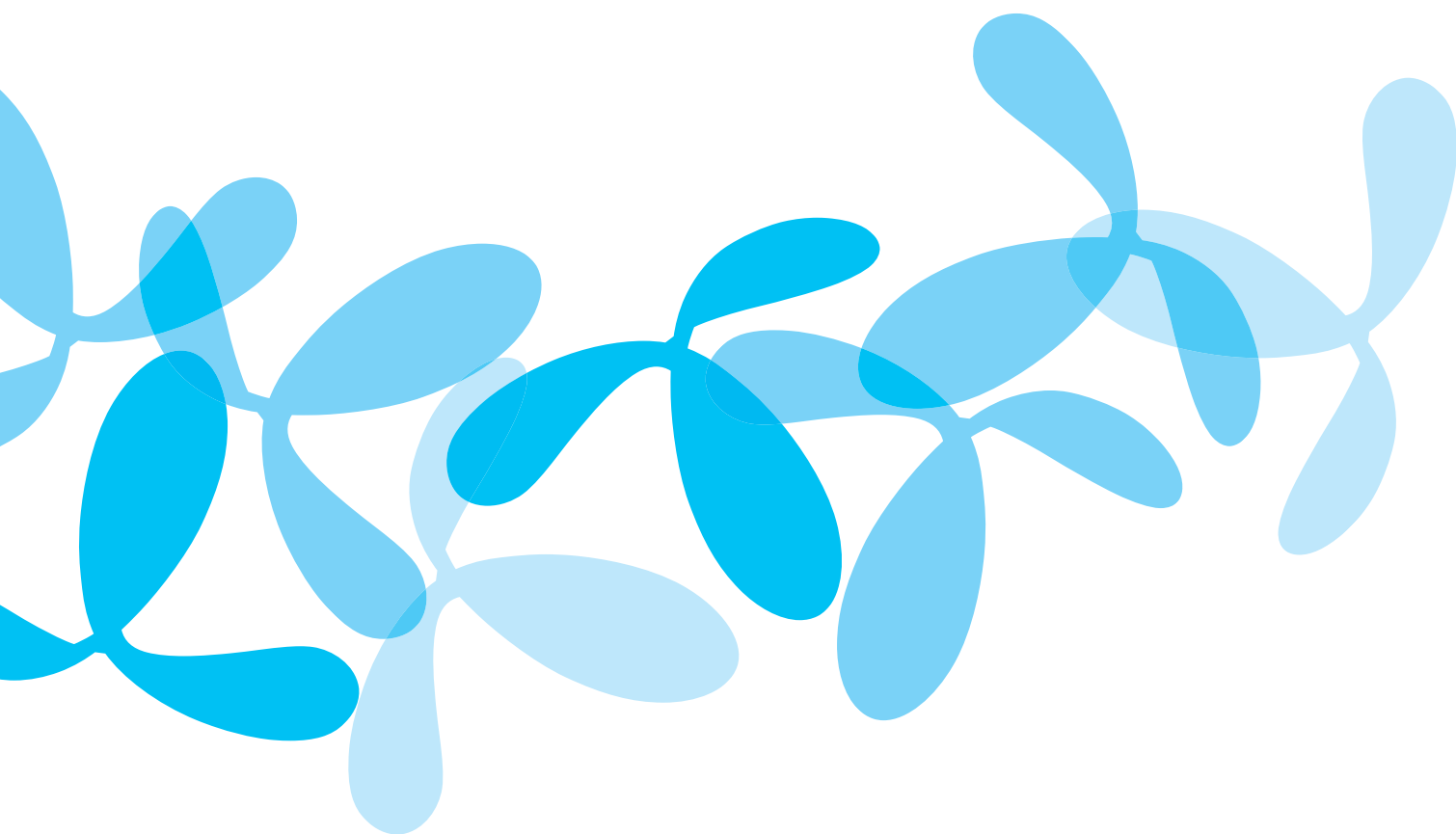




Q2 2011

Interim report
January–June 2011



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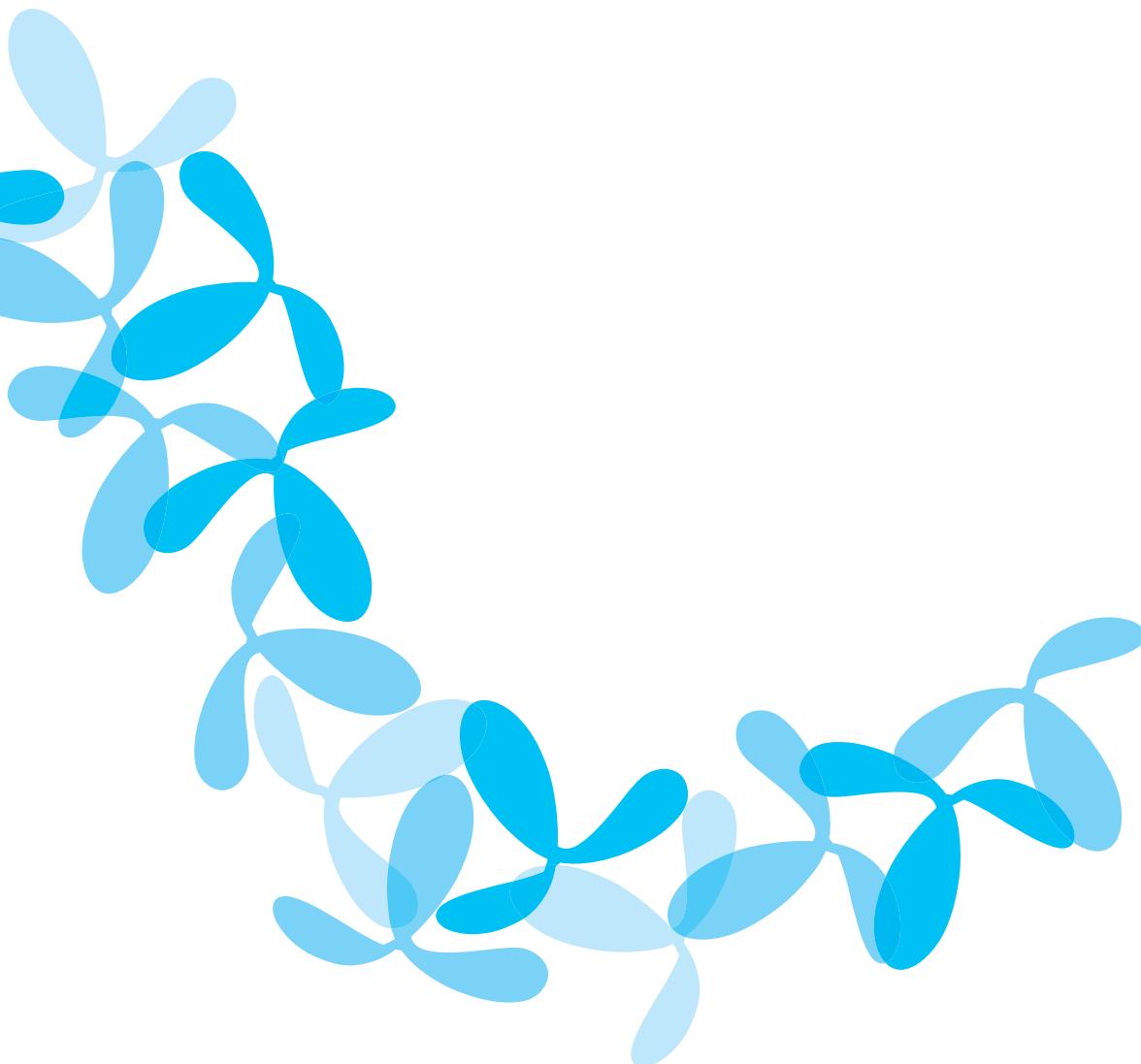
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Steady growth and stable margins

Highlights

Second quarter 2011

- Organic revenue growth of 7%¹⁾
- EBITDA margin 31%
- Operating cash flow of NOK 5 billion²⁾
- Earnings per share of NOK 2.77

First Half Year 2011

- Organic revenue growth of 7%¹⁾
- EBITDA margin 31%
- Operating cash flow of NOK 10 billion²⁾
- Earnings per share of NOK 4.48

Jon Fredrik Baksaas
Jon Fredrik Baksaas
President & CEO

“Half way into 2011, we have captured growth opportunities and delivered another quarter with 7 percent organic revenue growth combined with steady customer growth and healthy margins. The Telenor Group achieved an operating cash flow margin of 20 percent in a period with heavy investments in networks to meet the strong growth in data.

Our mobile operations added close to 8 million subscribers during the quarter, driven by our Asian operations, similar to the first three months of this year.

In the Nordics, the new service offerings launched previously this year have had positive effects. All three operations are now attracting new customers who will benefit from attractive bundles and higher data speeds. I am especially pleased to see the mobile subscriber base growing again in Norway and that the growth in data revenues continues to compensate for price pressure on voice. In June, we experienced a major network outage in Norway. The cause has been identified and corrective measures are taken to prevent similar incidents. Our Asian operations once again confirmed the strong growth momentum in the region with 21 percent organic revenue growth.

In India, the 2G licence investigations continue. Telenor is a long term telecom operator in India with already more than 20 million subscribers. The licences were awarded prior to Telenor’s entry to India and we have invested according to Indian authorities’ guidelines and formal approvals. Hence, we anticipate that the outcome of the legal processes should not affect our business negatively.

Going forward, we will continue to capture organic growth opportunities through providing easy-to-use and high quality services and implement ambitious efficiency measures while at the same time continue our substantial network modernisation. This quarter alone we invested more than one billion NOK in future technologies in Norway.

I am pleased to announce that we will initiate a new share buy-back programme for 2011 for approximately 3 percent of the outstanding shares based on our strong financial position. With the dividends paid in June and this new programme, we confirm our ambition to deliver a competitive shareholder remuneration.

Based on the trends so far this year, we maintain our revenue guidance for the year and expect a somewhat stronger cash flow than indicated earlier.”

Key figures Telenor Group

(NOK in millions except earnings per share)	2nd quarter		1st half year		Year
	2011	2010	2011	2010	2010
Revenues	24 359	23 550	48 452	45 890	94 843
EBITDA before other income and expenses	7 457	7 006	14 816	14 157	29 220
EBITDA before other income and expenses/Revenues (%)	30.6	29.7	30.6	30.8	30.8
Adjusted operating profit	3 537	2 969	7 191	6 162	13 086
Adjusted operating profit/Revenues (%)	14.5	12.6	14.8	13.4	13.8
Profit after taxes and non-controlling interests ³⁾	4 492	9 494	7 285	10 531	14 333
Earnings per share from total operations, basic, in NOK	2.77	5.73	4.48	6.36	8.69
Capex ⁴⁾	2 714	3 220	5 324	5 603	11 688
Capex excl. licences and spectrum	2 678	2 887	5 082	5 270	11 355
Capex excl. licences and spectrum/Revenues (%)	11.0	12.3	10.5	11.5	12.0
Operating cash flow ²⁾	4 779	4 119	9 735	8 887	17 865
Net interest-bearing liabilities	-	-	22 165	25 546	19 276

Extract from outlook for 2011

Based on the current group structure including Uninor and currency rates as of 30 June 2011, Telenor expects organic revenue¹⁾ growth above 5%. The EBITDA margin before other income and expenses is expected to be around 31%, while capital expenditure as a proportion of revenues, excluding licences and spectrum, is expected to be in the range of 11–12%.

Please refer to page 10 for the full outlook for 2011, and page 19 for definitions.

¹⁾ Organic revenue is defined as revenue adjusted for the effects of acquisition and disposal of operations and currency effects.

²⁾ Operating cash flow is defined as EBITDA before other income and expenses – Capex, excluding licences and spectrum.

³⁾ ‘Profit after tax and non-controlling interests’: As of the first quarter 2010, figures for OJSC VimpelCom and Kyivstar were included with a one quarter lag.

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

Interim report

Telenor's operations

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

Nordic

Norway

(NOK in millions)	2nd quarter		1st half year		Year
	2011	2010	2011	2010	2010
Revenues mobile operation					
Subscription and traffic	2 360	2 449	4 760	4 844	9 743
Interconnect revenues	255	352	511	689	1 389
Other mobile revenues	319	375	630	742	1 426
Non-mobile revenues	183	188	415	441	997
Total revenues mobile operation	3 117	3 363	6 317	6 715	13 556
Revenues fixed operation					
Telephony	869	1 019	1 771	2 057	3 952
Internet and TV	1 180	1 163	2 349	2 307	4 662
Data services	132	139	268	287	578
Other fixed revenues	323	314	636	676	1 332
Total retail revenues	2 504	2 636	5 024	5 328	10 524
Wholesale revenues	955	982	1 913	1 903	3 967
Total revenues fixed operation	3 460	3 617	6 937	7 231	14 491
Total revenues	6 577	6 980	13 254	13 946	28 047
EBITDA before other items	2 490	2 717	5 119	5 544	11 035
Operating profit	1 477	1 748	3 325	3 568	7 022

EBITDA before other items/					
Total revenues (%)	37.9	38.9	38.6	39.8	39.3
Capex	1 056	811	1 908	1 391	3 223
Investments in businesses	22	-	39	-	28

Mobile ARPU – monthly (NOK)	286	309	288	307	306
Fixed Telephony ARPU	271	292	273	291	288
Fixed Internet ARPU	314	317	314	315	316
TV ARPU	234	229	232	227	231

No. of subscriptions – Change in quarter/Total (in thousands):					
Mobile	18	31	3 064	3 032	3 064
Fixed telephony	(24)	(21)	1 058	1 154	1 107
Internet	(4)	-	866	857	867
TV	1	3	503	483	488

- The number of total mobile subscriptions increased by 18,000 during the quarter following the launch of the new consumer mobile product portfolio. At the end of the quarter, the mobile subscription base was 1% higher than last year. The number of large screen mobile broadband subscriptions increased by 26,000 to 351,000.
- On Friday 10 June, Telenor experienced a major mobile network outage, causing all mobile voice, SMS and mobile broadband traffic to be significantly reduced over a period of several hours. Telenor decided to compensate subscribers by giving away all traffic for free during the period 10–13 June, resulting in a one-time revenue and EBITDA loss of 114 MNOK. The errors have been identified and actions to correct them are well underway.
- Total revenues decreased by 6%. Adjusted for the effects of network outage, revenues decreased by 4%.
- Adjusted for the effects of network outage in June, mobile revenues decreased by 4%, mainly caused by a 4% reduction in ARPU as well as reduced wholesale revenues. Decline in ARPU was due to reductions in interconnect rates and roaming charges. Voice usage remained stable while price reductions were offset by higher data usage.
- Fixed revenues decreased by 4%. Reduced number of telephony subscriptions combined with lower ARPU and lower domestic wholesale revenues were partly offset by increased international wholesale revenues.
- The EBITDA margin decreased by 1 percentage point. Adjusted for the effects of network outage in June, the EBITDA margin remained stable at 39%.
- Capital expenditure increased due to the ongoing network modernisation and increased mobile broadband coverage and capacity. At the end of second quarter, approximately 75% of the modernisation programme was completed after investments in the south east and western part of Norway during second quarter. In addition, coverage and capacity have been improved to cater for strong growth in mobile data services.
- On 11 May 2011 the Ministry of Transport and Communication made a final decision regarding regulation of mobile voice call interconnect rates for the period 1 January 2011–31 December 2013, introducing symmetry between all operators from 1 January 2013.

Sweden

	2nd quarter		1st half year		Year
	2011	2010	2011	2010	2010
(NOK in millions)					
Revenues mobile operation					
Subscription and traffic	1 276	1 138	2 555	2 226	4 678
Interconnect revenues	203	194	388	377	743
Other mobile revenues	77	96	153	181	378
Non-mobile revenues	284	290	559	522	1 146
Total revenues mobile operation	1 841	1 719	3 655	3 306	6 945
Revenues fixed operation	618	638	1 247	1 279	2 552
Eliminations	-	-	-	-	-
Total revenues	2 459	2 357	4 902	4 585	9 497
EBITDA before other items	631	546	1 276	1 096	2 266
Operating profit (loss)	180	48	369	74	137

EBITDA before other items/					
Total revenues (%)	25.7	23.2	26.0	23.9	23.9
Capex	265	244	754	449	1 005

Mobile ARPU – monthly (NOK)	235	223	236	219	224
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No. of subscriptions – Change in quarter/Total (in thousands):

Mobile	45	30	2 119	2 008	2 061
Fixed telephony	(12)	(5)	364	407	382
Fixed Internet	(12)	(10)	518	556	535

Exchange rate		0.8756	0.8180	0.8402	
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- The total number of mobile subscriptions increased by 45,000 during the quarter due to strong growth in voice subscriptions and mobile broadband, both in the business and consumer segments. At the end of the quarter, the subscription base was 6% higher than at the end of second quarter last year.
- The number of large screen mobile broadband subscriptions increased by 22,000 to 379,000.
- The number of fixed broadband subscriptions decreased by 12,000 down to 518,000 during the quarter, in line with the trend from previous quarters.
- Mobile ARPU in local currency remained stable. An increased share of high value customers more than offset the negative effects from reduced interconnect rate and roaming charges.
- Total revenues in local currency decreased by 1% mainly as a result of decreasing fixed revenues only partly compensated by increasing mobile revenues.
- Fixed revenues in local currency decreased by 8% due to reduction in number of telephony and broadband subscriptions combined with lower telephony ARPU.
- Mobile revenues in local currency increased by 1% as a result of increased traffic and subscription fees, partly offset by lower handset sales and inbound roaming.
- The EBITDA margin increased by 3 percentage points mainly as a result of reduced operating expenses following accruals between quarters more than offsetting higher customer acquisition costs. EBITDA in local currency increased by 9%.
- Capital expenditure during the quarter was mainly related to ongoing network replacement and LTE rollout.

Denmark

	2nd quarter		1st half year		Year
	2011	2010	2011	2010	2010
(NOK in millions)					
Revenues mobile operation					
Subscription and traffic	826	940	1 710	1 870	3 813
Interconnect revenues	232	302	484	633	1 186
Other mobile revenues	215	111	376	192	427
Non-mobile revenues	266	142	442	273	592
Total revenues mobile operation	1 539	1 495	3 012	2 967	6 017
Revenues fixed operation	277	315	553	658	1 257
Total revenues	1 816	1 810	3 566	3 625	7 274
EBITDA before other items	505	396	934	841	1 758
Operating profit	269	108	469	278	669

EBITDA before other items/					
Total revenues (%)	27.8	21.9	26.2	23.2	24.2
Capex	169	546	368	740	1 119
Investments in businesses	24	-	24	-	-

Mobile ARPU – monthly (NOK)	179	198	185	201	200
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No. of subscriptions – Change in quarter/Total (in thousands):

Mobile	(1)	39	1 980	2 114	2 014
Fixed telephony	(4)	(5)	211	261	223
Fixed Internet	(5)	(5)	231	251	240

Exchange rate		1.0494	1.0762	1.0751	
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- The number of mobile subscriptions decreased by 1,000 during the quarter representing a significant improvement compared to the last three quarters. At the end of the quarter, the subscription base was 6% lower than at the end of second quarter last year.
- The number of large screen mobile broadband subscriptions increased by 2,000 to 168,000. Fixed broadband subscriptions decreased by 5,000 to 231,000.
- Mobile ARPU in local currency decreased 8% mainly due to lower interconnect rates from 1 May 2011 and reduced prices in the new consumer product portfolio.
- Total revenues in local currency increased by 2%.
- Mobile revenues increased by 4% as a result of higher wholesale revenues and high handset sales offsetting the negative effects from reduced interconnect rates and subscription and traffic revenues.
- Fixed revenues decreased by 11% driven by the continued decline in fixed telephony subscriptions and price pressure in the fixed broadband market.
- The EBITDA margin increased by 6 percentage points due to lower operating expenses and higher revenues.
- Capital expenditure was significantly lower than last year due to investment in LTE licence and network modernisation in 2010.
- On 14 June 2011, Telenor and Telia entered into an agreement on network sharing through a joint infrastructure company. The agreement involves the 2G, 3G and 4G (LTE) radio networks and is expected to have a positive impact both on user experience and efficiency.

Central and Eastern Europe

Hungary

(NOK in millions)	2nd quarter		1st half year		Year
	2011	2010	2011	2010	2010
Revenues					
Subscription and traffic	877	888	1 683	1 782	3 554
Interconnect revenues	209	238	401	469	933
Other mobile revenues	24	25	49	46	103
Non-mobile revenues	51	43	105	82	217
Total revenues	1 161	1 193	2 239	2 378	4 806
EBITDA before other items	416	502	794	1 000	1 755
Operating profit	172	327	349	619	927

EBITDA before other items/					
Total revenues (%)	35.9	42.0	35.4	42.1	36.5
Capex	61	88	122	142	264

No. of subscriptions – Change in					
quarter/Total (in thousands)	(23)	(37)	3 370	3 428	3 433
ARPU – monthly (NOK)	108	109	102	108	109
Exchange rate			0.0290	0.0295	0.0291

- The number of subscriptions decreased by 23,000 during the quarter. At the end of the quarter, the subscription base was 2% lower than at the end of second quarter last year.
- The number of large screen mobile broadband subscriptions increased by 6,000 to 184,000.
- ARPU in local currency decreased by 3% of which the reduction in interconnect rates accounted for 2 percentage points.
- Total revenues in local currency decreased by 4% mainly as a result of reduced ARPU and a lower subscriber base, only partly compensated by increased handset sales.
- The EBITDA margin decreased by 6 percentage points due to inclusion of NOK 69 million related to the crisis tax levied upon the telecommunication industry for the years 2010 to 2012.
- Adjusted for the telecommunication tax and effects related to regulatory charges, the EBITDA margin was 40%.
- Capital expenditure was mainly related to the ongoing network modernisation.
- Operating profit was affected by NOK 86 million in accelerated depreciation related to the network modernisation.

Serbia

(NOK in millions)	2nd quarter		1st half year		Year
	2011	2010	2011	2010	2010
Revenues					
Subscription and traffic	511	445	972	879	1 822
Interconnect revenues	155	128	287	251	536
Other mobile revenues	36	27	71	50	149
Non-mobile revenues	35	25	64	52	131
Total revenues	738	625	1 395	1 231	2 638
EBITDA before other items	327	252	605	483	1 053
Operating profit	181	84	325	128	421

EBITDA before other items/					
Total revenues (%)	44.4	40.4	43.4	39.2	39.9
Capex	105	38	194	72	259

No. of subscriptions – Change in					
quarter/Total (in thousands):	2	(7)	3 061	2 882	3 007
ARPU – monthly (NOK)	73	66	69	66	68
Exchange rate			0.0769	0.0800	0.0777

- The total number of subscriptions increased by 2,000 during the quarter and the subscription base was 6% higher than at the end of second quarter last year.
- ARPU in local currency increased by 9% due to higher usage combined with increased share of high value subscriptions.
- Revenues in local currency increased by 18% following higher ARPU and a higher subscription base, as well as increased interconnect and roaming revenues.
- The EBITDA margin improved by 4 percentage points due to higher revenues and an overall reduction in operating expenses, mainly driven by decreased operation and maintenance cost as a result of the network modernisation. EBITDA in local currency increased by 30%.
- Capital expenditure increased significantly reflecting the ongoing network modernisation. At the end of second quarter, approximately 50% of the network was upgraded.
- Compared to same period last year, operating profit was affected by NOK 27 million due to accelerated depreciation of old equipment.

Montenegro

(NOK in millions)	2nd quarter		1st half year		Year
	2011	2010	2011	2010	2010
Revenues	154	151	287	287	644
EBITDA before other items	71	59	121	111	287
Operating profit	61	22	97	16	160

EBITDA before other items/					
Total revenues (%)	46.2	39.2	42.1	38.6	44.6
Capex	2	8	17	20	24

No. of subscriptions – Change in					
quarter/Total (in thousands):	12	15	435	447	468
Exchange rate			7.8242	8.0093	8.0068

- The number of subscriptions increased by 12,000 mainly from seasonal prepaid effects. At the end of the quarter, the subscription base was 3% lower than at the end of second quarter last year.
- ARPU in local currency increased by 4% primarily due to positive development in the prepaid segment more than compensating the effects of reduced interconnect rates from 1 April 2011.
- Revenues in local currency increased by 3% driven by higher ARPU and increasing inbound roaming revenues.
- The EBITDA margin increased by 7 percentage points due to lower interconnect costs and reduced operating expenses as same quarter last year included costs related to rebranding and network modernisation.
- Capital expenditure was reduced due to high investment levels related to network modernisation in 2010.

Asia

DTAC – Thailand

	2nd quarter		1st half year		Year
	2011	2010	2011	2010	2010
(NOK in millions)					
Revenues					
Subscription and traffic	2 460	2 457	5 008	4 745	9 869
Interconnect revenues	729	666	1 494	1 298	2 975
Other mobile revenues	60	67	143	180	368
Non-mobile revenues	297	170	592	282	636
Total revenues	3 547	3 360	7 238	6 505	13 848
EBITDA before other items	1 243	1 143	2 594	2 217	4 820
Operating profit	862	721	1 828	1 403	3 177
EBITDA before other items/					
Total revenues (%)	35.1	34.0	35.8	34.1	34.8
Capex	164	198	226	314	797
No. of subscriptions – Change					
in quarter/Total (in thousands):	384	352	22 729	20 640	21 620
ARPU – monthly (NOK)	47	51	49	50	52
Exchange rate			0.1836	0.1852	0.1910

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

- The number of subscriptions increased by 384,000 during the quarter and the subscription base was 10% higher than at the end of second quarter last year.
- ARPU in local currency decreased by 2% due to the dilution effect from subscription growth in low-ARPU segments partly offset by growth in data usage.
- Total revenues in local currency increased by 13%, driven by an enlarged subscription base, handset sales and higher interconnect revenues.
- The EBITDA margin increased by 1 percentage point from higher revenues more than offsetting a slight increase in operating expenses. EBITDA in local currency increased by 16%.
- Capital expenditure remained low in the quarter in anticipation of the upcoming network modernisation and other major network investments.

DiGi – Malaysia

	2nd quarter		1st half year		Year
	2011	2010	2011	2010	2010
(NOK in millions)					
Revenues					
Subscription and traffic	2 271	2 189	4 557	4 156	8 801
Interconnect revenues	183	253	368	471	847
Other mobile revenues	38	36	67	65	134
Non-mobile revenues	158	78	345	109	386
Total revenues	2 650	2 556	5 337	4 801	10 167
EBITDA before other items	1 224	1 105	2 444	2 103	4 500
Operating profit	629	729	1 465	1 390	3 023
EBITDA before other items/					
Total revenues (%)	46.2	43.2	45.8	43.8	44.3
Capex	134	251	288	398	1 355
No. of subscriptions – Change					
in quarter/Total (in thousands):	447	158	9 290	8 104	8 765
ARPU – monthly (NOK)	90	101	91	97	98
Exchange rate			1.8414	1.8288	1.8806

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

- The number of subscriptions increased by 447,000 during the quarter and the subscription base was 15% higher than at the end of second quarter last year.
- ARPU in local currency decreased by 5%, due to a combination of subscription growth in lower ARPU segments, price pressure and reduced interconnect rates partly offset by increased data usage.
- Total revenues in local currency increased by 10%, driven by a combination of higher data ARPU and a higher subscription base in addition to higher handset sales.
- The EBITDA margin increased by 3 percentage points, due to higher revenues, in particular driven by data growth, combined with stable operational expenses. EBITDA in local currency increased by 18%.
- Capital expenditure remained at a low level and was mainly related to improvement of 3G capacity and coverage.
- Operating profit was affected by NOK 268 million in increased depreciation related to the network modernisation.

Grameenphone – Bangladesh

(NOK in millions)	2nd quarter		1st half year		Year
	2011	2010	2011	2010	2010
Revenues					
Subscription and traffic	1 476	1 461	2 919	2 754	5 691
Interconnect revenues	159	164	318	301	644
Other mobile revenues	7	4	12	8	19
Non-mobile revenues	49	53	100	61	139
Total revenues	1 690	1 682	3 349	3 125	6 492
EBITDA before other items	902	720	1 693	1 518	3 212
Operating profit	617	347	1 088	802	1 763

EBITDA before other items/					
Total revenues (%)	53.3	42.8	50.5	48.6	49.5
Capex	260	174	425	272	734

No. of subscriptions – Change					
in quarter/Total (in thousands):	1 841	2 552	33 824	26 456	29 971
ARPU – monthly (NOK)	17	22	17	21	20
Exchange rate			0.0771	0.0872	0.0868

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

- The number of subscriptions increased by 1.8 million during the quarter and the subscription base was 28% higher than at the end of second quarter last year.
- ARPU in local currency decreased by 8% due to a dilution effect from subscription growth in low-ARPU segments.
- Revenues in local currency increased by 21% driven by a higher subscription base.
- The EBITDA margin increased by 11 percentage points mainly due to higher revenues and lower subscription acquisition costs related to SIM tax subsidies, partially offset by increased energy cost. EBITDA in local currency increased by 52%.
- Capital expenditure increased following the ongoing network modernisation.
- The national budget in Bangladesh was approved in June, reducing the SIM tax from BDT 800 to BDT 605 per SIM card effective from 9 June 2011.
- Grameenphone is in the midst of an ongoing licence renewal process. The current licence expires 11 November 2011 and Grameenphone is in dialogue with the regulator and expects the terms and conditions to be set shortly.

Pakistan

(NOK in millions)	2nd quarter		1st half year		Year
	2011	2010	2011	2010	2010
Revenues					
Subscription and traffic	977	983	1 922	1 852	3 697
Interconnect revenues	191	187	372	354	718
Other mobile revenues	8	4	13	8	23
Non-mobile revenues	67	61	116	96	215
Total revenues	1 243	1 236	2 422	2 311	4 653
EBITDA before other items	453	409	846	707	1 382
Operating profit (loss)	144	91	232	82	2

EBITDA before other items/					
Total revenues (%)	36.4	33.1	34.9	30.6	29.7
Capex	170	215	260	335	617

No. of subscriptions – Change					
in quarter/Total (in thousands):	914	519	26 667	23 798	24 692
ARPU – monthly (NOK)	15	17	15	16	16
Exchange rate			0.0654	0.0714	0.0709

- The number of subscriptions increased by 914,000 during the quarter and the subscription base was 12% higher than at the end of second quarter last year.
- ARPU in local currency increased by 3% due to higher average usage.
- Total revenues in local currency increased by 15% driven by a higher number of subscriptions combined with higher ARPU.
- The EBITDA margin increased by 3 percentage points as revenues increased and operating costs remained relatively stable with some increase in fuel prices and electricity tariffs.
- Capital expenditure continued to be focused on network capacity investments to align with subscription growth and traffic volumes.

Uninor – India

(NOK in millions)	2nd quarter		1st half year		Year
	2011	2010	2011	2010	2010
Revenues					
EBITDA before other items	(965)	(1 132)	(1 983)	(2 106)	(4 246)
Operating profit (loss)	(1 206)	(1 323)	(2 452)	(2 435)	(5 044)

Capex	186	364	506	1 075	1 624
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No. of subscriptions – Change					
in quarter/Total (in thousands):	3 991	1 718	21 430	3 873	12 255
ARPU – monthly (NOK)	12	12	12	11	13
Exchange rate			0.1241	0.1319	0.1322

¹ Please note that the definition for active subscriptions in Uninor is more conservative than the Group definition on page 19, due to high churn following the prevailing multi-SIM standard in the Indian market. In Uninor, subscriptions are counted as active if there has been activity during the last 30 days.

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

- The number of subscriptions increased by 4.0 million during the quarter, taking the total subscriber base to 21.4 million.
- ARPU in local currency was unchanged from previous quarter at INR 97.
- Total revenues in local currency increased by 32% from the first quarter of 2011 driven by strong subscription growth combined with stable ARPU.
- Total EBITDA loss was NOK 54 million lower than previous quarter mainly due to increased gross margin. EBITDA in the first quarter of 2011 was positively affected by reversal of energy accruals. The EBITDA loss was NOK 167 million lower than the second quarter of 2010 due to launch in five circles last year.
- Capital expenditure in the quarter was NOK 186 million, primarily related to roll out of new coverage sites in the thirteen circles where Uninor has launched services.
- At the end of second quarter, the total number of active sites was 26,623.

Broadcast

(NOK in millions)	2nd quarter		1st half year		Year
	2011	2010	2011	2010	2010
Revenues					
Canal Digital DTH	1 043	1 041	2 094	2 086	4 216
Satellite Broadcasting	243	275	482	534	1 082
Norkring	237	190	474	387	826
Conax	129	128	258	259	528
Other/Eliminations	138	101	254	189	387
Total revenues	1 791	1 734	3 561	3 455	7 040
EBITDA before other items					
Canal Digital DTH	123	95	229	193	389
Satellite Broadcasting	157	190	319	370	758
Norkring	115	80	232	166	372
Conax	49	48	97	98	202
Other/Eliminations	18	(23)	29	(37)	(44)
Total EBITDA before other items	462	389	907	789	1 678
Operating profit					
Canal Digital DTH	110	87	203	177	354
Satellite Broadcasting	95	122	198	229	487
Norkring	61	27	124	62	156
Conax	34	36	70	73	154
Other/Eliminations	(32)	(46)	(36)	(78)	(193)
Total operating profit	268	226	559	463	957
EBITDA before other items/					
Total revenues (%)	25.8	22.4	25.5	22.8	23.8
Capex	78	125	137	201	423
Investments in businesses	(2)	1 099	(2)	1 099	1 132
No. of subscriptions – Change in quarter/Total (in thousands):					
DTH TV	(8)	(15)	979	1 039	997
Cable TV	(4)	(9)	227	233	233
Cable TV Internet access	(1)	-	22	23	23

- Total revenues increased by 3%. Total EBITDA increased by 19% and the EBITDA margin increased by 3 percentage points.
- Revenues in Canal Digital DTH was in line with the second quarter of 2010 as the effect of price increases and currency effects was offset by reduced subscriber base and lower sale of hardware.
- EBITDA margin in Canal Digital DTH increased by 3 percentage points as reduced transmission cost was partly offset by increased hardware related cost and increased other operating cost.
- Revenues and EBITDA in Satellite Broadcasting decreased as higher revenues from the CEE region was more than offset by reduced revenues from the Nordic region.
- Revenues and EBITDA in Norkring increased due to terrestrial transmission contracts in Belgium and Norway, the latter due to increased DTT capacity from June 2010.
- EBITDA in Conax was in line with the second quarter of 2010 as increased volume of smart cards was offset by reduced prices.
- Capital expenditure decreased primarily due to lower investments in terrestrial transmission networks in Norkring and ground equipment in Satellite Broadcasting.
- Satellite Broadcasting has entered into an agreement for a new broadcasting satellite to be delivered early 2014.

Other units

(NOK in millions)	2nd quarter		1st half year		Year
	2011	2010	2011	2010	2010
Revenues					
New Business	56	55	103	97	200
Corporate functions and					
Group activities	583	646	1 150	1 245	2 486
Other/eliminations	33	136	63	305	495
Total revenues	672	838	1 316	1 647	3 181
EBITDA before other items					
New Business	(10)	(29)	(23)	(57)	(31)
Corporate functions and					
Group activities	(249)	(127)	(432)	(236)	(442)
Other/eliminations	(37)	61	(70)	156	211
Total EBITDA before other items	(296)	(96)	(524)	(137)	(263)
Operating profit (loss)					
New Business	(14)	(38)	(37)	(72)	(63)
Corporate functions and					
Group activities	(342)	(231)	(613)	(443)	(854)
Other/eliminations	(45)	58	(72)	149	194
Total operating profit (loss)	(401)	(211)	(722)	(366)	(723)
Capex from continuing operations	64	161	118	198	253
Capex from discontinued operations	-	91	-	176	258
Investments in businesses	1	4	5	17	47

- EBITDA in Corporate Functions decreased as a result of reduced invoiced service cost, increased legal activities and VAT accruals related to earlier periods.
- EDB Business Partner ASA was reclassified to discontinued operations in the third quarter of 2010 and deconsolidated from the fourth quarter of 2010. EBITDA for the second quarter of 2010 included a positive EBITDA of NOK 86 million in internal transactions related to EDB Business Partner ASA, which explains the negative EBITDA development within the Other/eliminations line above.

Group overview

The statements below are related to Telenor's development in the first half of 2011 compared to the first half of 2010 unless otherwise stated. Please refer to note 6 for further information.

Revenues

- Revenues increased by NOK 2.6 billion, or 6% as the continued strong subscription growth in our Asian operations more than offset the negative currency effect of NOK 412 million.

EBITDA before other items

- EBITDA increased by NOK 0.7 billion compared to last year as the improved performance in the established operations in Asia more than offset weaker results in Norway, Hungary and Other Units. In addition, EBITDA was negatively impacted by NOK 93 million due to currency effects.

Specification of other income and expenses

(NOK in millions)	2nd quarter		1st half year		Year
	2011	2010	2011	2010	2010
EBITDA before other income and expenses	7 457	7 006	14 816	14 157	29 220
EBITDA margin before other income and expenses (%)	30.6	29.7	30.6	30.8	30.8
Gains (losses) on disposal of fixed assets and operations	(13)	(13)	131	(19)	(125)
Workforce reductions and loss contracts	(204)	(118)	(323)	(197)	(401)
One-time effects to pension costs	-	-	17	-	(46)
EBITDA	7 241	6 875	14 642	13 941	28 648
EBITDA margin (%)	29.7	29.2	30.2	30.4	30.2

- In the second quarter of 2011 'Other income and expenses' mainly consisted of the following items:
 - Workforce reductions of approximately 240 employees in Telenor Norway (NOK 176 million) and Broadcast (NOK 10 million).
 - Loss contract in Telenor Sweden (NOK 13 million).
 - Gains (losses) on disposals of fixed assets and operations were mainly related to Telenor Hungary (NOK 16 million).
- First half of 2011 'Other income and expenses' also include:
 - Workforce reductions and one-time effect to pension costs related to restructuring of operations in Norway, Denmark and Telenor ASA.
 - Gains on sale of fixed assets in Telenor Norway and Telenor Eiendom.

Operating profit

Operating profit increased by NOK 1 billion compared to last year primarily due to increased EBITDA as explained above and generally lower depreciations in most operations, partly offset by accelerated depreciations related to the ongoing network modernisation programmes and impairment losses related to disposal of cable TV operation in Sweden.

Associated companies

(NOK in millions)	2nd quarter		1st half year		Year
	2011	2010	2011	2010	2010
Telenors share of					
Profit after taxes	1 482	1 173	2 636	1 080	3 424
Amortisation of Telenor's net excess values	(21)	(79)	(74)	(79)	(276)
Impairment losses of Telenor's net excess values	(538)	-	(538)	-	(3)
Gains (losses) on disposal of ownership interests	1 638	6 514	1 637	6 514	6 549
Profit (loss) from associated companies	2 562	7 608	3 662	7 515	9 694

- Telenor's share of the net result from VimpelCom Ltd. for the first quarter of 2011 was NOK 1.4 billion. This is included in Telenor's income statement for the second quarter of 2011. From the first quarter of 2010, Telenor started to include actual reported figures of OJSC VimpelCom and Kyivstar with a one quarter lag; hence no figures for these companies were included in Telenor's income statement for the first quarter of 2010.
- In conjunction with the combination of VimpelCom and Wind Telecom, Telenor's economic interests in VimpelCom were diluted by 20% to 31.67%. The transaction is accounted for as a deemed disposal (partial realization of approximately 20% of Telenor's investment in VimpelCom due to dilution) and resulted in an accounting gain of NOK 1.6 billion in the second quarter of 2011. There is no cash effect related to the transaction.
- Impairment of associated companies of NOK 538 million was related to C More Group AB, in which an impairment was recorded mainly due to weaker subscriber development and results than expected.

Financial items

(NOK in millions)	2nd quarter		1st half year		Year
	2011	2010	2011	2010	2010
Financial income	224	155	422	281	765
Financial expenses	(562)	(364)	(1 050)	(815)	(1 825)
Net currency gains (losses)	354	50	389	(505)	(649)
Net change in fair value of financial instruments	145	(29)	20	(38)	(370)
Net gains (losses and impairment) of financial assets and liabilities	43	-	44	30	90
Net financial income (expenses)	204	(188)	(176)	(1 047)	(1 989)
Gross interest expenses	(529)	(365)	(986)	(784)	(1 706)
Net interest expenses	(326)	(255)	(605)	(574)	(1 228)

- The change in fair value of financial instruments in the second quarter of 2011 was primarily related to derivatives used for economic hedges that do not fulfil the requirements for hedge accounting.
- The net currency gains in the second quarter of 2011 were primarily related to internal financial liabilities in other currencies than functional currencies.

Taxes

- The estimated effective tax rate for the second quarter and the first half of 2011 was 24% and 27%, respectively. The effective tax rates increased compared to 2010, mainly due to the inclusion of the gain of NOK 6.5 billion realised from the contribution of Kyivstar to VimpelCom Ltd. in the second quarter of 2010.
- The effective tax rate for the second quarter is low due to the inclusion of the NOK 1.6 billion accounting gain in conjunction with the combination of VimpelCom and Wind Telecom in the second quarter.
- The annual effective tax rate for 2011 is estimated to be around 30%.

Investments

(NOK in millions)	2nd quarter		1st half year		Year
	2011	2010	2011	2010	2010
Capex	2 714	3 311	5 324	5 779	11 946
Capex from continuing operations	2 714	3 220	5 324	5 603	11 688
Capex excl. licences and spectrum	2 678	2 887	5 082	5 270	11 355
Capex excl. licences and spectrum/Revenues (%)	11.0	12.3	10.5	11.5	12.0

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

- Capital expenditure in continuing operations (excl. licences) decreased by NOK 0.2 billion as reduced investments in several business units more than offset the increased network investments in the Nordic region.

Financial position

- During the first half of 2011, total assets decreased by NOK 6.9 billion to NOK 165.9 billion, primarily due to appreciation of NOK against Asian currencies and US dollar.
- Total liabilities decreased by NOK 0.5 billion to NOK 76.0 billion mainly due to appreciation of NOK against Asian currencies. The decrease was partially offset by short term debt raised by Uninor in the first quarter of 2011 and the share buy-back liability of Telenor ASA to be fulfilled in the third quarter of 2011.
- Net interest bearing liabilities increased by NOK 2.9 billion to NOK 22.1 billion, as a result of decrease in cash and cash equivalents primarily due to dividend payments and increase in short term debt in Uninor and Telenor ASA as mentioned above.
- Total comprehensive income, mainly consisting of net income and the effect from translation differences, increased equity by NOK 3.8 billion. This increase was more than offset by total dividends declared of NOK 7.7 billion to equity holders of Telenor ASA and non-controlling interests in subsidiaries and share buy-back liability of NOK 2.5 billion. Total equity therefore decreased by NOK 6.4 billion to NOK 89.9 billion.

Cash flow

- Net cash inflow from operating activities during the first half of 2011 was NOK 12.6 billion, a decrease of NOK 1.2 billion compared to the first half of 2010. This is to a large extent explained by changes in working capital. Working capital was improved although less than first half of 2010. In addition, tax payments were NOK 1.0 billion higher in the first half of 2011.
- Net cash outflow to investing activities during the first half of 2011 was NOK 8.3 billion which is a decrease of NOK 0.3 billion compared to the first half of 2010. Capital expenditure payments were lower by NOK 1.1 billion while payments for acquisitions were lower by NOK 1.1 billion. These effects were offset by short term placements in DTAC during the first half of 2011 by approximately NOK 2.1 billion.
- Net cash outflow to financing activities during the first half of 2011 was NOK 6.2 billion, an increase of NOK 2.9 billion compared to the first half of 2010. The increase mainly relates to higher dividend paid out this year to shareholders of Telenor ASA by NOK 2.0 billion. In addition, dividend paid to non-controlling interests was higher by NOK 0.3 billion.
- Cash and cash equivalent decreased by NOK 2.5 billion to NOK 11.1 billion as of 30 June 2011.

Transactions with related parties

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

- In the first half of 2011, Telenor received interim dividends of NOK 1.0 billion from VimpelCom Ltd.
- At the Annual General Meeting on 19 May 2011 redemption of shares owned by the Kingdom of Norway through the Ministry of Trade and Industry was approved. Accordingly a liability of NOK 2.5 billion was recognised. See Annual Report 2010 note 34 for more information.

Outlook for 2011

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

- Organic revenue growth above 5%.
- EBITDA margin before other income and expenses around 31%.
- Capital expenditure as a proportion of revenues, excluding licences and spectrum, in the range of 11–12%.

Telenor expects that Uninor will contribute with an EBITDA loss around NOK 4 billion and capital expenditure around NOK 1 billion.

Risks and uncertainties

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

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

For additional explanations regarding risks and uncertainties, please refer to the Report of the Board of Directors for 2010, section Risk Factors and Risk Management, and Telenor's Annual Report 2010 Note 30 Managing Capital and Financial Risk Management and Note 35 Commitments and Contingencies. Readers are also referred to the disclaimer at the end of this section.

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

Financial aspects

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

At 30 June 2011, Uninor had NOK 6.5 billion in current interest-bearing borrowings, all with financial guarantees from Telenor ASA. This is an increase of NOK 2 billion since 31 December 2010.

Disclaimer

This report contains statements regarding the future in connection with Telenor's growth initiatives, profit figures, outlook, strategies and objectives. In particular, the section 'Outlook for 2011' contains forward-looking statements regarding the Group's expectations. All statements regarding the future are subject to inherent risks and uncertainties, and many factors can lead to actual profits and developments deviating substantially from what has been expressed or implied in such statements.

Condensed Interim Financial Information

Consolidated Income Statement

Telenor Group

(NOK in millions)	2nd quarter		1st half year		Year
	2011	2010	2011	2010	2010
Revenues	24 359	23 550	48 452	45 890	94 843
Costs of materials and traffic charges	(6 702)	(6 442)	(13 416)	(12 480)	(26 239)
Salaries and personnel costs	(2 778)	(2 780)	(5 592)	(5 507)	(10 852)
Other operating expenses	(7 423)	(7 321)	(14 627)	(13 746)	(28 532)
Other income and (expenses)	(216)	(131)	(175)	(216)	(572)
EBITDA	7 241	6 875	14 642	13 941	28 648
Depreciation and amortisation	(3 920)	(4 037)	(7 625)	(7 995)	(16 134)
Impairment losses	(60)	-	(60)	-	(14)
Operating profit	3 261	2 838	6 957	5 946	12 500
Share of net income from associated companies	924	1 094	2 024	1 001	3 145
Gain on disposal of associated companies	1 638	6 514	1 637	6 514	6 549
Net financial income (expenses)	204	(188)	(176)	(1 047)	(1 989)
Profit before taxes	6 027	10 258	10 443	12 414	20 205
Income taxes	(1 425)	(560)	(2 838)	(1 446)	(4 982)
Profit from continuing operations	4 601	9 698	7 605	10 968	15 223
Profit (loss) after taxes from discontinued operations	-	(116)	-	(237)	(415)
Net income	4 601	9 582	7 605	10 731	14 808

Net income attributable to:

Non-controlling interests (Minority interests)	110	89	320	200	475
Equity holders of Telenor ASA	4 492	9 494	7 285	10 531	14 334

Earnings per share in NOK

From continuing operations:

Basic	2.77	5.80	4.48	6.50	8.94
Diluted	2.77	5.80	4.47	6.50	8.93

From total operations:

Basic	2.77	5.73	4.48	6.36	8.69
Diluted	2.77	5.73	4.47	6.35	8.67

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

Consolidated statement of comprehensive income

Telenor Group

(NOK in millions)	2nd quarter		1st half year		Year
	2011	2010	2011	2010	2010
Net income	4 602	9 582	7 605	10 731	14 808
Translation differences on net investment in foreign operations	(3 050)	2 818	(5 004)	4 733	1 665
Income taxes	(6)	3 505	74	3 505	70
Amount reclassified from equity to profit and loss on disposal	531	(3)	530	(17)	3 528
Net gain (loss) on hedge of net investment	438	(94)	503	330	606
Income taxes	(123)	26	(141)	(92)	(170)
Amount reclassified from equity to profit and loss on disposal	-	-	-	-	(36)
Income taxes	-	-	-	-	10
Net gain (loss) on available-for-sale-investment	16	27	22	44	10
Amount reclassified from equity to profit and loss on disposal	(54)	-	(54)	-	-
Valuation gains (losses) on cash flow hedges	-	17	-	-	-
Income taxes	-	(5)	-	-	-
Amount reclassified from equity to profit and loss	-	-	-	562	667
Income taxes	-	-	-	(158)	(188)
Share of other comprehensive income (loss) of associated companies	4	(501)	(171)	(693)	(675)
Amount reclassified from equity to profit and loss on disposal	416	-	416	-	-
Other comprehensive income (loss), net of taxes	(1 828)	5 791	(3 825)	8 213	5 488
Total comprehensive income (loss)	2 774	15 373	3 780	18 945	20 297

Total comprehensive income (loss) attributable to:

Non-controlling interests	(121)	827	(450)	1460	1242
Equity holders of Telenor ASA	2 895	14 546	4 230	17 485	19 055

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

Consolidated Statement of Financial Position

Telenor Group

	2011	2011	2010	2010
(NOK in millions)	30 June	31 March	30 June	31 December
Deferred tax assets	1 767	1 883	1 665	2 006
Goodwill	24 299	24 541	28 547	24 472
Intangible assets	24 506	25 664	29 587	27 007
Property, plant and equipment	49 592	51 085	56 652	52 963
Associated companies	31 934	30 624	30 872	31 026
Other non-current assets	2 377	2 700	3 217	3 048
Total non-current assets	134 474	136 497	150 541	140 522
Trade receivables	7 795	7 754	8 744	8 591
Other current assets	8 496	8 811	10 648	9 066
Assets classified as held for sale	128	-	-	-
Other financial current assets	3 889	4 822	660	946
Cash and cash equivalents	11 082	15 207	14 628	13 606
Total current assets	31 390	36 594	34 680	32 209
Total assets	165 864	173 091	185 220	172 731
Equity attributable to equity holders of Telenor ASA	83 462	89 266	88 577	87 867
Non-controlling interests (minority interests)	6 405	7 703	10 422	8 351
Total equity	89 867	96 969	98 999	96 218
Non-current interest-bearing liabilities	23 708	25 070	33 465	25 701
Non-current non-interest-bearing liabilities	967	1 235	1 337	1 125
Deferred tax liabilities	2 230	2 655	3 103	2 927
Pension obligations	1 884	1 854	2 118	1 918
Other provisions	1 912	1 883	2 038	1 879
Total non-current liabilities	30 701	32 697	42 060	33 550
Current interest-bearing liabilities	13 358	10 206	8 144	8 751
Trade payables	6 346	6 049	8 001	6 039
Current non-interest-bearing liabilities	25 591	27 170	28 016	28 172
Liabilities classified as held for sale	-	-	-	-
Total current liabilities	45 295	43 425	44 161	42 963
Total equity and liabilities	165 864	173 091	185 220	172 731
Equity ratio including non-controlling interests (%)	54.2	56.0	53.4	55.7
Net interest-bearing liabilities	22 165	15 088	25 546	19 276

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

Consolidated Statement of Cash Flows

Telenor Group

(NOK in millions)	2nd quarter		1st half year		Year
	2011	2010	2011	2010	2010
Profit before taxes from total operations	6 027	10 131	10 443	12 170	19 733
Income taxes paid	(2 721)	(2 599)	(4 179)	(3 210)	(5 485)
Net (gains) losses from disposals, impairments and change in fair value of financial assets and liabilities	(175)	44	(195)	30	407
Depreciation, amortisation and impairment losses	3 980	4 137	7 685	8 195	16 622
Loss (profit) from associated companies	(2 562)	(7 608)	(3 662)	(7 515)	(9 694)
Dividends received from associated companies	468	154	1 010	395	1 812
Currency (gains) losses not related to operating activities	(355)	(29)	(324)	511	550
Changes in other operating working capital assets and liabilities	517	698	1 836	3 233	2 520
Net cash flow from operating activities	5 179	4 928	12 614	13 809	26 465
Purchases of property, plant and equipment (PPE) and intangible assets	(3 029)	(3 301)	(5 954)	(7 058)	(13 422)
Purchases of subsidiaries and associated companies, net of cash acquired	(47)	(1 098)	(69)	(1 127)	(1 416)
Proceeds of PPE, intangible assets and businesses, net of cash disposed	231	(64)	264	(10)	(124)
Proceeds and purchases of other investments	1 226	(55)	(2 503)	(414)	(628)
Net cash flow from investing activities	(1 619)	(4 518)	(8 261)	(8 609)	(15 590)
Proceeds from and repayments of borrowings	(395)	1 732	1 288	1 916	(876)
Proceeds from issuance of shares, incl. from non-controlling interests in subsidiaries	-	-	-	-	2
Share buyback by Telenor ASA	-	-	-	(8)	(2 164)
Repayment of equity and dividends paid to non-controlling interests in subsidiaries	(1 187)	(789)	(1 516)	(1 169)	(2 084)
Dividends paid to equity holders of Telenor ASA	(5 971)	(4 007)	(5 971)	(4 007)	(4 141)
Net cash flow from financing activities	(7 554)	(3 064)	(6 199)	(3 268)	(9 263)
Effects of exchange rate changes on cash and cash equivalents	(132)	732	(678)	1 144	442
Net change in cash and cash equivalents	(4 126)	(1 922)	(2 524)	3 076	2 054
Cash and cash equivalents at the beginning of the period	15 207	16 550	13 606	11 552	11 552
Cash and cash equivalents at the end of the period¹⁾	11 082	14 628	11 082	14 628	13 606
Of which cash and cash equivalents in discontinued operations at the end of the period	-	54	-	54	-
Cash and cash equivalents in continuing operations at the end of the period	11 082	14 574	11 082	14 574	13 606

¹⁾ The first half year of 2011 includes restricted cash of NOK 124 million, while the first half year of 2010 included restricted cash of NOK 161 million.

The statement includes discontinued operations prior to their disposal.

(NOK in millions)	2nd quarter		1st half year		Year
	2011	2010	2011	2010	2010
Net cash flow from operating activities	-	(63)	-	(295)	(367)
Net cash flow from investing activities	-	(87)	-	(172)	(291)
Net cash flow from financing activities	-	(285)	-	(310)	(333)

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

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

Consolidated Statement of Changes in Equity

Telenor Group

	Attributable to equity holders of the parent					Non-controlling interests	Total equity
	Paid in capital	Other reserves	Retained earnings	Cumulative translation differences	Total		
(NOK in millions)							
Equity as of 31 December 2009	10 005	11 851	64 843	(10 723)	75 976	9 089	85 065
Net income for the period	-	-	14 334	-	14 334	767	15 101
Other comprehensive income for the period	-	(201)	-	4 923	4 721	475	5 196
Total comprehensive income for the period	-	(201)	14 334	4 923	19 055	1 242	20 297
Transactions with non-controlling interests	-	(768)	-	-	(768)	144	(625)
Equity adjustments in associated companies	-	29	-	-	29	-	29
Dividends	-	-	(4 141)	-	(4 141)	(2 115)	(6 255)
Share buy back	(149)	(2 178)	-	-	(2 326)	(9)	(2 335)
Sale of shares, share issue, and share options to employees	3	38	-	-	41	-	41
Equity as of 31 December 2010	9 859	8 771	75 036	(5 800)	87 866	8 351	96 218
Net income for the period	-	-	7 285	-	7 285	320	7 605
Other comprehensive income for the period	-	214	-	(3 268)	(3 055)	(770)	(3 825)
Total comprehensive income for the period	-	214	7 285	(3 268)	4 230	(450)	3 780
Transactions with non-controlling interests	-	-	-	-	-	(18)	(18)
Equity adjustments in associated companies	-	52	-	-	52	-	52
Dividends	-	-	(6 206)	-	(6 206)	(1 477)	(7 683)
Share buy back	(161)	(2 353)	-	-	(2 514)	-	(2 514)
Sale of shares, share issue, and share options to employees	8	25	-	-	33	-	33
Equity as of 30 June 2011	9 707	6 708	76 115	(9 068)	83 462	6 405	89 867

	Attributable to equity holders of the parent					Non-controlling interests	Total equity
	Paid in capital	Other reserves	Retained earnings	Cumulative translation differences	Total		
(NOK in millions)							
Equity as of 31 December 2009	10 005	11 851	64 843	(10 723)	75 976	9 089	85 065
Net income for the period	-	-	10 531	-	10 531	200	10 731
Other comprehensive income for the period	-	(247)	-	7 200	6 953	1 260	8 213
Total comprehensive income for the period	-	(247)	10 531	7 200	17 485	1 460	18 945
Transactions with non-controlling interests	-	(768)	-	-	(768)	1 084	316
Equity adjustments in associated companies	-	31	-	-	31	-	31
Dividends	-	-	(4 141)	-	(4 141)	(1 203)	(5 344)
Share buy back	-	-	-	-	-	(8)	(8)
Sale of shares, share issue, and share options to employees	1	(7)	-	-	(6)	-	(6)
Equity as of 30 June 2010	10 006	10 860	71 233	(3 523)	88 577	10 422	98 999

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

Notes to the Consolidated Interim Financial Statements

Note 1 – General accounting principles

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

These interim condensed consolidated financial statements for the half year ending 30 June 2011 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's Annual Report 2010. The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's Annual Financial Statements for the year ended 31 December 2010.

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

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

Note 2 – Associated companies

C More

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

VimpelCom

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

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

Note 3 – Shareholding and legal disputes

VimpelCom

On 15 April 2011, VimpelCom completed the combination of VimpelCom and Wind Telecom. As a consequence, Telenor's ownership interest in VimpelCom was diluted to a 31.67% economic and a 25.01% voting interest, respectively.

Telenor believes that it was wrongly denied the opportunity to exercise the pre-emptive rights granted to it under the VimpelCom Shareholders Agreement, which would have permitted Telenor to maintain its ownership interest in VimpelCom. To protect these rights, Telenor commenced an arbitration proceeding in London on 28 January 2011 against VimpelCom and Altimo Holdings & Investments Ltd. Telenor is continuing to pursue that arbitration proceeding and anticipates that a decision will be reached in the first half of 2012.

Uninor

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

DTAC

Dispute between TOT, CAT and DTAC regarding Access Charge Reference is made to the Annual Report 2010 note 35 for description of the dispute between TOT, CAT and DTAC regarding Access Charge. On 16 June 2011, DTAC received a notice from the Central Administrative Court stating that TOT has filed a plaint requiring the court to order DTAC and CAT to jointly make the payment of unpaid Access Charge to TOT, together with the default interests, in the amount of approximately THB 113 billion (NOK 20 billion). It is the management of DTAC's opinion that TOT's claim is in conflict with Telecom Act and hence it is more likely than not that the court should rule in favour of DTAC.

Foreign ownership issue in Thailand

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

Note 4 – Transactions with related parties

At the Annual General Meeting on 19 May 2011 redemption of shares owned by the Kingdom of Norway through the Ministry of Trade and Industry was approved. Accordingly a liability of NOK 2.5 billion was recognised. See Annual Report 2010 note 34 for more information.

Note 5 – Events after the reporting period

On 18 July 2011, the Board of Directors of Grameenphone Ltd. declared interim dividend for 2011 of BDT 14.0 per share which correspond to approximately NOK 1.4 billion total dividend and approximately NOK 0.8 billion for Telenor ownership share.

Note 6 – Segment table and reconciliation of ebitda before other income and expenses

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

Second quarter

(NOK in millions)	Total revenues			of which internal		EBITDA before other income and expenses *)			
	2011	2010	Growth	2011	2010	2011	Margin	2010	Margin
Norway	6 577	6 980	(5.8%)	161	198	2 490	37.9%	2 717	38.9%
Sweden	2 459	2 357	4.3%	33	51	631	25.7%	546	23.2%
Denmark	1 816	1 810	0.3%	33	54	505	27.8%	396	21.9%
Hungary	1 161	1 193	(2.7%)	7	5	416	35.9%	502	42.0%
Serbia	738	625	17.9%	37	22	327	44.4%	252	40.4%
Montenegro	154	151	1.9%	12	8	71	46.2%	59	39.2%
DTAC – Thailand	3 547	3 360	5.5%	5	5	1 243	35.1%	1 143	34.0%
DiGi – Malaysia	2 650	2 556	3.7%	3	3	1 224	46.2%	1 105	43.2%
Grameenphone – Bangladesh	1 690	1 682	0.5%	1	-	902	53.3%	720	42.8%
Pakistan	1 243	1 236	0.6%	1	9	453	36.4%	409	33.1%
Uninor – India	698	103	nm	-	-	(965)	nm	(1 132)	nm
Broadcast	1 791	1 734	3.2%	37	56	462	25.8%	389	22.4%
Other units	672	838	(19.8%)	508	665	(296)	(44.1%)	(96)	nm
Eliminations	(836)	(1 077)	-	(836)	(1 077)	(6)	-	(4)	-
Group	24 359	23 550	3.4%	-	-	7 457	30.6%	7 006	29.7%

First half year

(NOK in millions)	Total revenues			of which internal		EBITDA before other income and expenses *)			
	2011	2010	Growth	2011	2010	2011	Margin	2010	Margin
Norway	13 254	13 946	(5.0%)	323	403	5 119	38.6%	5 544	39.8%
Sweden	4 902	4 585	6.9%	60	95	1 276	26.0%	1 096	23.9%
Denmark	3 566	3 625	(1.6%)	76	107	934	26.2%	841	23.2%
Hungary	2 239	2 378	(5.9%)	13	11	794	35.4%	1 000	42.1%
Serbia	1 395	1 231	13.3%	68	41	605	43.4%	483	39.2%
Montenegro	287	287	0.2%	19	14	121	42.1%	111	38.6%
DTAC – Thailand	7 238	6 505	11.3%	12	21	2 594	35.8%	2 217	34.1%
DiGi – Malaysia	5 337	4 801	11.2%	5	6	2 444	45.8%	2 103	43.8%
Grameenphone – Bangladesh	3 349	3 125	7.2%	2	-	1 693	50.5%	1 518	48.6%
Pakistan	2 422	2 311	4.8%	1	12	846	34.9%	707	30.6%
Uninor – India	1 246	159	nm	-	-	(1 983)	nm	(2 106)	nm
Broadcast	3 561	3 455	3.1%	76	116	907	25.5%	789	22.8%
Other units	1 316	1 647	(20.1%)	1 005	1 339	(524)	nm	(137)	nm
Eliminations	(1 660)	(2 165)	-	(1 660)	(2 165)	(8)	-	(9)	-
Group	48 452	45 890	5.6%	-	-	14 816	30.6%	14 157	30.8%

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

Reconciliation

(NOK in millions)	2nd quarter		1st half year		Year
	2011	2010	2011	2010	2010
Net income	4 601	9 582	7 605	10 731	14 808
Profit (loss) from discontinued operations	-	(116)	-	(237)	(415)
Profit from continuing operations	4 601	9 698	7 605	10 968	15 223
Income taxes	(1 425)	(560)	(2 838)	(1 446)	(4 982)
Profit before taxes	6 027	10 258	10 443	12 414	20 205
Net financial income (expenses)	204	(188)	(176)	(1 047)	(1 989)
Profit (loss) from associated companies	2 562	7 608	3 662	7 515	9 694
Depreciation and amortisation	(3 920)	(4 037)	(7 625)	(7 995)	(16 134)
Impairment losses	(60)	-	(60)	-	(14)
EBITDA	7 241	6 875	14 642	13 941	28 648
Gains (losses) on disposal of fixed assets and operations	(13)	(13)	131	(19)	(125)
Workforce reductions and loss contracts	(204)	(118)	(323)	(197)	(401)
One-time effects to pension costs	-	-	17	-	(46)
EBITDA before other income and expenses	7 457	7 006	14 816	14 157	29 220

EBITDA				Operating profit (loss)			
2011	Margin	2010	Margin	2011	Margin	2010	Margin
2 309	35.1%	2 706	38.8%	1 477	22.5%	1 748	25.0%
614	25.0%	546	23.1%	180	7.3%	48	2.0%
501	27.6%	381	21.0%	269	14.8%	108	6.0%
396	34.1%	496	41.6%	172	14.8%	327	27.4%
327	44.4%	242	38.7%	181	24.5%	84	13.4%
71	46.3%	59	39.1%	61	39.7%	22	14.5%
1 243	35.1%	1 145	34.1%	862	24.3%	721	21.5%
1 224	46.2%	1 104	43.2%	629	23.7%	729	28.5%
902	53.4%	719	42.8%	617	36.5%	347	20.7%
444	35.7%	414	33.5%	144	11.6%	91	7.3%
(959)	nm	(1 132)	nm	(1 206)	nm	(1 323)	nm
454	25.4%	381	21.9%	268	15.0%	226	13.0%
(288)	nm	(101)	nm	(401)	nm	(211)	nm
3	-	(85)	-	8	-	(79)	-
7 241	29.7%	6 875	29.2%	3 261	13.4%	2 838	12.1%

EBITDA				Operating profit (loss)			
2011	Margin	2010	Margin	2011	Margin	2010	Margin
4 973	37.5%	5 513	39.5%	3 325	25.1%	3 568	25.6%
1 258	25.7%	1 086	23.7%	369	7.5%	74	1.6%
920	25.8%	814	22.5%	469	13.1%	278	7.7%
771	34.4%	964	40.5%	349	15.6%	619	26.0%
605	43.4%	472	38.4%	325	23.3%	128	10.4%
121	42.1%	111	38.6%	97	33.9%	16	5.7%
2 597	35.9%	2 219	34.1%	1 828	25.3%	1 403	21.6%
2 442	45.8%	2 103	43.8%	1 465	27.5%	1 390	29.0%
1 693	50.5%	1 519	48.6%	1 088	32.5%	802	25.7%
840	34.7%	707	30.6%	232	9.6%	82	3.5%
(1 979)	nm	(2 106)	nm	(2 452)	nm	(2 435)	nm
893	25.1%	775	22.4%	559	15.7%	463	13.4%
(502)	nm	(147)	nm	(722)	nm	(366)	nm
9	-	(89)	-	23	-	(76)	-
14 642	30.2%	13 941	30.4%	6 957	14.4%	5 946	13.0%

Responsibility Statement

We confirm that, to the best of our knowledge, the condensed set of financial statements for the first half of 2011 which has been prepared in accordance with IAS 34 Interim Financial Reporting gives a true and fair view of the Company's consolidated assets, liabilities, financial position and results of operations, and that the interim report includes a fair review of the information under the Norwegian Securities Trading Act section 5–6 fourth paragraph.

Fornebu, 20 July 2011

Harald Norvik
Chairman of the Board of Directors

Liselott Kilaas
Deputy Chairman of the Board of Directors

Dr. Burckhard Bergmann
Board Member

Barbara Milian Thoralfsson
Board Member

Kjersti Kleven
Board Member

Hallvard Bakke
Board Member

Frank Dangeard
Board Member

Dag Opedal
Board Member

Bjørn André Anderssen
Board Member

Brit Østby Fredriksen
Board Member

Harald Stavn
Board Member

Jon Fredrik Baksaas
President and CEO

Definitions

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

Mobile operations

Revenues

Subscription and traffic

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

Interconnect

– consist of revenues from incoming traffic. Revenues from incoming traffic related to service provider subscriptions are not included.

Other mobile

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

Non-mobile

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

Key Figures

Subscriptions

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

Total subscriptions are voice SIM cards plus data only SIM cards used for Mobile Broadband.

Mobile broadband subscriptions

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

Average traffic minutes per subscription per month (AMPU)

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

Average revenue per subscription per month (ARPU)

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

Mobile revenues from company's own subscriptions

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

Fixed operations

Revenues

Telephony

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

Internet and TV

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

Data services

– consist of Nordic Connect/IP-VPN.

Other

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

Wholesale

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

Key Figures

Subscriptions

Telephony subscriptions consist of PSTN, ISDN, VoIP subscriptions.

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

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

Subscriptions are counted until the subscription is terminated.

Average revenue per subscription per month (ARPU)

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

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

TV ARPU is calculated based on revenues from TV services.

Broadcast

Revenues

Canal Digital DTH

– consists of revenues from our Nordic DTH subscribers, households in SMATV networks and DTT subscribers in Finland.

Satellite Broadcasting

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

Norkring

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

Conax

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

Other

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

Second quarter 2011

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