Q2 2010

Interim report
January–June 2010

telenor group

Contents

Mobile data and Asia driving growth

Highlights

Second quarter 2010
- Organic revenue growth of 5%
- EBITDA margin of 28%
- Cash flow margin 16%
- Earnings per share of NOK 5.73 [1)]

First half year 2010
- Organic revenue growth of 4%
- EBITDA margin of 29%
- Cash flow margin of 18%
- Earnings per share of NOK 6.36 [1)]

"I am pleased to see that the positive trends continued into the second quarter with increasing organic revenue growth and solid margins. During the quarter our consolidated operations added 5.4 million [2)] mobile subscriptions and in Asia we had organic revenue growth of 13%.

The economic environment in Asia continued to improve, fuelling the revenue growth in our operations. Increased usage of smartphones is an additional driver for growth in Thailand and Malaysia. In June, we launched services in five additional circles in India, increasing our footprint to 13 circles. We are continuously working to increase revenues and develop Uninor's position in the market.

In the Nordic region, high demand for mobile data is contributing to solid growth in organic mobile revenues. The mobile network upgrades are on track, with pick-up in investments in the coming quarters. In addition, the work on further cost reductions will continue.

In order to improve Telenor's shareholder remuneration and based on our financial position, we have decided to initiate a share buy-back programme for approximately 3% of the outstanding shares, following the announcement of the second quarter. Going forward our ambition is to ensure a healthy balance between competitive shareholder remuneration and the Group's growth profile.

Based on the positive trends in Asia and the Nordics, we expect organic revenue growth to be slightly higher than indicated in our previous outlook. In addition, we revise our expected capex to sales ratio downwards, following lower overall investments so far this year."

Jon Fredrik Baksaas
President & CEO

Key figures

	2nd quarter		1st half year		Year
	2010	2009	2010	2009	2009
(NOK in millions except earnings per share)	Group	Group	Group	Group	Group
Revenues	**25 177**	24 509	49 129	49 123	97 650
EBITDA before other income and expenses [3)]	**7 025**	7 896	14 198	15 796	31 122
EBITDA before other income and expenses/Revenues (%)	**27.9**	32.2	28.9	32.2	31.9
Adjusted operating profit	**2 889**	4 005	6 003	8 057	15 805
Adjusted operating profit/Revenues (%)	**11.5**	16.3	12.2	16.4	16.2
Profit after taxes and non-controlling interests	**9 494**	1 375	10 531	2 997	8 653
Earnings per share from total operations, basic, in NOK	**5,73**	0,83	6,36	1,81	5,22
Capex	**3 311**	3 008	5 779	6 004	16 107
Capex excl. licences and spectrum	**2 978**	3 008	5 446	6 004	16 107
Capex excl. licences and spectrum/Revenues (%)	**11.8**	12.3	11.1	12.2	16.5
Operating cash flow [4)]	**4 047**	4 888	8 752	9 792	15 015
Net interest-bearing liabilities			25 546	35 254	26 332

Extract from outlook for 2010

Based on the current group structure including Uninor and currency rates as of 30 June 2010, Telenor expects organic revenue [5)] growth of 3–5%. The EBITDA margin before other income and expenses is expected to be around 28%, while capital expenditure as a proportion of revenues, excluding licences and spectrum, is expected to be 12–13%.

Please refer to page 10 for the full outlook for 2010, and page 19 for definitions.

1) Until 31 December 2009, 'Profit after tax and non-controlling interests' included actual figures for Kyivstar and estimated results for OJSC VimpelCom. As of the first quarter 2010, figures for OJSC VimpelCom and Kyivstar were included with a one quarter lag. The second quarter includes a gain related to the contribution of Kyivstar to the new entity VimpelCom Ltd. of approximately NOK 6.5 billion. Please refer to 'Associated companies' on page 8 for further details.
2) As of the second quarter we have a total of 184 million mobile subscriptions, including 87 million subscriptions from VimpelCom Ltd.
3) 'EBITDA before other income and expenses' have been restated for the year 2009. See 'Specification of other income and expenses' on page 8 for further details.
4) Operating cash flow is defined as EBITDA before other income and expenses – Capex, excluding licences and spectrum.
5) Organic revenue is defined as revenue adjusted for the effects of acquisition and disposal of operations and currency effects.

Interim report

Telenor's operations

The statements below are related to Telenor's development in the second quarter of 2010 compared to the second quarter of 2009, 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 2010	2nd quarter 2009	1st half year 2010	1st half year 2009	Year 2009
Revenues mobile operation					
Subscription and traffic	2 449	2 333	4 844	4 556	9 444
Interconnect revenues	352	361	689	701	1 353
Other mobile revenues	375	381	742	752	1 530
Non-mobile revenues	188	130	441	268	759
Total revenues mobile operation	**3 364**	**3 205**	**6 716**	**6 277**	**13 085**
Revenues fixed operation					
Telephony	1 011	1 072	2 040	2 193	4 273
Broadband	671	690	1 337	1 365	2 731
Data services	139	154	287	324	631
Other fixed revenues	350	366	750	708	1 458
Total retail revenues	**2 171**	**2 281**	**4 414**	**4 590**	**9 093**
Wholesale revenues	1 013	1 041	1 963	2 087	4 071
Total revenues fixed operation	**3 183**	**3 322**	**6 376**	**6 678**	**13 164**
Total revenues	**6 547**	**6 527**	**13 092**	**12 955**	**26 249**
EBITDA before other items	2 572	2 644	5 271	5 230	10 476
Operating profit	**1 684**	**1 916**	**3 458**	**3 793**	**7 425**
EBITDA before other items/ Total revenues (%)	39.3	40.5	40.3	40.4	39.9
Capex	713	632	1 253	1 363	2 597
Investments in businesses	-	-	-	-	9
Mobile ARPU – monthly (NOK)	309	310	307	303	307
No. of subscriptions – Change in quarter/Total (in thousands):					
Mobile	31	28	3 032	2 917	2 991
Fixed telephony	(23)	(29)	1 135	1 242	1 190
Fixed broadband	(1)	(7)	620	636	628

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

- The total number of mobile subscriptions increased by 31,000 during the quarter, while the estimated voice subscription market share remained stable at 52%. The number of mobile broadband subscriptions increased by 42,000 to 372,000. The number of fixed telephony subscriptions fell by 23,000 during the quarter.
- Mobile ARPU decreased slightly as lower revenues from voice and messaging were almost offset by increased revenues from mobile data usage.
- Revenues from mobile operations increased by 5% mainly due to increased handset sales, a larger mobile broadband subscription base and increased mobile data usage.
- Fixed revenues fell by 4% driven by a reduction in the number of telephony and broadband subscriptions, in addition to wholesale revenues from international interconnect and transit traffic impacted by negative currency effects and lower prices.
- EBITDA decreased as a result of the continued decline in fixed telephony revenues and somewhat higher operational expenditures. These increased mainly due to commissions to cater for the growth in sales of advanced mobile handsets, planned personnel and contractor costs connected to the mobile network swap and network maintenance.
- Capital expenditure was primarily driven by network roll-out related to fixed and mobile broadband and maintenance of the core network. Accelerated depreciation has been applied to the existing mobile network equipment this quarter, due to the ongoing network upgrade.

Sweden

(NOK in millions)	2nd quarter 2010	2nd quarter 2009	1st half year 2010	1st half year 2009	Year 2009
Revenues mobile operation					
Subscription and traffic	**1 138**	1 088	2 226	2 114	4 308
Interconnect revenues	**194**	221	377	417	792
Other mobile revenues	**96**	81	181	141	288
Non-mobile revenues	**290**	198	522	379	902
Total revenues mobile operation	**1 719**	**1 588**	**3 306**	**3 051**	**6 290**
Revenues fixed operation	**638**	**716**	**1 279**	**1 431**	**2 826**
Eliminations	**-**	(26)	-	(44)	(85)
Total revenues	**2 357**	**2 278**	**4 585**	**4 438**	**9 031**
EBITDA before other items	**546**	408	1 096	793	1 959
Operating profit (loss)	**48**	**(128)**	**74**	**(254)**	**(185)**
EBITDA before other items/					
Total revenues (%)	**23.2**	17.9	23.9	17.9	21.7
Capex	**244**	218	449	461	825
Investments in businesses	**-**	-	-	-	1
Mobile ARPU – monthly (NOK)	**223**	227	219	221	221
No. of subscriptions – Change in quarter/Total (in thousands):					
Mobile	**30**	34	2 008	1 946	1 970
Fixed telephony	**(5)**	1	407	439	419
Fixed broadband	**(10)**	(14)	556	596	574
Exchange rate			0.8180	0.8192	0.8223

- The number of mobile subscriptions increased by 30,000 during the quarter, driven by a continued growth in the number of mobile broadband subscriptions. The estimated mobile subscription market share was stable at 17%. The number of mobile broadband subscriptions increased by 24,000 to 306,000.
- The number of fixed broadband subscriptions was 556,000 at the end of the quarter. The estimated subscription market share for fixed broadband in the consumer market remained at 20%.
- Total revenues in local currency increased by 3%.
- Revenues from mobile operations in local currency increased by 9% mainly due to higher handset sales and increased revenues from data and subscription fees, partly offset by lower interconnect revenues. Interconnect rates and roaming charges were reduced from 1 July 2009.
- Fixed revenues in local currency decreased by 9% driven by the reduction in number of telephony and broadband subscriptions combined with lower telephony ARPU.
- The EBITDA margin increased by 5 percentage points mainly due to increased revenues, improved margins on handset sales and reduced operating expenses. Operating expenses declined by 9% following reduced personnel and consultancy costs.
- Capital expenditure was mainly related to ongoing network replacement.
- With effect from 1 July 2010, the Swedish Post and Telecom Agency (PTS) reduced the mobile interconnect rates from SEK 0.32 to SEK 0.26.

Denmark

(NOK in millions)	2nd quarter 2010	2nd quarter 2009	1st half year 2010	1st half year 2009	Year 2009
Revenues mobile operation					
Subscription and traffic	**940**	980	1 870	1 941	3 863
Interconnect revenues	**302**	391	633	773	1 498
Other mobile revenues	**111**	99	192	202	383
Non-mobile revenues	**142**	116	273	244	515
Total revenues mobile operation	**1 495**	**1 586**	**2 967**	**3 160**	**6 259**
Revenues fixed operation	**315**	**414**	**658**	**872**	**1 618**
Eliminations	**-**	(19)	-	(35)	(64)
Total revenues	**1 810**	**1 981**	**3 625**	**3 997**	**7 813**
EBITDA before other items	**396**	453	841	919	1 899
Operating profit	**108**	**13**	**278**	**48**	**284**
EBITDA before other items/					
Total revenues (%)	**21.9**	22.9	23.2	23.0	24.3
Capex	**546**	275	740	547	928
Investments in businesses	**-**	111	-	111	111
Mobile ARPU – monthly (NOK)	**198**	240	201	242	231
No. of subscriptions – Change in quarter/Total (in thousands):					
Mobile	**39**	132	2 114	1 965	2 038
Fixed telephony	**(5)**	(17)	261	292	271
Fixed broadband	**(5)**	(5)	251	263	259
Exchange rate			1.0762	1.1944	1.1722

- The number of mobile subscriptions increased by 39,000 during the quarter, primarily driven by a successful prepaid campaign which kept the estimated mobile subscription market share stable at 28%. The number of mobile broadband subscriptions increased by 10,000 to 161,000.
- The number of fixed broadband subscriptions decreased by 5,000 during the quarter, primarily due to changed taxation of employee benefits in Denmark.
- Mobile ARPU in local currency decreased by 8% due to lower interconnect charges, as well as an increased proportion of mobile broadband customers with lower ARPU.
- Total revenues in local currency increased by 2%.
- Revenues from mobile operations in local currency increased by 5% mainly driven by a higher subscription base within voice and mobile broadband.
- Fixed revenues in local currency decreased by 15% as a result of lower voice traffic and a declining fixed broadband subscription base.
- EBITDA margin decreased by 1 percentage point following several one-time effects including the insolvency of Barablu, and increased bad debt provisions.
- In May 2010, Denmark acquired 2x20 MHz in the 2.6 GHz frequency band with a discounted acquisition price of approximately NOK 333 million. The spectrum is valid until 2030 with no requirements for geographical coverage or deadline for roll-out.
- With effect from 1 May 2010, the regulatory authorities in Denmark (NITA) reduced the mobile interconnect rates for the three largest mobile operators from DKK 0.54 to DKK 0.44.

Central and Eastern Europe

Hungary

(NOK in millions)	2nd quarter 2010	2nd quarter 2009	1st half year 2010	1st half year 2009	Year 2009
Revenues					
Subscription and traffic	888	1 029	1 782	2 016	4 117
Interconnect revenues	238	277	469	554	1 141
Other mobile revenues	25	23	46	38	76
Non-mobile revenues	43	45	82	88	190
Total revenues	**1 193**	**1 374**	**2 378**	**2 696**	**5 524**
EBITDA before other items	502	572	1 000	1 130	2 289
Operating profit	**327**	**395**	**619**	**788**	**1 566**
EBITDA before other items/ Total revenues (%)	42.0	41.6	42.1	41.9	41.4
Capex	88	116	142	207	420
No. of subscriptions – Change in quarter/Total (in thousands):	(37)	(22)	3 428	3 482	3 501
ARPU – monthly (NOK)	109	125	108	121	125
Exchange rate			0.0295	0.0307	0.0312

- The number of subscriptions decreased by 37,000 during the quarter, as a decrease in the prepaid consumer segment was only partly offset by a steadily increasing contract subscription base. The number of mobile broadband subscription increased by 12,000 to 156,000.
- ARPU in local currency decreased by 6% as an increase of 8% in average usage was offset by the effects of lower interconnect rates from 1 January 2010, as well as increased utilisation of free minutes and less expensive tariff plans.
- Revenues in local currency decreased by 7% mainly as a result of the reduction in ARPU and a lower subscription base.
- EBITDA in local currency decreased by 6% as the reduction in revenues was only partly offset by reduced cost of traffic and operating expenses. Decreased operating expenses, mainly following the workforce reductions in March 2010, more than offset increased sales and marketing expenses related to rebranding to Telenor and re-launching of djuice.
- Capital expenditure was mainly related to capacity increase for mobile broadband. There was a decline compared to 2009, mainly as last year's figure included investments related to the new headquarter.

Serbia

(NOK in millions)	2nd quarter 2010	2nd quarter 2009	1st half year 2010	1st half year 2009	Year 2009
Revenues					
Subscription and traffic	445	545	879	1 062	2 141
Interconnect revenues	128	155	251	301	605
Other mobile revenues	27	22	50	59	84
Non-mobile revenues	25	23	52	43	119
Total revenues	**625**	**745**	**1 231**	**1 465**	**2 949**
EBITDA before other items	252	297	483	607	1 202
Operating profit	**84**	**(1 844)**	**128**	**(1 706)**	**(1 417)**
EBITDA before other items/ Total revenues (%)	40.4	39.9	39.2	41.4	40.8
Capex	38	74	72	140	290
Investments in businesses	-	-	-	31	31
No. of subscriptions – Change in quarter/Total (in thousands):	(7)	(32)	2 882	2 831	2 843
ARPU – monthly (NOK)	66	82	66	80	80
Exchange rate			0.0800	0.0947	0.0929

- The number of subscriptions decreased by 7,000 during the quarter and the subscription market share remained at 34%.
- Revenues in local currency increased by 1% mostly due to higher national roaming revenues and a higher contract subscription base.
- In local currency EBITDA increased by 2% mainly due to 10% lower operating expenses driven by decreased bad debt, as well as sales and marketing expenses. In May, Serbia conducted an organisational downsizing of 10% of the company's employees.
- Capital expenditure decreased mainly due to lower coverage investments.

Montenegro

(NOK in millions)	2nd quarter 2010	2nd quarter 2009	1st half year 2010	1st half year 2009	Year 2009
Revenues	151	186	287	352	731
EBITDA before other items	59	79	111	147	311
Operating profit	**22**	**57**	**16**	**101**	**201**
EBITDA before other items/ Total revenues (%)	39.2	42.5	38.6	41.8	42.5
Capex	8	10	20	16	46
No. of subscriptions - Change in quarter/Total (in thousands):	15	23	447	436	465
Exchange rate			8.0093	8.8977	8.7285

- The number of subscriptions increased by 15,000 during the quarter, resulting in a subscription market share of 40%.
- ARPU measured in local currency decreased by 14% following the weak macroeconomic situation.
- Revenues in local currency decreased by 9% and EBITDA decreased by 17% due to higher costs related to the rebranding to Telenor in May.
- The network replacement was successfully completed in April and all customers have now been moved to the new network.

Asia

DTAC – Thailand

	2nd quarter		1st half year		Year
(NOK in millions)	2010	2009	2010	2009	2009
Revenues					
Subscription and traffic	2 457	2 270	4 745	4 646	8 998
Interconnect revenues	666	640	1 298	1 327	2 540
Other mobile revenues	67	75	180	207	391
Non-mobile revenues	170	24	282	48	115
Total revenues	**3 360**	**3 009**	**6 505**	**6 228**	**12 044**
EBITDA before other items	1 143	890	2 217	1 827	3 689
Operating profit	**721**	**474**	**1 403**	**1 006**	**2 108**
EBITDA before other items/ Total revenues (%)	34.0	29.6	34.1	29.3	30.6
Capex	198	283	314	545	1 089
Investments in businesses	-	14	-	-	-
No. of subscriptions – Change in quarter/Total (in thousands):	352	255	20 640	19 200	19 657
ARPU – monthly (NOK)	51	50	50	52	50
Exchange rate			0.1852	0.1909	0.1829

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

- The number of subscriptions increased by 352,000 during the quarter and the estimated subscription market share remained at 30%.
- ARPU in local currency declined by 2% as the decline in average prices was only partly offset by increased average usage driven by off-peak campaigns.
- Revenues in local currency increased by 9% mainly driven by increased revenues from mobile traffic and handset sales, being only partly offset by lower inbound revenues following the political situation.
- EBITDA in local currency increased by 25% as a result of increased revenues, an improved interconnect balance and reduction in operating expenses, driven by lower operation and maintenance costs.
- Capital expenditure was reduced mainly due to lower investments in network and capacity. In addition, capital expenditure in 2009 included investments related to the new headquarter.

DiGi – Malaysia

	2nd quarter		1st half year		Year
(NOK in millions)	2010	2009	2010	2009	2009
Revenues					
Subscription and traffic	2 189	1 907	4 156	3 913	7 577
Interconnect revenues	253	243	471	485	946
Other mobile revenues	36	28	65	59	101
Non-mobile revenues	78	30	109	58	119
Total revenues	**2 556**	**2 208**	**4 801**	**4 515**	**8 743**
EBITDA before other items	1 105	965	2 103	1 997	3 791
Operating profit	**729**	**605**	**1 390**	**1 326**	**2 466**
EBITDA before other items/ Total revenues (%)	43.2	43.7	43.8	44.2	43.4
Capex	251	250	398	527	1 279
No. of subscriptions – Change in quarter/Total (in thousands):	157	75	8 104	7 230	7 720
ARPU – monthly (NOK)	101	99	97	102	98
Exchange rate			1.8288	1.8633	1.7809

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

- The number of subscriptions increased by 157,000 during the quarter.
- ARPU measured in local currency decreased by 3% mainly due to increased price competition.
- Revenues in local currency increased by 11% mainly driven by positive response to handset bundling offers, combined with increased traffic revenue from a larger subscription base.
- EBITDA in local currency improved as increased revenue and stable operating expenses, were only partly offset by higher subscription acquisition costs and lower traffic margin following continuous competitive price pressure.
- Capital expenditure was moderate also in the second quarter due to some delays in the network roll-out.

Grameenphone – Bangladesh

	2nd quarter		1st half year		Year
(NOK in millions)	2010	2009	2010	2009	2009
Revenues					
Subscription and traffic	1 461	1 391	2 754	2 741	5 276
Interconnect revenues	164	133	301	348	593
Other mobile revenues	4	4	8	9	16
Non-mobile revenues	53	9	61	13	62
Total revenues	**1 682**	**1 537**	**3 125**	**3 111**	**5 947**
EBITDA before other items	720	909	1 518	1 843	3 390
Operating profit	**347**	**521**	**802**	**1 051**	**1 879**
EBITDA before other items/ Total revenues (%)	42.8	59.1	48.6	59.2	57.0
Capex	174	184	272	465	944
No. of subscriptions – Change in quarter/Total (in thousands):	2 552	106	26 456	21 163	23 259
ARPU – monthly (NOK)	22	24	21	24	23
Exchange rate			0.0872	0.0970	0.0910

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

- The number of subscriptions increased by 2,552,000 during the quarter, while the subscription market share remained at 44%.
- ARPU in local currency decreased by 6% mainly due to a dilution effect from increased share of low ARPU customers.
- Revenues in local currency increased by 15% mainly due to higher revenues from subscription fees and traffic, increased handset and modem sales, as well as higher interconnect revenues.
- The EBITDA margin decreased mainly due to higher subscription acquisition costs following SIM tax subsidies.
- Capital expenditure was in line with last year to cater for increased subscription base and additional traffic volumes.
- On 8 June 2010, the Annual General Meeting of Grameenphone Ltd. approved the financial statements for 2009 and ordinary dividends for 2009 of BDT 8.1 billion, of which the Telenor share was NOK 380 million.

Pakistan

	2nd quarter		1st half year		Year
(NOK in millions)	2010	2009	2010	2009	2009
Revenues					
Subscription and traffic	983	915	1 852	1 829	3 486
Interconnect revenues	187	195	354	380	733
Other mobile revenues	4	4	8	8	14
Non-mobile revenues	61	18	96	36	117
Total revenues	**1 236**	**1 132**	**2 311**	**2 253**	**4 350**
EBITDA before other items	409	260	707	492	1 055
Operating profit (loss)	**91**	**(54)**	**82**	**(144)**	**(267)**
EBITDA before other items/ Total revenues (%)	33.1	23.0	30.6	21.8	24.3
Capex	215	182	335	523	1 325
No. of subscriptions – Change in quarter/Total (in thousands):	519	908	23 798	20 893	22 501
ARPU – monthly (NOK)	17	18	16	18	17
Exchange rate			0.0714	0.0835	0.0771

- The number of subscriptions increased by 519,000 during the quarter, and subscription market share was stable at 24%.
- ARPU in local currency increased slightly as a 14% increase in average usage was offset by lower average prices following reduced interconnect rates from 1 January 2010, market focus on voice and SMS bundling and off-peak offers.
- Revenues in local currency increased by 20% mainly due to an increase in the subscription base of 2.9 million compared to last year.
- EBITDA increased mainly due to higher revenues, bringing the EBITDA margin up to 33%.
- Capital expenditure continued to be focused on network investments, and aligned with current subscription growth and traffic volumes.

Uninor – India

	2nd quarter		1st half year		Year
(NOK in millions)	2010	2009	2010	2009	2009
Revenues	103	-	159	-	3
EBITDA before other items	(1 132)	(80)	(2 106)	(80)	(906)
Operating profit (loss)	**(1 323)**	**(80)**	**(2 435)**	**(80)**	**(985)**
Capex	364	424	1 075	424	3 696
Investments in businesses	-	17	-	17	17
No. of subscriptions – Change in quarter/Total (in thousands)*):	1 718	-	3 873	-	1 008
Exchange rate			0.1319	0.1358	0.1298

*) 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 2010 Telenor's ownership interest in Uninor was 67.25%.

- In June 2010 Uninor launched mobile services in Mumbai, Maharashtra, Gujarat, Kolkata and West Bengal. Uninor is now present in 13 circles in India, with a total population of approximately 900 million.
- The number of subscriptions increased by 1,718,000 during the quarter, reaching a total subscription base of 3,873,000.
- Revenue in local currency increased by 75% compared to last quarter, driven by growth in the subscription base and higher ARPU.
- The EBITDA loss of NOK 1,132 million was mainly driven by network operation, as well as sales and marketing expenses.
- Capital expenditure of NOK 364 million was mainly related to network roll-out in the five additional circles.
- Uninor introduced Dynamic Pricing in all circles during the quarter, enabling location and time based discounts. Uninor was the first operator in India to offer such services.

Broadcast

(NOK in millions)	2nd quarter 2010	2nd quarter 2009	1st half year 2010	1st half year 2009	Year 2009
Revenues					
Canal Digital Group	1 699	1 637	3 381	3 269	6 667
Transmission & Encryption	592	577	1 179	1 170	2 326
Other/Eliminations	(109)	(130)	(230)	(253)	(428)
Total revenues	**2 182**	**2 084**	**4 330**	**4 186**	**8 565**
EBITDA before other items					
Canal Digital Group	243	190	464	327	710
Transmission & Encryption	317	314	633	626	1 277
Other/Eliminations	(26)	(7)	(36)	(21)	(43)
Total EBITDA before other items	**534**	**497**	**1 061**	**932**	**1 944**
Operating profit					
Canal Digital Group	143	113	268	170	364
Transmission & Encryption	185	198	364	397	754
Other/Eliminations	(39)	(20)	(59)	(56)	(113)
Total operating profit	**289**	**291**	**573**	**511**	**1 005**
EBITDA before other items/ Total revenues (%)	24.5	23.8	24.5	22.3	22.7
Capex	223	228	339	473	1 941
Investments in businesses	1 099	-	1 099	88	230
No. of subscribers – Change in quarter / Total (in thousands):					
DTH TV	(15)	(17)	1 039	1 079	1 060
Cable TV	(8)	(7)	713	732	729
Cable TV Internet access	5	12	262	216	246

- The number of DTH subscribers decreased by 15,000, and the number of cable TV internet access subscribers increased by 5,000 during the quarter.
- In Canal Digital Group, revenues and EBITDA increased mainly as a result of higher sale of additional services for cable and increased prices for DTH. This was partly offset by reduced DTH subscriber base, lower sales to small antenna TV networks and currency effects.
- Revenues in Transmission & Encryption increased due to higher revenues from satellite transmission and from Norkring Belgie which was consolidated from 1 December 2009, partly offset by currency effects.
- On 11 May 2010, Telenor Media & Content Services AS acquired 35% of the shares in C More Group AB for a consideration of NOK 1,1 billion. The net cash payment was approximately NOK 0.6 billion, as certain sports rights owned by Telenor, such as SAS Ligaen and FIFA World Cup 2010 in Denmark, were sublicensed to C More Entertainment. See the section on transactions with related parties on page 10 for further comment. C More Group AB is the leading premium pay-TV company in Scandinavia. Operating through its 100% owned subsidiary C More Entertainment AB, the TV-channel brand Canal+ has more than 1 million subscribers in Scandinavia.

Other Units

(NOK in millions)	2nd quarter 2010	2nd quarter 2009	1st half year 2010	1st half year 2009	Year 2009
Revenues					
EDB Business Partner	1 763	1 930	3 548	3 863	7 497
New Business	55	44	97	82	183
Corporate functions and Group activities	646	639	1 245	1 202	2 422
Other/eliminations	(1)	(14)	(4)	(25)	(30)
Total revenues	**2 464**	**2 599**	**4 886**	**5 122**	**10 072**
EBITDA before other items*)					
EDB Business Partner	106	225	258	452	853
New Business	(29)	(40)	(57)	(88)	(172)
Corporate functions and Group activities	(127)	(165)	(236)	(351)	(538)
Other/eliminations	(25)	(25)	(61)	(50)	(99)
Total EBITDA before other items	**(76)**	**(5)**	**(96)**	**(37)**	**45**
Operating profit (loss)					
EDB Business Partner	3	113	55	246	490
New Business	(38)	(54)	(72)	(116)	(271)
Corporate functions and Group activities	(231)	(261)	(443)	(545)	(933)
Other/eliminations	(28)	(25)	(67)	(50)	(111)
Total operating profit (loss)	**(295)**	**(227)**	**(527)**	**(465)**	**(825)**
Capex from continuing operations	252	132	374	314	732
Capex from discontinued operations	-	2	-	3	4
Investments in businesses	4	32	17	76	106

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

EDB Business Partner

- Revenues decreased by 9%, mainly due to continuing weak market conditions and downward pressure on prices, which negatively affected the business areas IT Operations and Consulting.
- On 7 June, the boards of directors of EDB Business Partner and ErgoGroup agreed to recommend to their shareholder a combination of EDB and ErgoGroup to create a leading Nordic IT vendor. EDB's shareholders will hold 53% and ErgoGroup's sole shareholder, Posten, will hold 47% of the combined company following completion of the combination. Telenor will hold approximately 27% of the combined company. Following the transaction, the combined company will conduct a share issue of up to NOK 1 billion in new equity.

New Business

- Cinclus Technology was presented as a discontinued operation from the second quarter of 2009. See Note 3 for further details.

Other

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

Group overview

The statements below are related to Telenor's development in the first half of 2010 compared to the first half of 2009 unless otherwise stated.

Revenues

- Revenues increased by NOK 6 million, or 0.0%, as the positive effects from subscription growth in our Asian operations were offset by the negative currency effects from the general strengthening of the Norwegian Krone.

EBITDA

- EBITDA decreased by NOK 1,728 million compared to last year mainly due to the negative contribution from Uninor.

Specification of other income and expenses

	2nd quarter		1st half year		Year
(NOK in millions)	2010	2009	2010	2009	2009
EBITDA before other income and expenses	7 025	7 896	14 198	15 796	31 122
EBITDA margin before other income and expenses (%)	27.9	32.2	28.9	32.2	31.9
Gains (losses) on disposal of fixed assets and operations	(16)	(22)	(22)	(17)	(309)
Workforce reductions and loss contracts	(119)	(54)	(198)	(72)	(463)
One-time effects to pension costs	-	-	-	-	568
EBITDA	**6 891**	**7 820**	**13 979**	**15 707**	**30 918**
EBITDA margin (%)	27.4	31.9	28.5	32.0	31.7

- 'Other income and expenses' of NOK 81 million related to a loss contract was expensed in the second quarter. In addition 'Other income and expenses' in the first half of 2010 were mainly related to workforce reductions in Telenor ASA (Other Units), Hungary and Denmark of NOK 28 million, NOK 32 million and NOK 20 million respectively.
- 'Other income and expenses' for the year 2009 have been restated to include settlement and curtailment of pension obligation of approximately NOK 570 million related to EDB Business Partner (Other Units). The amount was mainly reclassified from 'Salaries and personnel costs'.

Operating profit

- Operating profit decreased by NOK 207 million compared to last year as the negative contribution from Uninor was offset by the impairment of goodwill in Serbia of NOK 1,970 million in 2009.

Associated companies

	2nd quarter		1st half year		Year
(NOK in millions)	2010	2009	2010	2009	2009
Telenor's share of					
Profit after taxes	1 173	1 650	1 080	1 536	3 958
Amortisation of Telenor's net excess values	(79)	(81)	(79)	(166)	(291)
Gains (losses) on disposal of ownership interests	6 514	-	6 514	-	-
Profit (loss) from associated companies	**7 608**	**1 569**	**7 515**	**1 370**	**3 667**

- According to telecom analysts, VimpelCom Ltd. had approximately 87 million mobile subscriptions at the end of May 2010, of which 22 million in VimpelCom and 65 million in Kyivstar.
- In conjunction with the completion of the listing of VimpelCom Ltd, the Telenor Group recognised a gain of NOK 6.5 billion on the contribution of Kyivstar to the new entity. The gain is based upon the share exchange ratio and the VimpelCom Ltd. share price at the date of the transaction. In the third quarter, the gain will be adjusted for our share of the net result from Kyivstar for the period from 1 to 20 April 2010. Please refer to Note 4 for further details.

Financial items

(NOK in millions)	2nd quarter 2010	2nd quarter 2009	1st half year 2010	1st half year 2009	Year 2009
Financial income	**159**	119	290	289	604
Financial expenses	**(411)**	(661)	(903)	(1 368)	(2 696)
Net currency gains (losses)	**49**	(26)	(508)	(103)	(443)
Net change in fair value of financial instruments	**(30)**	155	(39)	109	433
Net gains (losses and impairment) of financial assets and liabilities	**-**	1	30	-	(83)
Net financial income (expenses)	**(231)**	**(412)**	**(1 129)**	**(1 073)**	**(2 184)**
Gross interest expenses	**(410)**	(701)	(868)	(1 400)	(2 645)
Net interest expenses	**(296)**	(617)	(649)	(1 235)	(2 313)

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

Taxes

- The effective tax rate for the second quarter and the first half of 2010 was 5% and 12%, respectively. The effective tax rates were low mainly due to a 5% effective capital gains tax on the NOK 6.5 billion gain realised from the contribution of Kyivstar to VimpelCom Ltd. Approximately NOK 0.3 billion was expensed as capital gains tax payable upon fiscal realisation of the shares in OJSC VimpelCom and Kyivstar. In addition there was a positive tax effect due to reversal of provisions for withholding taxes on accumulated retained earnings in OJSC VimpelCom and Kyivstar of approximately NOK 1 billion. The provisions are reversed as taxes on dividends from these companies will not be payable by Telenor going forward.
- The effective tax rate for the full year 2010 is estimated to be below 20%.

Investments

- Capital expenditure decreased by NOK 225 million as lower network investments in most operations were only partly offset by the investments in Uninor in 2010 and the acquisition of 2x20 MHz in the 2.6 GHz frequency band in Denmark for approximately NOK 333 million in the second quarter of 2010.

(NOK in millions)	2nd quarter 2010	2nd quarter 2009	1st half year 2010	1st half year 2009	Year 2009
Capex	**3 311**	3 008	5 779	6 004	16 107
Capex excl. licences and spectrum	**2 978**	3 008	5 446	6 004	16 107
Capex excl. licences and spectrum/Revenues (%)	**11.8**	12.3	11.1	12.2	16.5

Financial position

- During the first half of 2010, non-current assets increased by NOK 15.7 billion, primarily due to an increase in the carrying amounts of associated companies mainly resulting from the contribution of Kyivstar to VimpelCom Ltd. The increase in carrying amounts resulted from the step-up to fair value on the shares received in consideration for Kyivstar.
- Net interest-bearing liabilities decreased by NOK 0.8 billion to NOK 25.5 billion, as a result of a NOK 3.1 billion increase in cash and cash equivalents. The increase was largely attributable to strong operating cash flow, partly offset by new debt in Uninor of NOK 2.2 billion.
- As of 30 June 2010, the Norwegian Krone had depreciated against most of the functional currencies of Telenor's foreign subsidiaries and associated companies when compared to 31 December 2009. Total equity increased by NOK 13.9 billion to NOK 99.0 billion. The increase is due to strong earnings and positive translation effects contributing to a total comprehensive income of NOK 18.9 billion for the period, partly offset by total dividends declared of NOK 5.3 billion to equity holders of Telenor ASA and non-controlling interests in subsidiaries.

Cash flow

- The net cash inflow from operating activities in the first half of 2010 was NOK 13.8 billion, a decrease of NOK 4.2 billion. Income taxes paid amounted to NOK 3.2 billion, an increase of NOK 1.8 billion due to the jointly taxed Norwegian entities being in a tax paying position from the end of 2009. Dividends received decreased by NOK 3.2 billion, related to high dividend payments from Kyivstar in 2009. The positive change in working capital of NOK 3.2 billion was mainly related to revenue share accruals in DTAC and strong cash inflow resulting from a high level of receivables in the fourth quarter of 2009 and prepayments in the second quarter of 2010.
- The net cash outflow from investing activities in the first half of 2010 was NOK 8.6 billion, of which NOK 7.1 billion was related to intangible assets and property, plant and equipment. Paid capex was higher than reported capex, related to the network roll-out in Uninor as well as high capex payables in Pakistan at year-end 2009. The acquisition of C More Group AB amounted to gross cash outflow of NOK 1.1 billion.
- The net cash outflow from financing activities in the first half of 2010 was NOK 3.3 billion. This was mainly attributable to payment of dividends to equity holders of Telenor ASA and non-controlling interests in subsidiaries, partly offset by net proceeds relating to interest-bearing liabilities.
- Cash and cash equivalents increased by NOK 3.1 billion to NOK 14.6 billion as of 30 June 2010.

Transactions with related parties

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

- On 13 January 2010, the extraordinary general meeting of shareholders of Kyivstar approved additional dividends of UAH 0.8 billion (approximately NOK 0.5 billion) for the fiscal year of 2008, of which Telenor has received its appropriate share of approximately NOK 230 million. The dividend distributed is a proportion of total net profit of UAH 5.1 billion for the fiscal year of 2008.
- On 21 April 2010, VimpelCom Ltd. successfully completed the Exchange Offer for OJSC VimpelCom shares and American Depository Shares. As part of the transaction, Telenor's shares in Kyivstar was transferred to VimpelCom Ltd. and a gain of approximately NOK 6.5 billion has been recognised in the second quarter of 2010. Refer to the section "Associated companies" on page 8 and note 4 for further information.
- On 11 May 2010, at the same time as Telenor Media & Content Services AS acquired 35% of the shares in C More Entertainment commented on in note 4, Telenor received a payment of approximately NOK 0.5 billion related to a sublicense agreement with C More Entertainment of certain Danish sports rights entered into in 2009.
- On 28 June 2010, Telenor signed a 3-year agreement with TV 2 for distribution of Premier League matches from the 2010/2011 season until the 2012/2013 season to Canal Digital's cable and satellite subscribers.

Outlook for 2010

Based on the current group structure including Uninor and currency rates as of 30 June 2010 Telenor expects:
- Organic revenue growth of 3–5%.
- An EBITDA margin before other income and expenses of around 28%.
- Capital expenditure as a proportion of revenues, excluding licences and spectrum, of 12–13%.

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

Risks and uncertainties

The existing risks and uncertainties described below are expected to remain for the next six 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 profits.

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

Disclaimer

This report contains statements regarding the future in connection with Telenor's growth initiatives, profit figures, outlook, strategies and objectives. In particular, the section 'Outlook for 2010' contains forward-looking statements regarding the Group's expectations. All statements regarding the future are subject to inherent risks and uncertainties, and many factors can lead to actual profits and developments deviating substantially from what has been expressed or implied in such statements.

Condensed Interim Financial Information

Consolidated Income Statement

Telenor Group

(NOK in millions)	2nd quarter 2010	2nd quarter 2009	1st half year 2010	1st half year 2009	Year 2009
Revenues	25 177	24 509	49 129	49 123	97 650
Costs of materials and traffic charges	(6 635)	(6 245)	(12 871)	(12 598)	(25 223)
Salaries and personnel costs	(3 622)	(3 627)	(7 218)	(7 235)	(14 035)
Other operating expenses	(7 894)	(6 741)	(14 842)	(13 494)	(27 270)
Other income and (expenses)	(134)	(76)	(220)	(89)	(204)
EBITDA	**6 891**	**7 820**	**13 979**	**15 707**	**30 918**
Depreciation and amortisation	(4 137)	(3 891)	(8 195)	(7 739)	(15 317)
Impairment losses	-	(1 972)	-	(1 977)	(2 280)
Operating profit	**2 754**	**1 957**	**5 784**	**5 991**	**13 321**
Profit (loss) from associated companies	**7 608**	**1 569**	**7 515**	**1 370**	**3 667**
Net financial income (expenses)	(231)	(412)	(1 129)	(1 073)	(2 184)
Profit before taxes	**10 131**	**3 114**	**12 170**	**6 288**	**14 804**
Income taxes	(549)	(1 308)	(1 438)	(2 366)	(4 290)
Profit from continuing operations	**9 582**	**1 806**	**10 731**	**3 922**	**10 514**
Profit (loss) after taxes from discontinued operations	-	(54)	-	(52)	(410)
Net income	**9 582**	**1 752**	**10 731**	**3 870**	**10 104**
Net income attributable to:					
Non-controlling interests (minority interests)	89	377	200	873	1 451
Equity holders of Telenor ASA	9 494	1 375	10 531	2 997	8 653
Earnings per share in NOK					
From continuing operations:					
Basic	5.73	0.86	6.36	1.84	5.47
Diluted	5.73	0.86	6.35	1.84	5.47
From total operations:					
Basic	5.73	0.83	6.36	1.81	5.22
Diluted	5.73	0.83	6.35	1.81	5.22

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

Consolidated Statement of Comprehensive Income

Telenor Group

(NOK in millions)	2nd quarter 2010	2nd quarter 2009	1st half year 2010	1st half year 2009	Year 2009
Net income	**9 582**	**1 752**	**10 731**	**3 870**	**10 104**
Translation differences on net investment in foreign operations	2 818	1 581	4 733	(9 329)	(16 050)
Amount transferred to the income statement on disposal	3 505	-	3 505	-	-
Income taxes	(3)	136	(17)	(391)	(613)
Net gain (loss) on hedge of net investment	(94)	(420)	330	1 438	2 676
Income taxes	26	131	(92)	(403)	(749)
Valuation gains (losses) on available-for-sale investments	27	(1)	44	(38)	(3)
Valuation gains (losses) on cash flow hedges	17	373	562	(123)	(334)
Income taxes	(5)	(105)	(158)	33	93
Share of other comprehensive income (loss) from associated companies	(501)	(110)	(693)	(94)	(74)
Other comprehensive income (loss), net of taxes	**5 791**	**1 585**	**8 213**	**(8 907)**	**(15 054)**
Total comprehensive income (loss)	**15 373**	**3 337**	**18 945**	**(5 037)**	**(4 950)**
Total comprehensive income (loss) attributable to:					
Non-controlling interests (minority interests)	827	336	1460	364	280
Equity holders of Telenor ASA	14 546	3 001	17 485	(5 401)	(5 230)

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

Consolidated Statement of Financial Position

Telenor Group

(NOK in millions)	30 June 2010	31 March 2010	30 June 2009	31 December 2009
Deferred tax assets	1 665	1 809	877	1 811
Goodwill	28 547	28 785	31 023	28 873
Intangible assets	29 587	28 524	31 214	28 120
Property, plant and equipment	56 652	55 655	55 430	55 598
Associated companies	30 872	17 671	17 708	17 241
Other non-current assets	3 217	2 927	4 916	3 215
Total non-current assets	**150 541**	**135 370**	**141 168**	**134 858**
Trade receivables	8 744	8 125	8 972	9 178
Other current assets	10 648	10 259	9 717	9 317
Assets classified as held for sale	-	144	678	258
Other financial current assets	660	914	1 107	941
Cash and cash equivalents	14 628	16 439	16 191	11 479
Total current assets	**34 680**	**35 880**	**36 665**	**31 173**
Total assets	**185 220**	**171 250**	**177 833**	**166 031**
Equity attributable to equity holders of Telenor ASA	88 577	78 174	75 359	75 976
Non-controlling interests (minority interests)	10 422	10 429	9 117	9 089
Total equity	**98 999**	**88 603**	**84 476**	**85 065**
Non-current interest-bearing liabilities	33 465	35 461	40 663	32 959
Non-current non-interest-bearing liabilities	1 337	1 083	939	718
Deferred tax liabilities	3 103	4 076	4 371	3 834
Pension obligations	2 118	2 203	2 611	2 089
Other provisions	2 038	1 881	1 778	1 863
Total non-current liabilities	**42 060**	**44 704**	**50 362**	**41 463**
Current interest-bearing liabilities	8 144	3 670	12 358	6 383
Trade payables	8 001	7 284	7 886	7 605
Current non-interest-bearing liabilities	28 016	26 796	22 333	25 231
Liabilities classified as held for sale	-	193	418	284
Total current liabilities	**44 161**	**37 943**	**42 995**	**39 503**
Total equity and liabilities	**185 220**	**171 250**	**177 833**	**166 031**
Equity ratio including non-controlling interests (%)	53.4	51.7	47.5	51.2
Net interest-bearing liabilities	25 546	21 252	35 254	26 332

Consolidated Statement of Cash Flows

Telenor Group

(NOK in millions)	2nd quarter 2010	2nd quarter 2009	1st half year 2010	1st half year 2009	Year 2009
Profit before taxes from total operations	10 131	3 059	12 170	6 235	14 184
Income taxes paid	(2 599)	(747)	(3 210)	(1 402)	(2 491)
Net (gains) losses from disposals, impairments and change in fair value of financial assets and liabilities	44	(132)	30	(91)	(57)
Depreciation, amortisation and impairment losses	4 137	5 862	8 195	9 719	17 653
Loss (profit) from associated companies	(7 608)	(1 569)	(7 515)	(1 370)	(3 667)
Dividends received from associated companies	154	2 126	395	3 553	4 757
Currency (gains) losses not related to operating activities	(29)	(95)	511	(179)	82
Changes in other operating working capital assets and liabilities	698	361	3 233	1 499	161
Net cash flow from operating activities	**4 928**	**8 865**	**13 809**	**17 964**	**30 622**
Purchases of property, plant and equipment (PPE) and intangible assets	(3 301)	(3 231)	(7 058)	(7 035)	(13 014)
Purchases of subsidiaries and associated companies, net of cash acquired	(1 098)	(504)	(1 127)	(529)	(655)
Proceeds of PPE, intangible assets and businesses, net of cash disposed	(64)	23	(10)	40	75
Proceeds and purchases of other investments	(55)	(172)	(414)	(248)	(72)
Net cash flow from investing activities	**(4 518)**	**(3 884)**	**(8 609)**	**(7 772)**	**(13 666)**
Proceeds from and repayments of borrowings	1 732	485	1 916	(1 771)	(12 218)
Proceeds from issuance of shares, incl. from non-controlling interests in subsidiaries	-	-	-	-	518
Purchase of treasury shares	-	-	(8)	-	(5)
Repayment of equity and dividends paid to non-controlling interests in subsidiaries	(789)	(627)	(1 169)	(627)	(1 530)
Dividends paid to equity holders of Telenor ASA	(4 007)	-	(4 007)	-	-
Net cash flow from financing activities	**(3 064)**	**(142)**	**(3 268)**	**(2 398)**	**(13 235)**
Effects of exchange rate changes on cash and cash equivalents	732	130	1 144	(515)	(1 094)
Net change in cash and cash equivalents	**(1 922)**	**4 969**	**3 076**	**7 279**	**2 627**
Cash and cash equivalents at the beginning of the period	16 550	11 235	11 552	8 925	8 925
Cash and cash equivalents at the end of the period [1)]	**14 628**	**16 204**	**14 628**	**16 204**	**11 552**
Of which cash and cash equivalents in discontinued operations at the end of the period	54	13	54	13	73
Cash and cash equivalents in continuing operations at the end of the period	**14 574**	**16 191**	**14 574**	**16 191**	**11 479**

[1)] The first half year of 2010 includes restricted cash of NOK 161 million, while the first half year of 2009 included restricted cash of NOK 1,237 million.

The statement includes discontinued operations prior to their disposal.

Cash flow from discontinued operations

(NOK in millions)	2nd quarter 2010	2nd quarter 2009	1st half year 2010	1st half year 2009	Year 2009
Net cash flow from operating activities	(43)	119	20	91	231
Net cash flow from investing activities	-	(2)	-	(3)	(4)
Net cash flow from financing activities	-	(20)	-	(56)	(119)

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

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

Consolidated Statement of Changes in Equity

Telenor Group

(NOK in millions)	Paid in capital	Other reserves	Retained earnings	Cumulative translation differences	Total	Non-controlling interests	Total equity
	Attributable to equity holders of Telenor ASA						
Equity as of 31 December 2008 (restated)	**10 016**	**11 915**	**56 190**	**2 826**	**80 947**	**7 621**	**88 568**
Total comprehensive income	-	(334)	8 653	(13 549)	(5 230)	280	(4 950)
Transactions with non-controlling interests	-	282	-	-	282	2 722	3 004
Equity adjustments in associated companies	-	28	-	-	28	-	28
Dividends	-	-	-	-	-	(1 530)	(1 530)
Share buy back	(13)	(70)	-	-	(83)	(5)	(88)
Sale of shares, share issue, and share options to employees	2	30	-	-	32	1	33
Equity as of 31 December 2009	**10 005**	**11 851**	**64 843**	**(10 723)**	**75 976**	**9 089**	**85 065**
Total comprehensive income	-	(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**	**6 719**	**75 374**	**(3 523)**	**88 577**	**10 422**	**98 999**

(NOK in millions)	Total paid in capital	Other reserves	Retained earnings	Cumulative translation differences	Total	Non-controlling interests	Total equity
	Attributable to equity holders of Telenor ASA						
Equity as of 31 December 2008 (restated)	**10 016**	**11 915**	**56 190**	**2 826**	**80 947**	**7 621**	**88 568**
Total comprehensive income for the period	-	(236)	2 997	(8 162)	(5 401)	364	(5 037)
Transactions with non-controlling interests	-	(3)	-	-	(3)	1 817	1 814
Equity adjustments in associated companies	-	(115)	-	-	(115)	-	(115)
Dividends	-	-	-	-	-	(685)	(685)
Share buy back	(13)	(70)	-	-	(83)	-	(83)
Sale of shares, share issue, and share options to employees		14	-	-	14	-	14
Equity as of 30 June 2009	**10 003**	**11 505**	**59 187**	**(5 336)**	**75 359**	**9 117**	**84 476**

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 2010 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's Annual Report 2009.

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's Annual Financial Statements for the year ended 31 December 2009, except for the adoption of new standards and interpretations as of 1 January 2010 noted below.

Revised IFRS 3 Business Combinations

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

Revised IAS 27 Consolidated and Separate Financial Statements

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

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

Note 2 – Transactions with non-controlling interests

Unitech Wireless (Uninor) – India

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

Note 3 – Discontinued operations

Cinclus Technology is classified as a discontinued operation in the income statement for the first half of 2010 and in comparative periods. The assets and liabilities of Cinclus Technology as of 30 June 2010 will not be disposed, and are no longer presented on the lines 'Assets classified as held for sale' and 'Liabilities classified as held for sale' in the statement of financial position. The gain or loss will be recognised in the income statement when the disposal of the discontinued operation has been compelted. Refer to Note 15 in the Group's Annual Report 2009 for further information.

Note 4 – Associated companies

On 21 April 2010, VimpelCom Ltd. successfully completed the Exchange Offer for OJSC VimpelCom shares and American Depository Shares, with an aggregate combined tender representing 97.29% of the outstanding shares. The Group now holds 39.6% of the economic interests and 36.0% of the voting rights in VimpelCom Ltd., which began trading on the New York Stock Exchange on 22 April 2010.

In conjunction with the completion of the listing of VimpelCom Ltd, the Telenor Group recognised a gain of NOK 6.5 billion on the contribution of Kyivstar to the new entity. The gain will be adjusted for our share of the net result from Kyivstar for the period from 1 to 20 April 2010.

Until 31 December 2009, the income statement line 'Profit (loss) from associated companies' included actual figures for Kyivstar and estimated results for OJSC VimpelCom, adjusted for deviations between actual and estimated figures for the previous quarter. As of the first quarter 2010, figures for OJSC VimpleCom and Kyivstar and VimpelCom Ltd. going forward, will be included with a one quarter lag.

On 11 May 2010, Telenor Media & Content Services acquired 35% of the shares in C More Group AB for a consideration of NOK 1.1 billion. The net cash payment was approximately NOK 0.6 billion, as certain sports rights owned by Telenor, such as SAS Ligaen and FIFA World Cup 2010 in Denmark, was sublicensed to C More Entertainment. See the section on transactions with related parties on page 10 for further comment.

Note 5 – Events after the reporting period

On 8 July 2010, the extraordinary general meeting of EDB Business Partner ASA (EDB) approved the board of directors' proposal of a combination with ErgoGroup AS. Upon completion of the combination, ErgoGroup AS will be dissolved and transfer its assets, rights and obligations to EDB and in exchange the owner of ErgoGroup AS will receive newly issued shares in EDB. The combination will dilute the Group's ownership interest in EDB Business Partner ASA to approximately 27%, and EDB will be treated as an associated company from the transaction date. The combination is pending approval by relevant competition authorities. Refer to www.telenor.com/ir and www.edb.com/en/Corporate/Investor for further information.

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

The definition of operating segments was changed from the first quarter of 2010. Norway is now defined as one single operating segment since the fixed and mobile operations have been merged and are no longer monitored separately by Group management. Uninor is now a reportable segment, and Serbia and Montenegro are reported separately (previously "Other mobile operations"). In addition, Kyivstar is no longer defined as an operating segment due to the combination with OJSC Vimpelcom into the new entity VimpelCom Ltd. Total assets are excluded from segment disclosures due to a change in the requirements in IFRS 8 Operating Segments.

Second quarter

	Total revenues			of which internal		EBITDA before other income and expenses *)			
(NOK in millions)	2010	2009	Growth	2010	2009	2010	Margin	2009	Margin
Norway	6 547	6 527	0.3%	246	274	2 572	39.3%	2 644	40.5%
Sweden	2 357	2 278	3.5%	51	41	546	23.2%	408	17.9%
Denmark	1 810	1 981	(8.6%)	54	50	396	21.9%	453	22.9%
Hungary	1 193	1 374	(13.1%)	5	-	502	42.0%	572	41.6%
Serbia	625	745	(16.0%)	22	24	252	40.4%	297	39.9%
Montenegro	151	186	(18.8%)	8	9	59	39.2%	79	42.5%
DTAC – Thailand	3 360	3 009	11.7%	5	1	1 143	34.0%	890	29.6%
DiGi – Malaysia	2 556	2 208	15.8%	3	3	1 105	43.2%	965	43.7%
Grameenphone – Bangladesh	1 682	1 537	9.4%	-	-	720	42.8%	909	59.1%
Pakistan	1 236	1 132	9.2%	9	8	409	33.1%	260	23.0%
Uninor – India	103	-	nm	-	-	(1 132)	nm	(80)	nm
Broadcast	2 182	2 084	4.7%	23	24	534	24.5%	497	23.8%
Other units	2 464	2 599	(5.2%)	665	716	(76)	nm	(5)	nm
Eliminations	(1 091)	(1 151)	-	(1 091)	(1 150)	(4)	-	6	-
Group	**25 177**	**24 509**	**2.7%**	**-**	**-**	**7 025**	**27.9%**	**7 896**	**32.2%**

First half year

	Total revenues			of which internal		EBITDA before other income and expenses *)			
(NOK in millions)	2010	2009	Growth	2010	2009	2010	Margin	2009	Margin
Norway	13 092	12 955	1.1%	494	535	5 271	40.3%	5 230	40.4%
Sweden	4 585	4 438	3.3%	95	84	1 096	23.9%	793	17.9%
Denmark	3 625	3 997	(9.3%)	107	104	841	23.2%	919	23.0%
Hungary	2 378	2 696	(11.8%)	11	3	1 000	42.1%	1 130	41.9%
Serbia	1 231	1 465	(16.0%)	41	43	483	39.2%	607	41.4%
Montenegro	287	352	(18.6%)	14	13	111	38.6%	147	41.8%
DTAC – Thailand	6 505	6 228	4.4%	21	10	2 217	34.1%	1 827	29.3%
DiGi – Malaysia	4 801	4 515	6.3%	6	5	2 103	43.8%	1 997	44.2%
Grameenphone – Bangladesh	3 125	3 111	0.4%	-	-	1 518	48.6%	1 843	59.2%
Pakistan	2 311	2 253	2.6%	12	18	707	30.6%	492	21.8%
Uninor – India	159	-	nm	-	-	(2 106)	nm	(80)	nm
Broadcast	4 330	4 186	3.4%	45	48	1 061	24.5%	932	22.3%
Other units	4 886	5 122	(4.6%)	1 339	1 332	(96)	nm	(37)	nm
Eliminations	(2 186)	(2 195)	-	(2 186)	(2 195)	(9)	-	(4)	-
Group	**49 129**	**49 123**	**0.0%**	**-**	**-**	**14 198**	**28.9%**	**15 796**	**32.2%**

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

Reconciliation

	2nd quarter		1st half year		Year
(NOK in millions)	2010	2009	2010	2009	2009
Net income	**9 582**	**1 752**	**10 731**	**3 870**	**10 104**
Profit (loss) from discontinued operations	-	(54)	-	(52)	(410)
Profit from continuing operations	**9 582**	**1 806**	**10 731**	**3 922**	**10 514**
Income taxes	(549)	(1 308)	(1 438)	(2 366)	(4 290)
Profit before taxes	**10 131**	**3 114**	**12 170**	**6 288**	**14 804**
Net financial income (expenses)	(231)	(412)	(1 129)	(1 073)	(2 184)
Profit (loss) from associated companies	7 608	1 569	7 515	1 370	3 667
Depreciation and amortisation	(4 137)	(3 891)	(8 195)	(7 739)	(15 317)
Impairment losses	-	(1 972)	-	(1 977)	(2 280)
EBITDA	**6 891**	**7 820**	**13 979**	**15 707**	**30 918**
Gains (losses) on disposal of fixed assets and operations	(16)	(22)	(22)	(17)	(309)
Workforce reductions and loss contracts	(119)	(54)	(198)	(72)	(463)
One-time effects to pension costs	-	-	-	-	568
EBITDA before other income and expenses	**7 025**	**7 896**	**14 198**	**15 796**	**31 122**

EBITDA				Operating profit (loss)			
2010	Margin	2009	Margin	2010	Margin	2009	Margin
2 561	39.1%	2 627	40.3%	1 684	25.7%	1 917	29.4%
546	23.1%	376	16.5%	48	2.0%	(128)	nm
381	21.0%	432	21.8%	108	6.0%	13	0.7%
496	41.6%	562	40.9%	327	27.4%	395	28.7%
242	38.7%	297	39.9%	84	13.4%	(1 844)	nm
59	39.1%	79	42.5%	22	14.5%	57	30.6%
1 145	34.1%	892	29.6%	721	21.5%	474	15.8%
1 104	43.2%	961	43.5%	729	28.5%	605	27.4%
719	42.8%	909	59.1%	347	20.7%	521	33.9%
414	33.5%	258	22.8%	91	7.3%	(54)	nm
(1 132)	nm	(80)	nm	(1 323)	nm	(80)	nm
525	24.1%	505	24.2%	289	13.2%	291	14.0%
(85)	nm	(5)	nm	(295)	nm	(227)	nm
(85)	–	6	–	(79)	–	16	–
6 891	**27.4%**	**7 820**	**31.9%**	**2 754**	**10.9%**	**1 957**	**8.0%**

EBITDA				Operating profit (loss)			
2010	Margin	2009	Margin	2010	Margin	2009	Margin
5 241	40.0%	5 203	40.2%	3 458	26.4%	3 795	29.3%
1 086	23.7%	761	17.1%	74	1.6%	(254)	nm
814	22.5%	895	22.4%	278	7.7%	48	1.2%
964	40.5%	1 120	41.5%	619	26.0%	788	29.2%
472	38.4%	606	41.4%	128	10.4%	(1 706)	nm
111	38.6%	147	41.8%	16	5.7%	101	28.7%
2 219	34.1%	1 828	29.4%	1 403	21.6%	1 006	16.2%
2 103	43.8%	2 001	44.3%	1 390	29.0%	1 326	29.4%
1 519	48.6%	1 843	59.2%	802	25.7%	1 051	33.8%
707	30.6%	490	21.7%	82	3.5%	(144)	nm
(2 106)	nm	(80)	nm	(2 435)	nm	(80)	nm
1 048	24.2%	930	22.2%	573	13.2%	511	12.2%
(109)	nm	(33)	nm	(527)	nm	(465)	nm
(89)	–	(4)	–	(76)	–	14	–
13 979	**28.5%**	**15 707**	**32.0%**	**5 784**	**11.8%**	**5 991**	**12.2%**

Responsibility Statement

"We confirm that, to the best of our knowledge, the condensed set of financial statements for the first half of 2010 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 2010

Harald Norvik
Chairman of the Board of Directors

John Giverholt
Vice-Chairman of the Board of Directors

Sanjiv Ahuja
Board member

Kjersti Kleven
Board member

Olav Volldal
Board member

Liselott Kilaas
Board member

Dr. Burckhard Bergmann
Board member

Barbara Milian Thoralfsson
Board member

Harald Stavn
Board member

Brit Østby Fredriksen
Board member

Bjørn André Anderssen
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 revenues from incoming traffic. Revenues from incoming traffic related to service provider subscriptions are not included.

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

Key Figures

Subscriptions
Contract subscriptions are counted until the subscription is terminated. Prepaid subscriptions are counted as active if there has been outgoing or incoming traffic or if the SIM card has been reloaded during the last three months. Service provider and MVNO subscriptions are not included. Data only SIM cards are included, but SIM cards used for telemetric applications and Twin SIM cards are excluded. Telemetric is defined as machine-to-machine SIM cards (M2M), for example, vending machines and meter readings.

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

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

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

Average revenue per subscription per month (ARPU)
ARPU is calculated based on mobile revenues from the company's own subscriptions, divided by the average number of subscriptions for the relevant period.

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

Fixed operations

Revenues

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

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

Data services
– consist of Frame relay and IP-VPN.

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

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

Broadcast

Revenues

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

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

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

Second quarter 2010

Published by Telenor ASA
N-1331 Fornebu, Norway
Phone: +47 67 89 00 00

Investor Relations:
Phone: +47 67 89 24 70
e-mail: ir@telenor.com
www.telenor.com

www.telenor.com

CREUNA PHOTO: MARTE GARMANN JOHNSEN PRINT: RK GRAFISK