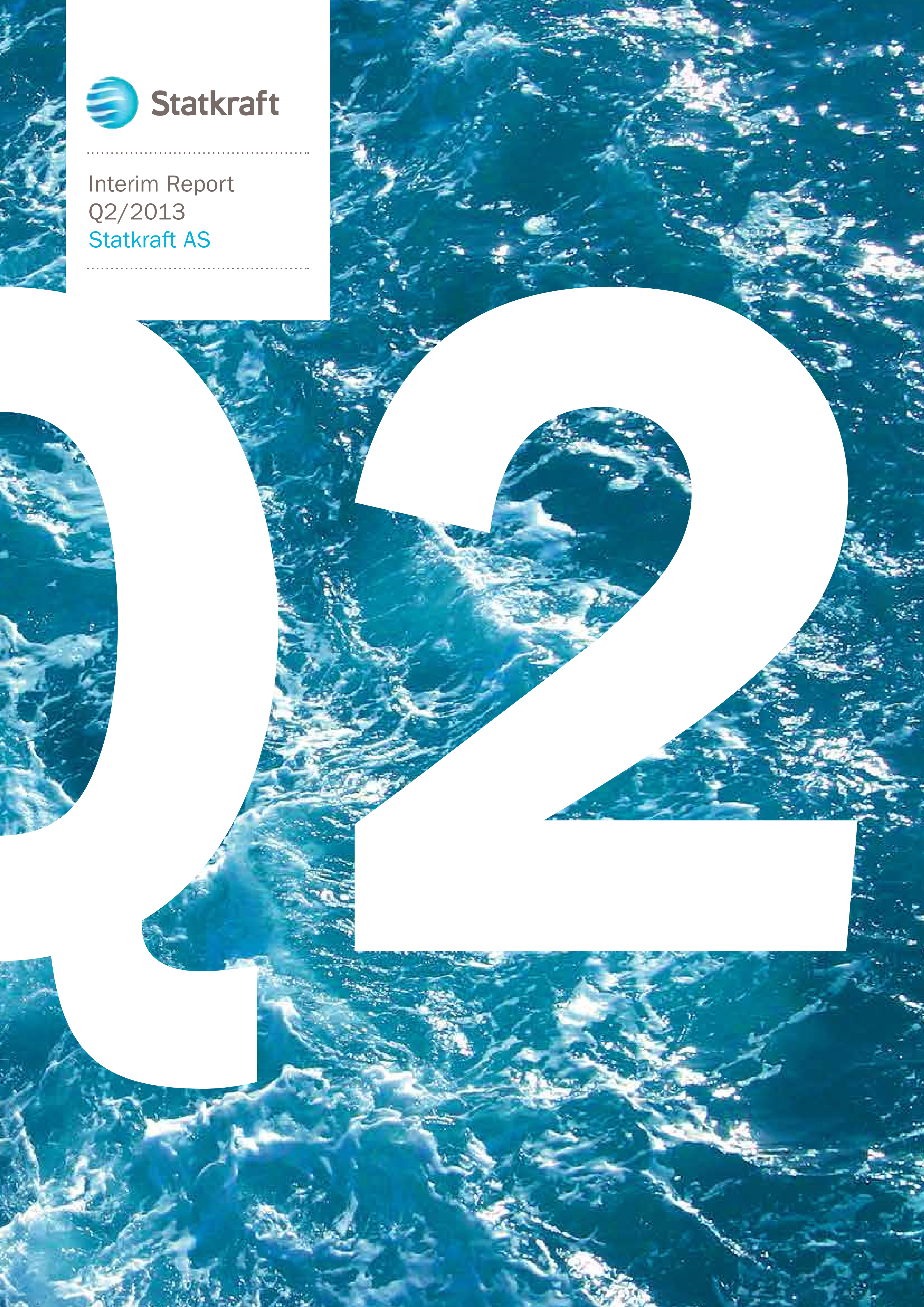
Statkraft

Interim Report
Q2/2013
Statkraft AS



# Key figures

| NOK million | Second quarter 2013 | 2012 | Change | Year to date 2013 | 2012 | Change | Year 2012 |
|---|---|---|---|---|---|---|---|
| **From income statement** [1] | | | | | | | |
| Gross operating revenues, underlying | 9 803 | 8 623 | 14 % | 22 871 | 20 413 | 12 % | 38 910 |
| Net operating revenues, underlying | 4 376 | 4 187 | 4 % | 10 488 | 10 213 | 3 % | 19 207 |
| EBITDA, underlying | 2 555 | 2 365 | 8 % | 6 735 | 6 577 | 2 % | 11 347 |
| Operating profit, underlying | 1 856 | 1 748 | 6 % | 5 388 | 5 344 | 1 % | 8 813 |
| Operating profit, booked | 3 449 | 1 337 | 158 % | 7 311 | 4 815 | 52 % | 5 679 |
| Share of profit from associated companies and joint ventures | 256 | 370 | -31 % | 459 | 789 | -42 % | 871 |
| Net financial items | -4 486 | 1 636 | -374 % | -6 323 | 2 649 | -339 % | 2 341 |
| Profit before tax | -781 | 3 344 | -123 % | 1 447 | 8 252 | -82 % | 8 890 |
| Net profit | -908 | 2 443 | -137 % | -466 | 5 873 | -108 % | 4 671 |
| EBITDA margin, underlying (%) [2] | 26.1 | 27.4 | | 29.4 | 32.2 | | 29.2 |
| ROACE, underlying (%) [3] | | | | 12.5 | 14.0 | | 13.1 |
| **Items excluded from the underlying operating profit** | | | | | | | |
| Unrealised changes in value on energy contracts | 1 266 | -411 | 408 % | 1 597 | -590 | 371 % | -1 030 |
| Significant non-recurring items | 326 | - | - | 326 | 60 | 443 % | -2 105 |
| **Balance sheet and investments** | | | | | | | |
| Total assets 30.06./31.12. | | | | 149 782 | 147 424 | 2 % | 146 026 |
| Maintenance investments | 350 | 218 | 61 % | 557 | 403 | 38 % | 1 065 |
| Investments in new capacity* | 6 448 | 2 144 | 201 % | 7 892 | 3 926 | 101 % | 8 073 |
| Investments in shareholdings | 19 | 38 | -50 % | 27 | 2 420 | -99 % | 2 583 |
| Capital employed 30.06./31.12. [4] | | | | 79 627 | 68 657 | 16 % | 70 048 |
| **Cash Flow** | | | | | | | |
| Net cash flow from operating activities | -78 | 3 166 | -102 % | 4 213 | 7 159 | -41 % | 10 290 |
| Cash and cash equivalents 30.06./31.12. | | | | 10 742 | 8 428 | 27 % | 5 440 |
| **Currency rates** | | | | | | | |
| NOK/EUR average rate | 7.62 | 7.56 | | 7.52 | 7.58 | | 7.47 |
| NOK/EUR closing rate 30.06./31.12. | | | | 7.88 | 7.53 | | 7.35 |

** 2013 figures include the transfer of power plants from Statkraft SF to Statkraft AS of approximately NOK 4 billion. The transfer had no cash effect.*

Effective 1 January 2013, Statkraft has implemented IFRS 11 Joint arrangements. The new standard implies that five companies previously recognised in accordance with the equity method are now recognised in accordance with the gross method. The comparative figures have been converted to show the company's financial situation and results in accordance with the new accounting principle.

**Definitions**

*[1] Underlying items have been adjusted for unrealised changes in value of energy contracts and significant non-recurring items, up to and including the operating profit.*
*[2] EBITDA margin, underlying (%): (Operating profit before depreciation x 100)/Gross operating revenues.*
*[3] ROACE, underlying (%): (Underlying operating profit x 100)/Average capital employed (rolling 12 months) .*
*[4] Capital employed: Tangible fixed assets + intangible assets + receivables + inventories - payable tax - other interest-free debt + group contribution allocated, not paid.*

# Contents

# GOOD OPERATING PROFIT AND LARGE CURRENCY EFFECTS

"Higher power prices and new generation capacity yielded a good operating profit. A weakening of the NOK impacts the quarterly result.

International business has been strengthened by the signing of a letter of intent with Norfund and development of hydropower in Albania.

The second quarter in 2013 had higher Nordic power prices and lower production than the same period 2012. The result from underlying operations (EBITDA) increased by 8 per cent compared with the second quarter last year.

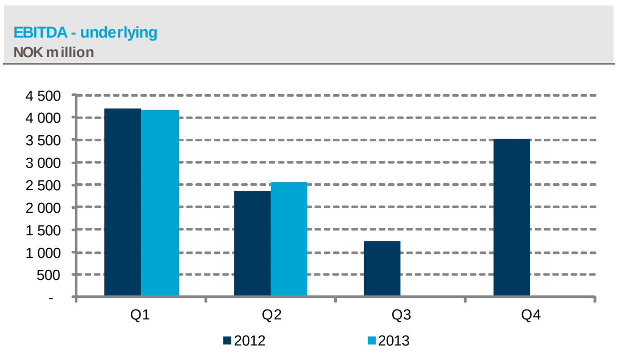
A weakening of the NOK in the second quarter of 2013 had large negative effects on the net profit, while the corresponding period in 2012 was influenced by positive currency effects. The loss after tax was NOK 908 million, a decline of NOK 3.4 billion. The currency effects are mainly unrealised, and are fully offset by translation effects which strengthen equity.

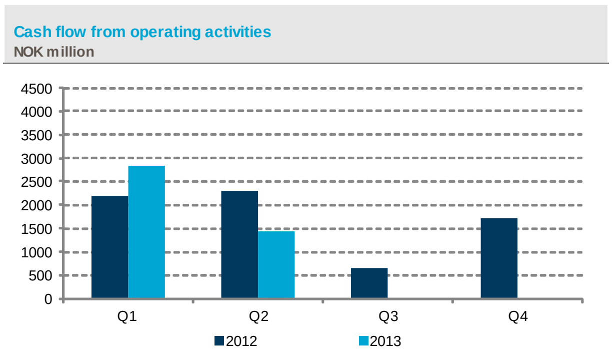
The average Nordic power price was 36 per cent higher than in the same quarter in 2012. The Group's power production was 10.9 TWh in the quarter. This was a decline of 27 per cent compared with the second quarter of 2012, which was a quarter with relatively high production.

Statkraft and Norfund signed a letter of intent setting the framework for future ownership structures and cooperation within renewable energy, with particular focus on hydropower in emerging markets. In brief, Statkraft will own 67 per cent and Norfund 33 per cent of SN Power's existing portfolio in South Asia and South America. A new company which will retain the name SN Power will be established, consisting of SN Power's portfolio in Southeast Asia and Agua Imara's portfolio in Africa and Central America. Statkraft and Norfund will own about 40 per cent each, and the power companies BKK and TrønderEnergi will be invited to participate as owners.

The share purchase agreement with the Austrian company EVN was concluded, and Statkraft now wholly owns Devoll Hydropower Sh.A., a hydropower project developer in Albania.

The leased power plants Sauda I-IV, Svelgen I and II as well as Tysso II were transferred from Statkraft SF to Statkraft AS. The power plants have a total installed capacity of 620 MW. The transfer will not have any consequences for the lease agreements, the lessees or the municipalities in which the power plants are located. The transaction has a fair value of about NOK 3.5 billion.



# Corporate responsibility and HSE

| | Second quarter 2013 | Second quarter 2012 | Year to date 2013 | Year to date 2012 | Year 2012 |
|---|---|---|---|---|---|
| **Corporate social reponsibility and HSE** | | | | | |
| Fatalities [1] | 0 | 0 | 0 | 0 | 2 |
| TRI rate [1] [2] | 8.1 | 7.6 | 6.7 | 7.4 | 7.1 |
| Serious environmental incidents | 0 | 0 | 0 | 0 | 0 |
| Full-time equivalents, group | | | 3 487 | 3 464 | 3 475 |
| Absence due to illness, group (%) | 2.7 | 2.1 | 3.3 | 3.1 | 3.1 |

*[1] Includes employees and suppliers at plants where Statkraft owns 20% or more. Third-party fatalities are not included.*
*[2] TRI rate: Number of injuries per million hours worked*

- There were no serious injuries in the quarter.
- The TRI rate for the Group in the second quarter was 8.1, an increase compared with the corresponding period in 2012. This is primarily due to an increase in the number of injuries among own employees in projects.
- The Group has not registered any serious environmental incidents in the second quarter.
- Absence due to illness was 2.7%, which is higher than in the same period last year.

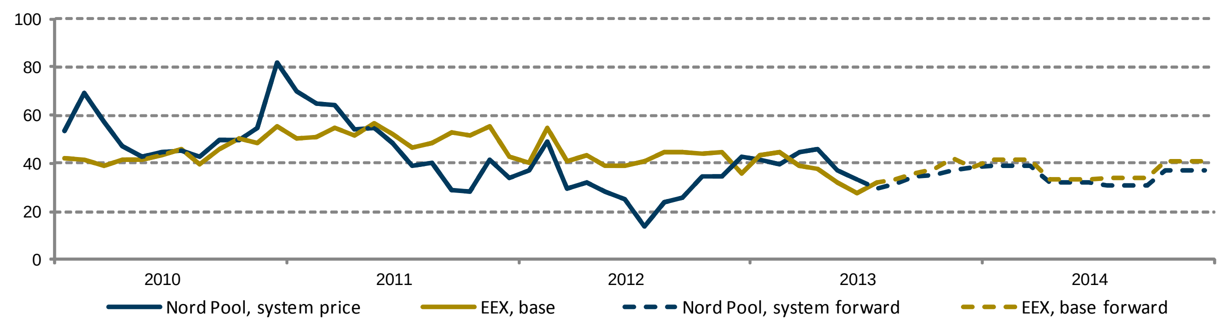
The Group works systematically to avoid injuries in all activities. All incidents with a large injury potential are followed up systematically, and lessons learned are transferred to the other Group units. A new tool for self-assessment of health and safety work will be implemented in all business areas in 2013. In addition, traffic safety and behaviour is given special emphasis.

# Market and production

Power prices, power optimisation and production form the fundamental basis for Statkraft's revenues. The majority of Statkraft's production is generated in the Nordic region and in Germany. The Group is also exposed in markets outside Europe, mainly through the subsidiary SN Power. Power prices are influenced by hydrological factors and commodity prices for thermal power production. Gas is also an input factor in a limited share of Statkraft's own power production.

## POWER PRICES

**Electricity, average monthly system price**
**EUR/MWh**




*Sources: Nord Pool and the European Energy Exchange (EEX)*

The average system price in the Nordic region was 38.7 EUR/MWh in the quarter, an increase of 36% compared with the same period in 2012. The increase was primarily driven by a weaker hydrological balance than in the second quarter last year. Forward prices in the Nordic region fell throughout the quarter due to higher reservoir water levels.

The average spot price in the German market was 32.6 EUR/MWh in the quarter, a decline of 20% compared with the same period in 2012. The decline in the prices was characterised by good access to renewable production as well as high coal power production. Forward prices in Germany fell through the quarter as a result of lower realised power prices, falling coal prices, increased renewables production and continued weak financial outlook.

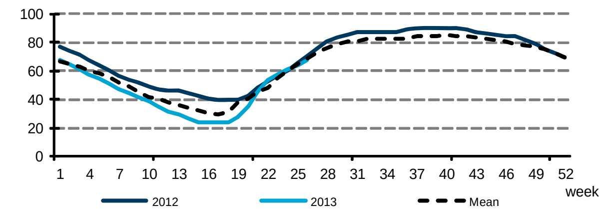
| EUR/MWh | Second quarter 2013 | 2012 | Change | Year to date 2013 | 2012 | Change | Year 2012 |
|---|---|---|---|---|---|---|---|
| **Prices** | | | | | | | |
| Average system price, Nord Pool | 38.7 | 28.4 | *36 %* | 40.4 | 33.5 | *21 %* | 31.3 |
| Average spot price (base), EEX | 32.6 | 40.5 | *-20 %* | 37.5 | 43.0 | *-13 %* | 42.8 |
| Average spot price (peak), EEX | 41.4 | 49.0 | *-15 %* | 47.7 | 52.8 | *-10 %* | 53.6 |
| Average gas price, EGT[1)] | 27.3 | 24.5 | *11 %* | 27.8 | 24.8 | *12 %* | 25.4 |

*Sources: Nord Pool, European Energy Exchange (EEX) and Eon Gas Trading (EGT).*

## CONSUMPTION AND RESOURCE ACCESS IN THE NORDIC REGION

Nordic reservoir water levels

%




| TWh | Second quarter 2013 | 2012 | Year to date 2013 | 2012 | Year 2012 |
|---|---|---|---|---|---|
| **Consumption and output** | | | | | |
| **Nordic** | | | | | |
| Nordic consumption | 86.1 | 85.5 | 203.4 | 196.7 | 375.7 |
| Nordic output | 84.8 | 90.5 | 201.9 | 204.8 | 370.5 |
| Net Nordic import(+)/export (-) | 1.3 | -5.0 | 1.5 | -8.1 | 5.2 |
| **Norway** | | | | | |
| Norwegian consumption | 28.9 | 27.8 | 69.3 | 65.7 | 122.0 |
| Norwegian output | 28.9 | 33.0 | 68.5 | 75.7 | 125.2 |
| Net norwegian import(+)/export (-) | - | -5.2 | 0.8 | -10.0 | -3.2 |

*Source: Nord Pool.*

Inflow was normal in the period as a whole, and the total reservoir water level in the Nordic region was 82.2 TWh at the end of June, corresponding to 98.5% of normal. The reservoirs were filled to 67.6% of capacity (70.7% in 2012), with a maximum reservoir capacity of 121.4 TWh.

In the second quarter, 1.3 TWh was imported to the Nordic region from the Continent, compared with exports of 5.0 TWh in the corresponding period in 2012.

## STATKRAFT'S POWER PRODUCTION

Statkraft's production is determined by water reservoir capacity and reservoir water levels, access to resources (inflow and wind), margin between power and gas prices (spark spread) and power optimisation.

| TWh | Second quarter 2013 | 2012 | Year to date 2013 | 2012 | Year 2012 |
|---|---|---|---|---|---|
| **Production, technology** | | | | | |
| Hydropower | 10.6 | 14.5 | 27.0 | 30.9 | 57.6 |
| Wind power | 0.3 | 0.2 | 0.6 | 0.4 | 0.8 |
| Gas power | 0.0 | 0.3 | 0.7 | 0.8 | 1.5 |
| Bio power | 0.0 | 0.0 | 0.1 | 0.1 | 0.1 |
| **Total production** | **10.9** | **14.9** | **28.3** | **32.3** | **60.0** |

| TWh | Second quarter 2013 | 2012 | Year to date 2013 | 2012 | Year 2012 |
|---|---|---|---|---|---|
| **Production, geography** | | | | | |
| Norway | 8.8 | 12.1 | 22.8 | 26.1 | 48.3 |
| Nordic ex. Norway | 1.0 | 1.8 | 2.8 | 3.8 | 7.1 |
| Europe ex. Nordic | 0.3 | 0.4 | 1.2 | 1.2 | 2.1 |
| Rest of the world | 0.8 | 0.6 | 1.5 | 1.3 | 2.5 |
| **Total production** | **10.9** | **14.9** | **28.3** | **32.3** | **60.0** |

The Group produced a total of 10.9 TWh in the quarter, 4.0 TWh lower than in the same period in 2012, but on par with previous years.

In addition, the Group's district heating production amounted to 0.2 TWh (0.2 TWh).

# Financial performance

The quarterly report shows the development in the second quarter of 2013 compared with the second quarter of 2012, unless otherwise stated. Figures in parentheses show the comparable figures for the corresponding period in 2012.

Effective 1 January 2013, Statkraft has implemented IFRS 11 Joint arrangements. The new standard implies that five companies previously recognised in accordance with the equity method are now recognised in accordance with the gross method as described in IFRS 11. The comparative figures have been converted for 2012, and show the company's financial situation and results in accordance with the new accounting principle.

| | Second quarter | | | Year to date | | | Year |
|---|---|---|---|---|---|---|---|
| NOK million | 2013 | 2012 | *Change* | 2013 | 2012 | *Change* | 2012 |
| **Key figures** | | | | | | | |
| Net operating revenues, underlying | 4 376 | 4 187 | *4 %* | 10 488 | 10 213 | *3 %* | 19 207 |
| EBITDA, underlying | 2 555 | 2 365 | *8 %* | 6 735 | 6 577 | *2 %* | 11 347 |
| Profit before tax | -781 | 3 344 | *-123 %* | 1 447 | 8 252 | *-82 %* | 8 890 |
| Net profit | -908 | 2 443 | *-137 %* | -466 | 5 873 | *-108 %* | 4 671 |

In spite of an improvement in underlying gross operating profit (EBITDA) from the second quarter of 2012, the Group's net profit was just under NOK 3.4 billion lower. The decline is primarily related to the Group's negative currency effects in the second quarter of 2013, while the currency effects were positive in the same quarter last year. The currency effects are mainly unrealised, and were offset by translation effects which in turn strengthen equity.

## GROSS OPERATING RESULT (EBITDA) – UNDERLYING

Underlying EBITDA was somewhat higher than in the same quarter in 2012, primarily as a result of new production capacity from Sheringham Shoal offshore wind farm in the UK and plants transferred from Statkraft SF.

## OPERATING REVENUES - UNDERLYING

| | Second quarter | | | Year to date | | | Year |
|---|---|---|---|---|---|---|---|
| NOK million | 2013 | 2012 | *Change* | 2013 | 2012 | *Change* | 2011 |
| **Net operating revenues, underlying** | | | | | | | |
| Net physical spot sales, incl. green certificates | 6 102 | 5 416 | *13 %* | 14 589 | 12 920 | *13 %* | 24 485 |
| Concessionary sales at statutory prices | 73 | 67 | *9 %* | 174 | 158 | *11 %* | 307 |
| Long-term contracts | 1 644 | 1 525 | *8 %* | 3 386 | 3 080 | *10 %* | 6 179 |
| Nordic and Continental Dynamic Asset Management Portfolio | 54 | 232 | *-77 %* | 110 | 426 | *-74 %* | 525 |
| Trading and origination (excl. market access Germany and UK - renewable) | 193 | 114 | *70 %* | 462 | 325 | *42 %* | 726 |
| Distribution grid | 291 | 234 | *24 %* | 645 | 552 | *17 %* | 1 071 |
| End user | 984 | 781 | *26 %* | 2 574 | 2 178 | *18 %* | 4 024 |
| District heating, energy sales | 130 | 124 | *5 %* | 408 | 337 | *21 %* | 655 |
| Other sales revenues | -1 | 2 | *-189 %* | -4 | 9 | *-148 %* | 17 |
| Currency hedging energy contracts | -17 | -5 | *-225 %* | -13 | 10 | *-2* | -6 |
| **Sales revenues** | 9 453 | **8 488** | *11 %* | 22 331 | **19 996** | *12 %* | **37 982** |
| Other operating revenues | 350 | 135 | *159 %* | 540 | 417 | *29 %* | 928 |
| **Gross operating revenues** | 9 803 | **8 623** | *14 %* | 22 871 | **20 413** | *12 %* | **38 910** |
| Energy purchase | -5 241 | -4 214 | *-24 %* | -11 894 | -9 664 | *-23 %* | -18 678 |
| Transmission costs | -186 | -222 | *16 %* | -490 | -536 | *9 %* | -1 026 |
| **Net operating revenues** | 4 376 | **4 187** | ***4 %*** | 10 488 | **10 213** | ***3 %*** | **19 207** |

- New production capacity from Sheringham Shoal offshore wind farm contributed to an increase in net physical spot sales.
- Lower production from Nordic hydropower was only partly offset by higher Nordic power prices.
- Revenues from long-term contracts were somewhat higher than in the corresponding quarter in 2012 as a result of slightly higher volumes and price adjustment of the contracts.
- The Nordic management portfolio showed lower revenues as a result of high power prices, particularly in the first part of the quarter. In the second quarter of 2012, revenues were higher as a result of falling Nordic power prices and high volumes.
- The revenue increase from the end-user business was offset by a corresponding increase in energy purchases.
- The leased power plants Sauda I-IV, Svelgen I and II as well as Tysso II were transferred from Statkraft SF effective 1 April. This contributed to higher other operating revenues. Gas sales from Skagerak also contributed to an increase in other operating revenues.

## OPERATING EXPENSES - UNDERLYING

| NOK million | Second quarter 2013 | Second quarter 2012 | Change | Year to date 2013 | Year to date 2012 | Change | Year 2012 |
|---|---|---|---|---|---|---|---|
| **Operating expenses, underlying** | | | | | | | |
| Salaries and payroll costs | -648 | -626 | *3 %* | -1 474 | -1 427 | *3 %* | -3 046 |
| Depreciation and impairments | -699 | -617 | *13 %* | -1 347 | -1 232 | *9 %* | -2 534 |
| Property tax and licence fees | -418 | -346 | *21 %* | -826 | -682 | *21 %* | -1 345 |
| Other operating expenses | -755 | -850 | *-11 %* | -1 452 | -1 528 | *-5 %* | -3 469 |
| **Operating expenses** | **-2 519** | **-2 439** | ***3 %*** | **-5 099** | **-4 869** | ***5 %*** | **-10 393** |

- The increase in depreciation was mainly due to the completion of the Sheringham Shoal offshore wind farm.
- Higher property tax was due to changed regulations in Sweden and Norway.
- The decline in other operating expenses relates primarily to less gas power production and higher degree of capitalisation of project costs within wind power.

## ITEMS EXCLUDED FROM THE UNDERLYING OPERATING RESULT

Unrealised changes in value for energy contracts and significant non-recurring items have been excluded from the underlying operating result. The unrealised changes in value are partly due to the Group's energy contracts being indexed against various commodities, currencies and other indices.

| NOK million | Second quarter 2013 | Second quarter 2012 | Year to date 2013 | Year to date 2012 | Year 2012 |
|---|---|---|---|---|---|
| **Items excluded from the underlying operating profit** | | | | | |
| Unrealised changes in value of energy contracts | 1 266 | -411 | 1 597 | -590 | -1 030 |
| Significant non-recurring items | 326 | - | 326 | 60 | -2 105 |
| *Revenue recognition related to termination of energy contract* | *164* | - | *164* | - | - |
| *Bargain purchase in step acquisition of Devoll* | *162* | - | *162* | - | - |
| *Final settlement of sale of Trondheim Energi Nett* | - | - | - | *60* | *175* |
| *Impairment of property, plant and equipmentand intangible assets* | - | - | - | - | *-2 280* |

- The positive development for the energy contracts in the quarter of 2013 is mainly due to currency effects on long-term power sales agreements entered into in EUR as well as positive effects of lower expected Nordic power prices for financial energy derivatives.
- The termination of a power sales agreement resulted in NOK 164 million being recorded as income.
- In connection with the increase of the shareholding in Devoll Hydropower Sh.A. from 50 % to 100 %, the acquisition analysis shows a bargain purchase, resulting in NOK 162 million recognised as income in the financial statements.

## SHARE OF PROFIT FROM ASSOCIATED COMPANIES AND JOINT VENTURES

The Group has major shareholdings in the regional Norwegian power companies BKK and Agder Energi, as well as shareholdings in companies outside Norway, where much of the activity takes place through participation in partly-owned companies.

| NOK million | Second quarter 2013 | Second quarter 2012 | Change | Year to date 2013 | Year to date 2012 | Change | Year 2012 |
|---|---|---|---|---|---|---|---|
| **Share of profit from associated companies** | | | | | | | |
| BKK | 50 | 34 | *49 %* | 151 | 215 | *-30 %* | 382 |
| Agder Energi | 153 | 60 | *155 %* | 304 | 251 | *21 %* | 408 |
| Others | 53 | 277 | *-81 %* | 4 | 324 | *-99 %* | 80 |
| **Associated companies** | **256** | **370** | ***-31 %*** | **459** | **789** | ***-42 %*** | **871** |

- The higher share of profit from Agder Energi is mainly due to higher power prices, production and unrealised changes in value for energy contracts.
- The decline in profit from other associated companies is mainly due to lower revenues from the Philippines. Chile contributed with a negative result, but less negative than in the same period last year.

## FINANCIAL ITEMS

| NOK million | Second quarter 2013 | 2012 | Change | Year to date 2013 | 2012 | Change | Year 2012 |
|---|---|---|---|---|---|---|---|
| **Financial items** | | | | | | | |
| Interest income | 58 | 69 | -17 % | 93 | 146 | -36 % | 231 |
| Other financial income | 9 | 636 | -99 % | 11 | 639 | -98 % | 765 |
| **Gross financial income** | **66** | **705** | **-91 %** | **104** | **785** | **-87 %** | **996** |
| Interest expenses | -288 | -308 | 7 % | -577 | -659 | 12 % | -1 250 |
| Other financial expenses | -25 | -16 | -53 % | -38 | -30 | -28 % | -50 |
| **Gross financial expenses** | **-313** | **-325** | **4 %** | **-615** | **-689** | **11 %** | **-1 301** |
| Currency gains and losses | -3 948 | 1146 | -444 % | -4 954 | 2 517 | -297 % | 4 468 |
| Other financial items | -291 | 109 | -366 % | -858 | 35 | >1000 % | -1 822 |
| **Net financial items** | **-4 486** | **1 636** | **-374 %** | **-6 323** | **2 649** | **-339 %** | **2 341** |

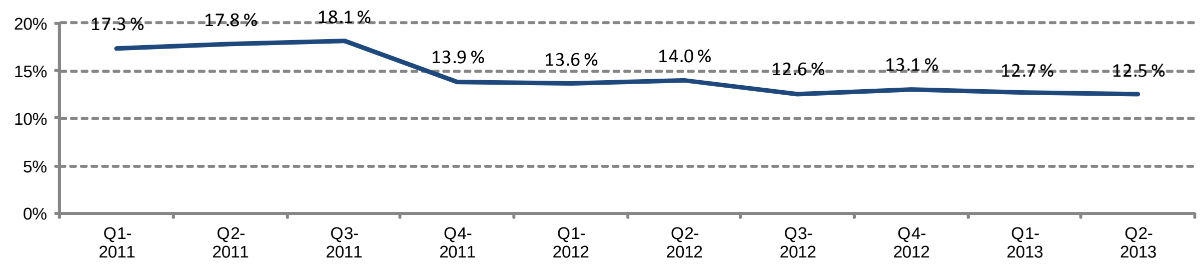
- Financial income fell by NOK 639 million, and is due to the discontinuance of dividends from the now divested shareholding in E.ON SE.
- Net currency effects in the second quarter amounted to NOK -3948 million, mainly as a result of weaker NOK and SEK against EUR. These were mainly unrealised and are fully offset by translation effects in the equity.
- Other financial items declined by NOK 400 million, and include losses on interest-rate derivatives.

## TAXES

The recorded tax expense was NOK 127 million in the second quarter (NOK 901 million). The decline in tax expense is mainly due to a somewhat lower result. Resource rent tax for power production resulted in a tax expense in the second quarter in spite of a negative profit before tax.

## RETURN

**ROACE - underlying, last 12 months**
%

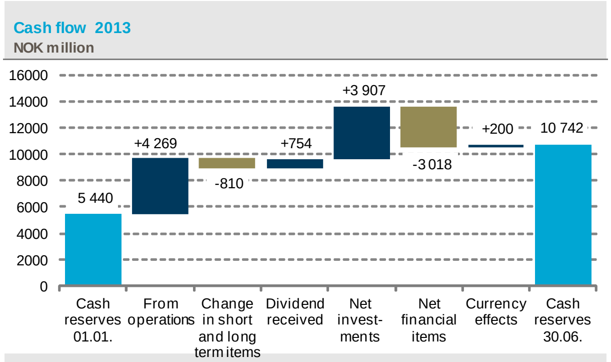


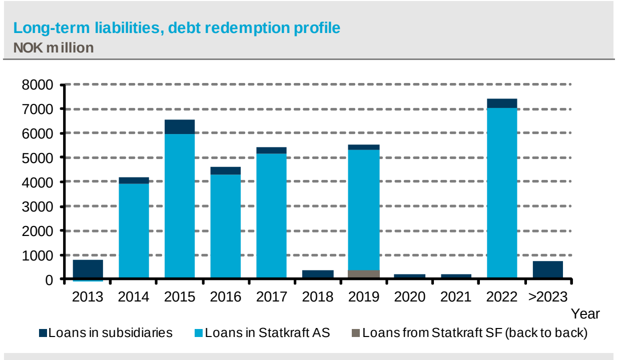

Measured as ROACE (%)[1] the return was on par with the most recent quarters. The high level of return in the first quarters of 2011 are due to a particularly high operating profit in 2010, especially in the fourth quarter as a result of high power prices.

Based on net profit, the rolling return on equity[2] was -2.6% after tax against 7.2% for the year 2012, whereas the return on total assets[3] after tax was -1.1% against 3.8% for the year 2012. The decline is due to a substantially lower profit in the first half of 2013 compared with the first half of 2012, mainly due to currency effects.

[1] *ROACE (%): (Operating result adjusted for unrealised changes in the value of energy contracts and significant non-recurring items x 100)/average capital employed.*
[2] *Net return on equity (%): (Profit last 12 months x 100)/ average equity.*
[3] *Return on total assets after tax (%): (Net profit adjusted for financial expenses last 12 months x 100)/average total assets.*

## CASH FLOW AND CAPITAL STRUCTURE




### Cash flow 2013

- The Group's operating activities generated a cash flow of NOK 4269 million (NOK 4462 million).
- Changes in short and long-term items had a negative effect of NOK 810 million (NOK +1561 million), mainly related to cash collateral, which was partly offset by a positive change in the working capital.
- NOK 754 million was received in dividend – primarily from BKK and Agder Energi.
- Net investments[4] amounted to a total of NOK +3907 million (NOK -7162 million). This is mainly payment received for the sold E.ON shares of NOK 8515 million, investments in property, plant & equipment of NOK 4330 million, as well as net disbursement of loans from SN Power of NOK 279 million.
- The net liquidity change from financing amounted to NOK -3018 million (NOK -96 million). New debt was NOK 591 million (NOK 638 million), primarily associated with SN Power and project financing in Panama. Repayment of debt amounted to NOK 3505 million (NOK 884 million).
- Translation effects on bank deposits, cash in hand and similar amounted to NOK 200 million.

### Financial structure

At the end of the quarter, Statkraft had the following financial structure:

- Net interest-bearing debt[5] totalled NOK 28 387 million, compared with NOK 39 933 million at the beginning of the year. The decline relates primarily to the sale of the E.ON shares, which has resulted in higher bank deposits and repayment of debt.
- The net interest-bearing debt ratio was 29.7, against 35.9% at the end of 2012.
- Loans from Statkraft SF to Statkraft AS amounted to NOK 400 million.
- Current assets, except cash and cash equivalents, amounted to NOK 15 249 million.
- Short-term interest-free debt was NOK 18 361 million.
- Statkraft's equity totalled NOK 67 200 million, compared with NOK 62 437 million at the start of the year. This corresponds to 44.9% of total assets. The increase is among other factors related to comprehensive income of NOK 5326 million so far this year.

## INVESTMENTS AND PROJECTS

Statkraft has an investment programme and an investment strategy that involves NOK 70-80 billion in the period from 2011 to 2015. Total investments in the quarter amounted to NOK 6817 million, of which about NOK 4 billion relate to the transfer of power plants from Statkraft SF. The transfer had no cash effect.

### Investments in the quarter

Maintenance investments (NOK 350 million)

- Hydropower in the Nordic region

Investments in increased capacity (NOK 6448 million)

- Hydropower in Norway
- Hydropower outside Europe
- Wind power in the UK and Sweden
- District heating plants in Norway and Sweden
- Small-scale hydropower in Norway

Investments in shareholdings (NOK 19 million)

- Hydropower outside Europe

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[4] *Net investments include investments paid at the end of the quarter, payments received from sale of non-current assets, net liquidity out from the Group upon acquisition of activities and repayment and disbursement of loans.*

[5] *Net interest-bearing debt: Gross interest-bearing debt – bank deposits, cash in hand and similar excluding restricted funds – short-term financial investments*

## Projects

| Second quarter | Project | Country | New capacity (MW) [1] | Statkraft's ownership share | Planned completion | |
|---|---|---|---|---|---|---|
| **Completed projects in the period** | | | | | | |
| Gas power | Knapsack II | Germany | 430 | 100 % | | |
| **Main projects under construction** | | | | | | |
| Hydropower | Eiriksdal og Makkoren | Norway | 56 | 100 % | 2014 | Q2 |
| | Nedre Røssåga, phase 1 | Norway | - | 100 % | 2015 | Q2 |
| | Nedre Røssåga, phase 2 | Norway | 100 | 100 % | 2016 | |
| | Kjensvatn | Norway | 11 | 100 % | 2014 | Q4 |
| | Brokke Nord/Sør | Norway | 24 | - [2] | 2014 | |
| | Kargi | Turkey | 102 | 100 % | 2014 | Q3 |
| | Cetin | Turkey | 517 | 100 % | 2016 | Q4 |
| | Devoll | Albania | 243 | 100 % | 2018 | |
| | Cheves | Peru | 171 | 100 % [3] | 2015 | Q1 |
| | Binga | Phillipines | 120 | 50 % [3] | 2013 | Q3 |
| | Bajo Frio | Panama | 58 | 26 % [3] | 2014 | Q3 |
| Wind power | Baillie Windfarm | UK | 53 | 80 % | 2013 | Q3 |
| | Stamåsen | Sweden | 60 | 60 % | 2013 | Q3 |
| | Mörttjärnberget | Sweden | 85 | 60 % | 2013 | Q4 |
| | Tollarpjabjär | Sweden | 3 | 90 % | 2013 | Q4 |
| | Berry Burn | UK | 67 | 100 % | 2014 | Q2 |
| | Ögonfägnaden | Sweden | 99 | 60 % | 2014 | Q4 |
| | Björkhöjden | Sweden | 270 | 60 % | 2015 | Q4 |
| District heating | Ås | Norway | 24 | 100 % | 2013 | Q3 |
| | Sandefjord | Norway | 23 | 100 % | 2015 | Q2 |
| | Hammargård/Kungsbacka | Sweden | 12 | 100 % | 2013 | Q4 |

*[1] Total for project, incl. partners' share.*
*[2] Owned by Agder Energi (69%) and Skagerak Energi (31%).*
*[3] SN Power's share.*

# Segments

The segment structure follows the internal management information that is systematically reviewed by the corporate management and used for resource allocation and goal attainment. The segments are Nordic hydropower, Continental energy and trading, International hydropower, Wind power, District heating and Industrial ownership. Areas not shown as separate segments are presented under the heading Other activities.

| Second quarter | Statkraft AS Group | Nordic hydropower | Continental energy and trading | International hydropower | Wind power | District heating | Industrial ownership | Other activities | Group items |
|---|---|---|---|---|---|---|---|---|---|
| **From income statement** | | | | | | | | | |
| Gross operating revenues, underlying | 9 803 | 2 898 | 4 697 | 419 | 219 | 123 | 1 652 | 143 | -2 464 |
| Net operating revenues, underlying | 4 376 | 2 662 | 454 | 268 | 210 | 75 | 746 | 143 | -184 |
| EBITDA, underlying | 2 555 | 1 894 | 182 | 99 | 112 | 17 | 395 | -124 | -21 |
| Operating profit, underlying | 1 856 | 1 581 | 103 | 50 | 27 | -18 | 278 | -143 | -21 |
| Operating profit, booked | 3 449 | 2 726 | 391 | 248 | 27 | -18 | 290 | -195 | -21 |
| Share of profit from associated companies | 256 | - | 3 | 56 | -5 | - | 202 | - | - |
| EBITDA-margin (%), underlying | 26.1 | 65.4 | 3.9 | 23.7 | 51.2 | 14.1 | 23.9 | -86.5 | 0.8 |
| Maintenance investments | 350 | 230 | 28 | 7 | 4 | - | 81 | - | - |
| Investments in new capacity | 6 448 | 4 353 | 29 | 719 | 988 | 113 | 152 | 94 | - |
| Investments in shareholdings | 19 | - | - | 15 | 4 | - | - | - | - |
| **Production** | | | | | | | | | |
| Production, volume sold (TWh) | 10.9 | 8.5 | 0.1 | 0.8 | 0.3 | - | 1.2 | 0.1 | - |
| - hydropower (TWh) | 10.6 | 8.5 | 0.1 | 0.8 | - | - | 1.2 | 0.1 | - |
| - wind power (TWh) | 0.3 | - | - | 0.0 | 0.3 | - | - | - | - |
| - gas power (TWh) | 0.0 | - | 0.0 | - | - | - | - | - | - |
| - bio power (TWh) | 0.0 | - | 0.0 | - | - | - | - | - | - |
| Production, district heating (TWh) | 0.2 | - | - | - | - | 0.2 | 0.0 | - | - |

## NORDIC HYDROPOWER

| NOK million | Second quarter 2013 | Second quarter 2012 | Year to date 2013 | Year to date 2012 | Year 2012 |
|---|---|---|---|---|---|
| Net operating revenues, underlying | 2 662 | 2 846 | 6 741 | 6 808 | 12 479 |
| EBITDA, underlying | 1 894 | 2 137 | 5 176 | 5 316 | 9 409 |
| Operating profit, underlying | 1 581 | 1 855 | 4 574 | 4 755 | 8 274 |
| Unrealised value changes energy contracts | 980 | -504 | 1 262 | -1 030 | -1 663 |
| Siginificant non-recurring items | 164 | - | 164 | - | - |
| Operating profit, booked | 2 726 | 1 350 | 6 000 | 3 725 | 6 610 |
| Share of profit from associated companies and joint ventures | - | - | - | - | - |
| Maintenance investments | 230 | 87 | 285 | 176 | 460 |
| Investments in new capacity | 4 353 | 252 | 4 599 | 446 | 1 048 |
| Investments in shareholdings | - | - | - | - | - |
| Production, volume sold (TWh) | 8.5 | 12.4 | 22.2 | 26.2 | 48.4 |

### Highlights

- The leased power plants Sauda I-IV, Svelgen I and II as well as Tysso II were transferred from Statkraft SF. The power plants have a total installed capacity of 620 MW. The transfer will not have any consequences for the lease agreements, the lessees or the municipalities in which the power plants are located. The transaction has a value of NOK 3.5 billion.
- The main agreement with Norske Skog from 1998 was terminated and a new power delivery agreement with Norske Skog Saugbrugs was entered into, effective from 1 May 2013 until the end of 2020.
- Statkraft received a licence from the Ministry of Petroleum and Energy to build Blåfjell pump station with transfers to the Blåsjø reservoir in Rogaland. The project will increase the annual production of the Ulla-Førre plants by about 37 GWh.
- In connection with Mayr-Melnhof Karton taking over Södra Cell's cellulose plant in Follafoss, Statkraft's power delivery agreement with the mill was restructured in cooperation with old and new owners. A reduced power volume will be sold to the mill, and the remaining volume will be sold to Södra Timber with delivery in Sweden. The agreements run until the end of 2018.

### Financial performance

- Underlying EBITDA was somewhat lower, mainly due to lower net operating revenues as a result of lower production, partly offset by higher market prices for Nordic power.
- Operating expenses were somewhat higher than in the same quarter in 2012 as a result of higher property tax.

### Investments

- In addition to the transferred power plants from Statkraft SF, the investments in new capacity relate mainly to the power plants Eiriksdal, Makkoren, Nedre Røssåga and Kjensvatn.

## CONTINENTAL ENERGY AND TRADING

| NOK million | Second quarter 2013 | Second quarter 2012 | Year to date 2013 | Year to date 2012 | Year 2012 |
|---|---|---|---|---|---|
| Net operating revenues, underlying | 454 | 344 | 915 | 957 | 2 016 |
| EBITDA, underlying | 182 | -2 | 324 | 460 | 809 |
| Operating profit, underlying | 103 | -96 | 171 | 248 | 397 |
| Unrealised value changes energy contracts | 289 | 175 | 196 | 574 | 738 |
| Siginificant non-recurring items | - | - | - | - | -1 986 |
| Operating profit, booked | 391 | 79 | 367 | 822 | -850 |
| Share of profit from associated companies and joint ventures | 3 | 10 | 2 | 10 | -31 |
| Maintenance investments | 28 | 26 | 41 | 32 | 127 |
| Investments in new capacity | 29 | 58 | 64 | 420 | 1 014 |
| Investments in shareholdings | - | - | - | - | - |
| Production, volume sold (TWh) | 0.1 | 0.4 | 0.9 | 1.1 | 1.9 |

### Highlights

- The gas power plant Knapsack II was completed in May.
- Due to high renewable power production in Germany, short-term power prices have continued to fall, and the margin between power and gas price has deteriorated further. As a result, the gas power plants in Knapsack and Herdecke are currently out of production. The power plants, which have been placed in so-called wet storage, can be restarted on short notice if market conditions change.

### Financial performance

- The reduction in underlying EBITDA is mainly due to a less negative result from the gas power business as well as lower operating expenses.
- Operating expenses were lower than in the same quarter in 2012 as a result of lower activity levels for gas and reduced depreciation as a result of write-downs in the fourth quarter of 2012.

### Investments

- Investments in increased capacity were mainly in connection with the completion of the Knapsack II gas power plant in Germany.

## INTERNATIONAL HYDROPOWER

| NOK million | Second quarter 2013 | Second quarter 2012 | Year to date 2013 | Year to date 2012 | Year 2012 |
|---|---|---|---|---|---|
| Net operating revenues, underlying | 268 | 259 | 534 | 524 | 1 054 |
| EBITDA, underlying | 99 | 92 | 207 | 200 | 320 |
| Operating profit, underlying | 50 | 43 | 111 | 99 | 98 |
| Unrealised value changes energy contracts | 37 | -99 | 155 | -99 | -113 |
| Siginificant non-recurring items | 162 | - | 162 | - | -78 |
| Operating profit, booked | 248 | -56 | 427 | -0 | -93 |
| Share of profit from associated companies and joint ventures | 56 | 262 | 17 | 329 | 146 |
| Maintenance investments | 7 | 26 | 21 | 37 | 90 |
| Investments in new capacity | 719 | 469 | 1 288 | 847 | 1 687 |
| Investments in shareholdings | 15 | 25 | 23 | 2 407 | 2 433 |
| Production, volume sold (TWh) | 0.8 | 0.7 | 1.6 | 1.3 | 2.6 |

### Highlights

- Statkraft and Norfund signed an agreement with a shared intention of restructuring and extending their cooperation within renewable energy. The objective is to create a leading international hydropower environment, based on assets from Statkraft, SN Power and Agua Imara. A final agreement on the ownership structure is expected by the end of 2013.
- The acquisition of Devoll Hydropower Sh.A. has been approved by the Albanian Ministry of Finance, Trade and Energy, and Statkraft now owns 100% of the shares. The company will build two power plants with a total installed capacity of 243 MW and an annual production of about 700 GWh.
- La Higuera in Chile was back in operation on 17 May following a rockslide in the intake tunnel in August 2011.
- SN Power sold the shares in Norvind in Chile on 2 July.

### Financial performance

- EBITDA was on par with the second quarter of 2012.
- Unrealised changes in value for energy contracts related to rising prices in the Brazilian power market.
- The decline in share of profit from associated companies and joint ventures primarily related to lower contributions from the business in the Philippines compared with the same period last year, somewhat offset by improved developments in Chile.

### Investments

- Maintenance investments related primarily to hydropower plants in Peru.
- Investments in new capacity relate to the hydropower developments in Turkey, Peru and Panama.

## WIND POWER

| NOK million | Second quarter 2013 | Second quarter 2012 | Year to date 2013 | Year to date 2012 | Year 2012 |
|---|---|---|---|---|---|
| Net operating revenues, underlying | 210 | 83 | 442 | 172 | 511 |
| EBITDA, underlying | 112 | -43 | 230 | -33 | -25 |
| Operating profit, underlying | 27 | -76 | 68 | -92 | -141 |
| Unrealised value changes energy contracts | - | - | - | - | - |
| Siginificant non-recurring items | - | - | - | - | - |
| Operating profit, booked | 27 | -76 | 68 | -92 | -141 |
| Share of profit from associated companies and joint ventures | -5 | 1 | -10 | -5 | -25 |
| Maintenance investments | 4 | - | 10 | 1 | 7 |
| Investments in new capacity | 988 | 1 112 | 1 327 | 1 690 | 3 188 |
| Investments in shareholdings | 4 | 9 | 4 | 9 | 144 |
| Production, volume sold (TWh) | 0.3 | 0.1 | 0.6 | 0.4 | 0.7 |

### Highlights

- The onshore wind farms Baillie (52.5 MW) in the UK and Stamåsen (60 MW) in Sweden started production. The segment has another five onshore wind farms under construction – four in Sweden and one in the UK. The total installed capacity of these wind farms is 524 MW.

### Financial performance

- EBITDA increased as a result of the Sheringham Shoal offshore wind farm being in full operation in the second quarter of 2013. The farm was still under construction in the corresponding quarter last year. The onshore wind farms also made positive contributions as a result of higher realised prices and new production capacity from the two new wind farms.
- In total, the segment produced 286 GWh in the second quarter, with 169 GWh from onshore wind farms and 117 GWh from offshore wind farms. This represents a doubling of the production compared with the same quarter in 2012.

### Investments

- The investments in increased capacity relate primarily to the onshore wind farms under construction.

## DISTRICT HEATING

| NOK million | Second quarter 2013 | Second quarter 2012 | Year to date 2013 | Year to date 2012 | Year 2012 |
|---|---|---|---|---|---|
| Net operating revenues, underlying | 75 | 82 | 216 | 192 | 384 |
| EBITDA, underlying | 17 | 29 | 93 | 79 | 142 |
| Operating profit, underlying | -18 | -3 | 22 | 17 | -2 |
| Unrealised value changes energy contracts | - | - | - | - | - |
| Siginificant non-recurring items | - | - | - | - | - |
| Operating profit, booked | -18 | -3 | 22 | 17 | -2 |
| Share of profit from associated companies and joint ventures | - | - | - | -1 | -1 |
| Maintenance investments | - | 7 | - | 7 | - |
| Investments in new capacity | 113 | 76 | 219 | 193 | 369 |
| Investments in shareholdings | - | 4 | - | 4 | 6 |
| Production, volume sold (TWh) | 0.2 | 0.2 | 0.7 | 0.6 | 0.9 |

### Highlights

- Alingsås Energi has exercised its option to repurchase the production plant in Alingsås in Sweden. The agreement was signed in June and the transaction will be completed with accounting effect in the third quarter.

### Financial performance

- The lower EBITDA is due mainly to corrections for energy purchase costs in connection with previous periods.

### Investments

- Investments relate primarily to the construction in Ås and Sandefjord in Norway, Hammargård in Sweden and district heating grids.

## INDUSTRIAL OWNERSHIP

| NOK million | Second quarter 2013 | Second quarter 2012 | Year to date 2013 | Year to date 2012 | Year 2012 |
|---|---|---|---|---|---|
| Net operating revenues, underlying | 746 | 622 | 1 717 | 1 569 | 3 010 |
| EBITDA, underlying | 395 | 299 | 947 | 844 | 1 495 |
| Operating profit, underlying | 278 | 187 | 720 | 637 | 1 061 |
| Unrealised value changes energy contracts | 12 | 14 | 29 | -14 | 1 |
| Siginificant non-recurring items | - | - | - | - | -216 |
| Operating profit, booked | 290 | 201 | 749 | 623 | 846 |
| Share of profit from associated companies and joint ventures | 202 | 97 | 449 | 456 | 781 |
| Maintenance investments | 81 | 81 | 201 | 150 | 381 |
| Investments in new capacity | 152 | 122 | 220 | 243 | 538 |
| Investments in shareholdings | - | - | - | - | - |
| Production, volume sold (TWh) | 1.2 | 1.2 | 3.0 | 3.1 | 6.0 |

### Highlights

- BKK has decided to build a new 420 kV power line from Kollsnes to Mongstad in Hordaland. The line will start operations in 2017, and will significantly improve security of supply in the Bergen region.
- Agder Energi has decided to build the power plant Iveland 2, which will increase production in the Otra river system by 140 GWh. Construction has started.

### Financial performance

- EBITDA is up NOK 95 million compared with same period in 2012, due to higher revenues from power sales as well as higher revenues from grid activities.
- The increase in the share of profit from associated companies is mainly due to higher production and prices, as well as positive unrealised changes in value on energy contracts. In addition, revenues from grid activities make a contribution.

### Investments

- Investments are proceeding as planned. Most of the investments are new investments in hydropower and district heating.

# OTHER ACTIVITIES[1)]

| NOK million | Second quarter 2013 | Second quarter 2012 | Year to date 2013 | Year to date 2012 | Year 2012 |
|---|---|---|---|---|---|
| Net operating revenues, underlying | 143 | 131 | 290 | 298 | 565 |
| EBITDA, underlying | -124 | -142 | -200 | -264 | -787 |
| Operating profit, underlying | -143 | -157 | -237 | -293 | -856 |
| Unrealised value changes energy contracts | -52 | 3 | -45 | -20 | 7 |
| Siginificant non-recurring items | - | - | - | 60 | 175 |
| Operating profit, booked | -195 | -154 | -282 | -253 | -674 |
| Share of profit from associated companies and joint ventures | - | - | - | - | - |
| Maintenance investments | - | -9 | - | - | - |
| Investments in new capacity | 94 | 55 | 175 | 87 | 229 |
| Investments in shareholdings | - | - | - | - | - |
| Production, volume sold (TWh) | 0.1 | 0.1 | 0.1 | 0.1 | 0.3 |

*[1)] The segment Other activities includes small-scale hydropower, innovation and group functions.*

## Financial performance

- Positive change in EBITDA due to higher internal sales and increased cost allocation.

## Investments

- Investments in increased capacity mainly relate to investments in small-scale hydropower and property.

# Outlook

The short-term Nordic power prices are expected to be somewhat higher than in 2012. Statkraft's large reservoir capacity with both seasonal and multiple-year reservoirs provides the Group with ample flexibility in relation to managing water resources efficiently. Long-term power contracts contribute to stabilise the Group's earnings. The market situation in Europe means that Statkraft's gas power plants do not currently have any power production. If market conditions change, the gas power plants can be restarted at relatively short notice.

In emerging markets, the growth in demand is expected to continue. The letter of intent recently signed by Statkraft and Norfund aims to restructure and extend the companies' international cooperation within renewable energy.

Statkraft focuses on European flexible power production, market activities, hydropower in emerging markets, wind power and district heating. The overall investment level will be adapted to ensure that the company maintains a strong financial position.

Oslo, 14 August 2013
The Board of Directors of Statkraft AS

# Declaration from the Board of Directors and President and CEO

We hereby declare to the best of our knowledge that the six-month interim financial statements for the period 1 January to 30 June 2013 have been prepared in accordance with IAS 34, Interim Reporting, and that the accounting information provides a true and fair view of the Group's assets, liabilities, financial position and performance as a whole, and that the six-month interim report provides a true and fair view of important events in the accounting period and their influence on the six-month interim financial statements, associated material transactions and the key risk and uncertainty factors facing the business in the next accounting period.

Oslo, 14 August 2013
The Board of Directors of Statkraft AS

| | | |
|---|---|---|
| Olav Fjell<br>Chairman | Ellen Stensrud<br>Deputy chair | Berit Rødseth<br>Board member |
| Halvor Stenstadvold<br>Board member | Silvija Seres<br>Board member | Erik Haugane<br>Board member |
| Thorbjørn Holøs<br>Board member | Odd Vanvik<br>Board member | Lena Halvari<br>Board member |

Christian Rynning-Tønnesen
President and CEO

# Statkraft AS Group Interim Financial Statements

| NOK million | Second Quarter 2013 | Second Quarter 2012 | Year to date 2013 | Year to date 2012 | The year 2012 |
|---|---|---|---|---|---|
| **COMPREHENSIVE INCOME** | | | | | |
| **PROFIT AND LOSS** | | | | | |
| Sales revenues | 10 362 | 8 051 | 22 953 | 19 091 | 36 447 |
| Other operating revenues | 512 | 135 | 702 | 477 | 1 103 |
| **Gross operating revenues** | 10 874 | **8 186** | 23 655 | **19 569** | **37 550** |
| Energy purchase | -4 720 | -4 187 | -10 754 | -9 350 | -18 172 |
| Transmission costs | -186 | -222 | -490 | -536 | -1 026 |
| **Net operating revenues** | 5 968 | **3 777** | 12 411 | **9 683** | **18 352** |
| Salaries and payroll costs | -648 | -626 | -1 474 | -1 427 | -3 046 |
| Depreciation, amortisation and impairments | -699 | -617 | -1 347 | -1 232 | -4 814 |
| Property tax and licence fees | -418 | -346 | -826 | -682 | -1 345 |
| Other operating expenses | -755 | -850 | -1 452 | -1 528 | -3 469 |
| **Operating expenses** | -2 519 | **-2 439** | -5 099 | **-4 869** | **-12 674** |
| **Operating profit/loss** | 3 449 | **1 337** | 7 311 | **4 815** | **5 679** |
| **Share of profit/loss from associates and joint ventures** | 256 | **370** | 459 | **789** | **871** |
| Financial income | 66 | 705 | 104 | 785 | 996 |
| Financial expenses | -313 | -325 | -615 | -689 | -1 301 |
| Net currency effects | -3 948 | 1 146 | -4 954 | 2 517 | 4 468 |
| Other financial items | -291 | 109 | -858 | 35 | -1 822 |
| **Net financial items** | -4 486 | **1 636** | -6 323 | **2 649** | **2 341** |
| **Profit/loss before tax** | -781 | **3 344** | 1 447 | **8 252** | **8 890** |
| Tax expense | -127 | -901 | -1 912 | -2 380 | -4 220 |
| **Net profit/loss** | -908 | **2 443** | -466 | **5 873** | **4 671** |
| | | | | | |
| Of which non-controlling interest | 101 | 113 | 211 | 322 | 230 |
| Of which majority interest | -1 010 | 2 331 | -677 | 5 551 | 4 440 |
| | | | | | |
| **OTHER COMPREHENSIVE INCOME** | | | | | |
| Changes in fair value of financial instruments | -186 | -728 | -401 | 164 | 337 |
| Estimate deviation pensions | 66 | -15 | 249 | -15 | 1 045 |
| Items recorded in other comprehensive income in associates and joint arrangements | 145 | -126 | 145 | -161 | 320 |
| Currency translation effects | 3 123 | -159 | 5 799 | -2 005 | -4 536 |
| **Other comprehensive income** | 3 148 | **-1 028** | 5 792 | **-2 017** | **-2 833** |
| | | | | | |
| **Comprehensive income** | 2 240 | **1 415** | 5 326 | **3 856** | **1 838** |
| | | | | | |
| Of which non-controlling interest | 207 | 224 | 654 | 231 | -156 |
| Of which majority interest | 2 034 | 1 191 | 4 673 | 3 625 | 1 994 |

| NOK million | 30.06.2013 | 30.06.2012 | 31.12.2012 | 31.12.2011 |
|---|---|---|---|---|
| **STATEMENT OF FINANCIAL POSITION** | | | | |
| **ASSETS** | | | | |
| Intangible assets | 4 006 | 3 552 | 3 242 | 3 136 |
| Property, plant and equipment | 96 721 | 87 915 | 88 665 | 85 195 |
| Investments in associates and joint ventures | 15 867 | 16 535 | 15 924 | 15 080 |
| Other non-current financial assets | 2 666 | 12 500 | 10 714 | 12 163 |
| Derivatives | 4 531 | 6 128 | 5 397 | 4 687 |
| **Non-current assets** | **123 790** | **126 631** | **123 942** | **120 261** |
| Inventories | 1 273 | 1 127 | 1 588 | 977 |
| Receivables | 8 226 | 7 390 | 9 604 | 9 272 |
| Short-term financial investments | 432 | 452 | 457 | 455 |
| Derivatives | 5 318 | 3 396 | 4 996 | 5 356 |
| Cash and cash equivalents (included restricted cash) | 10 742 | 8 428 | 5 440 | 8 605 |
| **Current assets** | **25 991** | **20 793** | **22 084** | **24 664** |
| **Assets** | **149 782** | **147 424** | **146 026** | **144 925** |
| **EQUITY AND LIABILITIES** | | | | |
| Paid-in capital | 49 111 | 45 569 | 45 569 | 45 569 |
| Retained earnings | 10 607 | 11 572 | 9 934 | 12 840 |
| Non-controlling interest | 7 482 | 7 402 | 6 934 | 7 241 |
| **Equity** | **67 200** | **64 543** | **62 437** | **65 651** |
| Provisions | 20 513 | 21 514 | 20 035 | 21 350 |
| Long-term interest-bearing liabilities | 35 505 | 29 538 | 33 517 | 31 820 |
| Derivatives | 4 486 | 5 265 | 6 038 | 4 673 |
| **Long-term liabilities** | **60 504** | **56 317** | **59 591** | **57 842** |
| Short-term interest-bearing liabilities | 3 716 | 7 704 | 7 108 | 5 467 |
| Taxes payable | 2 916 | 2 784 | 3 246 | 3 411 |
| Other interest-free liabilities | 10 960 | 11 462 | 9 341 | 6 960 |
| Derivatives | 4 485 | 4 614 | 4 303 | 5 596 |
| **Current liabilities** | **22 077** | **26 561** | **23 999** | **21 433** |
| **Equity and liabilities** | **149 782** | **147 424** | **146 026** | **144 925** |

| NOK million | Paid-in capital | Other equity | Accumulated translation differences | Retained earnings | Total majority | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|
| **STATEMENT OF CHANGES IN EQUITY** | | | | | | | |
| **Balance as of 01.01.2012** | **45 569** | 20 795 | -7 955 | **12 840** | 58 409 | **7 241** | 65 651 |
| Net profit/loss | - | 5 551 | - | **5 551** | 5 551 | **322** | 5 873 |
| **Items in other comprehensive income that recycles over profit/loss** | | | | | | | |
| Changes in fair value of financial instruments | - | 178 | - | **178** | 178 | **-14** | 164 |
| Estimate deviation pensions | - | -9 | - | **-9** | -9 | **-6** | -15 |
| Items recorded in other comprehensive income in associates and joint ventures | - | -177 | - | **-177** | -177 | **16** | -161 |
| Currency translation effects | - | - | -1 918 | **-1 918** | -1 918 | **-87** | -2 005 |
| Total comprehensive income for the period | - | 5 543 | -1 918 | **3 625** | 3 625 | **231** | 3 856 |
| Dividend and Group contribution paid | - | -4 900 | - | **-4 900** | -4 900 | **-212** | -5 112 |
| Business combinations and divestments | - | 7 | - | **7** | 7 | **129** | 136 |
| Liability of the option to increase shareholding in subsidiary | - | - | - | - | - | **-137** | -137 |
| Capital increase | - | - | - | - | - | **149** | 149 |
| **Balance as of 30.06.2012** | **45 569** | 21 445 | -9 873 | **11 572** | 57 141 | **7 402** | 64 543 |
| **Balance as of 01.01.2012** | **45 569** | 20 795 | -7 955 | **12 840** | 58 409 | **7 241** | 65 651 |
| Net profit/loss | - | 4 441 | - | **4 441** | 4 441 | **230** | 4 671 |
| **Items in other comprehensive income that recycles over profit/loss** | | | | | | | |
| Changes in fair value of financial instruments | - | 372 | - | **372** | 372 | **-35** | 337 |
| Estimate deviation pensions | - | 1 224 | - | **1 224** | 1 224 | **229** | 1 453 |
| Income tax related to estimate deviation pensions | - | -343 | - | **-343** | -343 | **-64** | -407 |
| Items recorded in other comprehensive income in associates and joint ventures | - | 320 | - | **320** | 320 | - | 320 |
| Currency translation effects | - | - | -4 020 | **-4 020** | -4 020 | **-516** | -4 536 |
| Total comprehensive income for the period | - | 6 014 | -4 020 | **1 994** | 1 994 | **-156** | 1 839 |
| Dividend and Group contribution paid | - | -4 900 | - | **-4 900** | -4 900 | **-308** | -5 208 |
| Business combinations and divestments | - | - | - | - | - | **126** | 126 |
| Liability of the option to increase shareholding in subsidiary | - | - | - | - | - | **-137** | -137 |
| Capital increase | - | - | - | - | - | **167** | 167 |
| **Balance as of 31.12.2012** | **45 569** | 21 909 | -11 975 | **9 933** | 55 503 | **6 934** | 62 437 |
| Net profit/loss | - | -677 | - | **-677** | -677 | **211** | -466 |
| **Items in other comprehensive income that recycles over profit/loss** | | | | | | | |
| Changes in fair value of financial instruments | - | -502 | - | **-502** | -502 | **102** | -401 |
| Estimate deviation pensions | - | 249 | - | **249** | 249 | - | 249 |
| Items recorded in other comprehensive income in associates and joint ventures | - | 145 | - | **145** | 145 | - | 145 |
| Currency translation effects | - | - | 5 459 | **5 459** | 5 459 | **341** | 5 799 |
| Total comprehensive income for the period | - | -785 | 5 459 | **4 673** | 4 673 | **653** | 5 326 |
| Dividend and Group contribution paid | - | -4 000 | - | **-4 000** | -4 000 | **-119** | -4 119 |
| Business combinations and aquisition of assets | **2 918** | - | - | - | 2 918 | - | 2 918 |
| Capital increase | **624** | - | - | - | 624 | **14** | 638 |
| **Balance as of 30.06.2013** | **49 111** | 17 124 | -6 517 | **10 607** | 59 718 | **7 482** | 67 200 |

| NOK million | | Year to date 2013 | 2012 | The year 2012 |
|---|---|---|---|---|
| **STATEMENT OF CASH FLOW** | | | | |
| **CASH FLOW FROM OPERATING ACTIVITIES** | | | | |
| Profit before tax | | 1 447 | 8 252 | 8 890 |
| Profit/loss on sale of non current assets | | 3 | -18 | -28 |
| Depreciation, amortisation and impairments | | 1 347 | 1 232 | 4 814 |
| Profit from bargain purchase | | -162 | - | - |
| Profit/loss from the sale of shares, and associates and joint ventures | | 120 | - | -81 |
| Share of profit/loss from associates and joint ventures | | -459 | -789 | -871 |
| Unrealised changes in value | | 4 345 | -1 362 | -1 452 |
| Taxes | | -2 371 | -2 853 | -4 426 |
| **Cash flow from operating activities** | | **4 269** | **4 462** | **6 846** |
| Changes in long term items | | -468 | -184 | -225 |
| Changes in short term items | | -342 | 1 745 | 1 710 |
| Dividend from associates | | 754 | 1 136 | 1 958 |
| **Net cash flow operating activities** | **A** | **4 213** | **7 159** | **10 290** |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | | | |
| Investments in property, plant and equipment, maintanance | | -557 | -403 | -1 065 |
| Investments in property, plant and equipment, new capacity* | | -3 773 | -4 162 | -8 396 |
| Proceeds from sale of non-current assets | | 8 515 | 48 | 126 |
| Business combinations, net liquidity outflow from the Group** | | 27 | 90 | -54 |
| Loans to third parties | | -335 | -328 | -670 |
| Repayment of loans | | 56 | 8 | 8 |
| Considerations regarding investments in other companies*** | | -27 | -2 416 | -2 433 |
| **Net cash flow from investing activities** | **B** | **3 907** | **-7 162** | **-12 484** |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | | | |
| New debt | | 591 | 638 | 7 919 |
| Repayment of debt | | -3 505 | -884 | -4 573 |
| Dividend and group contribution paid | | -119 | - | -4 293 |
| Share issue in subsidiary to non-controlling interests | | 14 | 149 | 167 |
| **Net cash flow from financing activities** | **C** | **-3 018** | **-96** | **-780** |
| **Net change in cash and cash equivalents** | **A+B+C** | **5 102** | **-99** | **-2 974** |
| Currency exchange rate effects on cash and cash equivalents | | 200 | -77 | -191 |
| Cash and cash equivalents 01.01 | | 5 440 | 8 605 | 8 605 |
| Cash and cash equivalents 30.06/31.12 | | 10 742 | 8 428 | 5 440 |
| Unused commited credit lines | | 12 000 | 12 000 | 12 000 |
| Unused overdraft facilities | | 1 973 | 1 159 | 2 205 |
| Restricted Cash | | -340 | -818 | -232 |

*Investments in new capacity are NOK 4119 million lower than investments in new capacity in the segment reporting due to aquisition of assets of NOK 4021 million from Statkraft SF and NOK 98 million from investments not yet paid as of second quarter 2013.
** Inlcuded in cash and cash equivalents are NOK 244 million related to joint operations as of second quarter 2013.

| NOK million | Statkraft AS Group | Nordic Hydropower | Continental Energy & Trading | International Hydropower | Wind Power | District Heating | Industrial Ownership | Other activities | Group Items |
|---|---|---|---|---|---|---|---|---|---|
| **SEGMENTS** | | | | | | | | | |
| **2nd Quarter 2013** | | | | | | | | | |
| Operating revenue external, underlying | 10 874 | 2 121 | 4 707 | 419 | 5 | 123 | 1 630 | 25 | 1 844 |
| Operating revenue internal, underlying | - | 777 | -10 | - | 213 | - | 22 | 118 | -1 121 |
| **Gross operating revenues, underlying** | **10 874** | **2 898** | **4 697** | **419** | **219** | **123** | **1 652** | **143** | **723** |
| **Net operating revenues, underlying** | **5 968** | **2 662** | **454** | **268** | **210** | **75** | **746** | **143** | **1 408** |
| **Operating profit/loss, underlying** | **3 449** | **1 581** | **103** | **50** | **27** | **-18** | **278** | **-143** | **1 571** |
| Unrealised value change energy derivatives | - | 980 | 289 | 37 | - | - | 12 | -52 | -1 266 |
| Non-recurring items | - | 164 | - | 162 | - | - | - | - | -326 |
| **Operating profit/loss** | **3 449** | **2 726** | **391** | **248** | **27** | **-18** | **290** | **-195** | **-21** |
| Share of profit/loss from associates and joint ventures | 256 | - | 3 | 56 | -5 | - | 202 | - | - |
| **Profit and loss, before financial items and tax** | **3 705** | **2 726** | **394** | **304** | **22** | **-18** | **492** | **-195** | **-21** |
| **Year to date 2013** | | | | | | | | | |
| Operating revenue external, underlying | 23 655 | 5 062 | 10 262 | 883 | 11 | 382 | 4 112 | 55 | 2 889 |
| Operating revenue internal, underlying | - | 2 202 | -16 | - | 450 | 1 | 39 | 237 | -2 913 |
| **Gross operating revenues, underlying** | **23 655** | **7 264** | **10 245** | **883** | **460** | **383** | **4 152** | **292** | **-24** |
| **Net operating revenues, underlying** | **12 411** | **6 741** | **915** | **534** | **442** | **216** | **1 717** | **290** | **1 556** |
| **Operating profit/loss, underlying** | **7 311** | **4 574** | **171** | **111** | **68** | **22** | **720** | **-237** | **1 882** |
| Unrealised value change energy derivatives | - | 1 262 | 196 | 155 | - | - | 29 | -45 | -1 597 |
| Non-recurring items | - | 164 | - | 162 | - | - | - | - | -326 |
| **Operating profit/loss** | **7 311** | **6 000** | **367** | **427** | **68** | **22** | **749** | **-282** | **-41** |
| Share of profit/loss from associates and joint ventures | 459 | - | 2 | 17 | -10 | - | 449 | - | - |
| **Profit/loss, before financial items and tax** | **7 770** | **6 000** | **369** | **445** | **58** | **22** | **1 198** | **-282** | **-41** |
| **Balance sheet 30.06.2013** | | | | | | | | | |
| Investment in associates and joint ventures | 15 867 | - | 2 | 6 472 | 71 | - | 9 320 | - | 2 |
| Other assets | 133 915 | 53 931 | 5 080 | 12 991 | 10 949 | 3 052 | 14 567 | 57 255 | -23 910 |
| **Total assets** | **149 782** | **53 931** | **5 082** | **19 463** | **11 020** | **3 052** | **23 887** | **57 255** | **-23 908** |
| Depreciations, amortisation and impairments | -1 347 | -601 | -153 | -97 | -162 | -70 | -227 | -37 | - |
| Maintenance investments | 557 | 285 | 41 | 21 | 10 | - | 201 | - | - |
| Investments in new generating capacity | 7 892 | 4 599 | 64 | 1 288 | 1 327 | 219 | 220 | 175 | - |
| Investments in other companies | 27 | - | - | 23 | 4 | - | - | - | - |
| **2nd Quarter 2012** | | | | | | | | | |
| Operating revenue external, underlying | 8 186 | 2 439 | 3 958 | 384 | - | 119 | 1 305 | 26 | -45 |
| Operating revenue internal, underlying | - | 587 | -124 | 4 | 32 | - | 12 | 106 | -617 |
| **Gross operating revenues, underlying** | **8 186** | **3 026** | **3 834** | **388** | **32** | **119** | **1 317** | **132** | **-662** |
| **Net operating revenues, underlying** | **3 777** | **2 846** | **344** | **259** | **83** | **82** | **622** | **131** | **-591** |
| **Operating profit/loss, underlying** | **1 337** | **1 855** | **-96** | **43** | **-76** | **-3** | **187** | **-157** | **-416** |
| Unrealised value change energy derivatives | - | -504 | 175 | -99 | - | - | 14 | 3 | 411 |
| Non-recurring items | - | - | - | - | - | - | - | - | - |
| **Operating profit/loss** | **1 337** | **1 350** | **79** | **-56** | **-76** | **-3** | **201** | **-154** | **-5** |
| Share of profit/loss from associates and joint ventures | 370 | - | 10 | 262 | 1 | - | 97 | - | - |
| **Profit/loss before financial items and tax** | **1 708** | **1 350** | **89** | **206** | **-75** | **-3** | **298** | **-154** | **-5** |
| **Year to date 2012** | | | | | | | | | |
| Operating revenue external, underlying | 19 569 | 5 614 | 8 565 | 770 | - | 322 | 3 561 | 85 | 653 |
| Operating revenue internal, underlying | - | 1 680 | -135 | 9 | 121 | - | 19 | 215 | -1 910 |
| **Gross operating revenues, underlying** | **19 569** | **7 294** | **8 430** | **780** | **121** | **322** | **3 580** | **300** | **-1 258** |
| **Net operating revenues, underlying** | **9 683** | **6 808** | **957** | **524** | **172** | **192** | **1 569** | **298** | **-836** |
| **Operating profit/loss, underlying** | **4 815** | **4 755** | **248** | **99** | **-92** | **17** | **637** | **-293** | **-556** |
| Unrealised value change energy derivatives | - | -1 030 | 574 | -99 | - | - | -14 | -20 | 590 |
| Non-recurring items | - | - | - | - | - | - | - | 60 | -60 |
| **Operating profit/loss** | **4 815** | **3 725** | **822** | **-** | **-92** | **17** | **623** | **-253** | **-26** |
| Share of profit/loss from associates and joint ventures | 789 | - | 10 | 329 | -5 | -1 | 456 | - | - |
| **Profit before financial items and tax** | **5 603** | **3 725** | **832** | **329** | **-97** | **16** | **1 079** | **-253** | -26 |
| **Balance sheet 30.06.2012** | | | | | | | | | |
| Investment in associates and joint ventures | 16 535 | - | 46 | 7 812 | 91 | - | 8 586 | - | 1 |
| Other assets | 130 889 | 48 579 | 6 459 | 9 956 | 7 724 | 2 790 | 14 203 | 61 276 | -20 099 |
| **Total assets** | **147 424** | **48 579** | **6 505** | **17 768** | **7 815** | **2 790** | **22 789** | **61 276** | **-20 098** |
| Depreciations, amortisation and impairments | -1 232 | -561 | -212 | -102 | -59 | -61 | -207 | -29 | - |
| Maintenance investments | 403 | 176 | 32 | 37 | 1 | 7 | 150 | - | - |
| Investments in new generating capacity | 3 926 | 446 | 420 | 847 | 1 690 | 193 | 243 | 87 | - |
| Investments in other companies | 2 420 | - | - | 2 407 | 9 | 4 | - | - | - |

| NOK million | Statkraft AS Group | Nordic Hydropower | Continental Energy & Trading | International Hydropower | Wind Power | District Heating | Industrial Ownership | Other activities | Group Items |
|---|---|---|---|---|---|---|---|---|---|
| **SEGMENTS** | | | | | | | | | |
| **The year 2012** | | | | | | | | | |
| Operating revenue external, underlying | 37 550 | 10 143 | 16 857 | 1 566 | 17 | 625 | 6 691 | 117 | 1 533 |
| Operating revenue internal, underlying | - | 3 221 | -32 | 1 | 508 | 1 | 33 | 452 | -4 184 |
| **Gross operating revenues, underlying** | **37 550** | **13 365** | **16 825** | **1 567** | **526** | **626** | **6 724** | **568** | **-2 651** |
| **Net operating revenues, underlying** | **18 352** | **12 479** | **2 016** | **1 054** | **511** | **384** | **3 010** | **565** | **-1 667** |
| **Operating profit/loss, underlying** | **5 679** | **8 274** | **397** | **98** | **-141** | **-2** | **1 061** | **-856** | **-3 152** |
| Unrealised value change energy derivatives | - | -1 663 | 738 | -113 | - | - | 1 | 7 | 1 030 |
| Non-recurring items | - | - | -1 986 | -78 | - | - | -216 | 175 | 2 105 |
| **Operating profit/loss** | **5 679** | **6 610** | **-850** | **-93** | **-141** | **-2** | **846** | **-674** | **-17** |
| Share of profit/loss from associates and joint ventures | 871 | - | -31 | 146 | -25 | -1 | 781 | - | - |
| **Profit/loss before financial items and tax** | **6 549** | **6 610** | **-881** | **53** | **-166** | **-3** | **1 627** | **-674** | **-17** |
| **Balance sheet 31.12.2012** | | | | | | | | | |
| Investment in associates and joint ventures | 15 924 | - | - | 6 368 | 82 | - | 9 463 | - | 12 |
| Other assets | 130 102 | 48 837 | 4 808 | 10 442 | 9 433 | 2 874 | 14 254 | 58 947 | -19 495 |
| **Total assets** | **146 026** | **48 837** | **4 808** | **16 810** | **9 515** | **2 874** | **23 717** | **58 947** | **-19 483** |
| Depreciations, amortisation and impairments | -4 814 | -1 136 | -2 397 | -301 | -116 | -145 | -650 | -69 | - |
| Maintenance investments | 1 065 | 460 | 127 | 90 | 7 | - | 381 | - | - |
| Investments in new generating capacity | 8 073 | 1 048 | 1 014 | 1 687 | 3 188 | 369 | 538 | 229 | - |
| Investments in other companies | 2 583 | - | - | 2 433 | 144 | 6 | - | - | - |

# Selected notes to the accounts

## 1. FRAMEWORK AND MATERIAL ACCOUNTING POLICIES

The consolidated interim financial statements for the second quarter of 2013, the three months ending 30 June 2013, have been prepared in accordance with International Financial Reporting Standards (IFRSs) and include Statkraft AS, its subsidiaries and associates. The interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting. As the information provided in the interim financial statements is less comprehensive than that contained in the annual financial statements, these statements should therefore be read in conjunction with the consolidated annual financial statements for 2012. The interim accounts have not been audited. Applied accounting principles in the quarterly report are the same as those applied in the annual accounts, with the exception of the implementation of IFRS 10, 11, 12 and 13

The Group has chosen to implement the following standards early, with associated changes in other standards as of the 2013 fiscal year.

- **IFRS 10 Consolidated financial statements** The standard relates to definition of subsidiaries and places greater emphasis on actual control than earlier rules did. Investments in subsidiaries and associated companies have been evaluated in accordance with IFRS 10. The implementation of the standard has not resulted in any changes for Statkraft.
- **IFRS 11 Joint arrangements** The standard regulates accounting of activities where Statkraft has joint control with other investors. Joint operations shall, in accordance with the new standard, be incorporated in accordance with a method corresponding to the gross method. The agreement between the participants describing individual rights and obligations in the joint operations will determine how to account for an asset in jointly controlled operations. For Statkraft, this entails that several shareholdings previously presented in accordance with the equity method will now be presented in accordance with the proportionate consolidation in accordance with IFRS 11. All entities that meet the definition of joint ventures will be accounted for using the equity method. The effect of the implementation of IFRS 11 is shown in Note 9
- **IFRS 12 Disclosure of interests in other entities** The standard sets requirements related to note information concerning investments in subsidiaries, associated companies and jointly controlled entities. The purpose is to provide information about characteristics and risks in connection with the Group's investments in such companies, and the effect this has on the Group's balance sheet, results and cash flows. The standard introduces several new information requirements for the annual accounts.
- **IFRS 13 Fair Value Measurement** The standard defines principles and guidelines for measuring the fair value of assets and liabilities which other standards require or permit to be measured at fair value. The effect of the implementation of IFRS 13 is limited.

**Practice for presentation of power sales revenues and energy purchases is changed from 1 January 2013**
Gross presentation is the basis for presentation of revenues in the consolidated financial statements. In 2013, Statkraft has reviewed the existing practice as regards classification of certain energy contracts in the income statement. This has resulted in some contracts that were previously recorded net under sales revenues now being classified gross as either sales revenues or energy purchases. In this connection, reference is made to Note 9, which shows the overall effect as a result of changed practice and implementation of IFRS 11.

## 2. PRESENTATION OF FINANCIAL ACCOUNTS

The presentation of the interim report has been prepared in accordance with the requirements in IAS 34. The schedules comply with the requirements in IAS 1. Comparable figures following the implementation of the changed accounting principles have been converted, and the effect presented in Note 9.

## 3. ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In applying the Group's accounting policies in connection with the preparation of the interim financial statements, the management has exercised its judgment and employed estimates and assumptions that affect the figures included in the income statement and balance sheet.

The most important assumptions regarding future events and other significant sources of uncertainty in relation to the estimates that can have a significant risk of material changes to the amounts recognised in future accounting periods are discussed in the annual report for 2012.

In preparing the consolidated financial statements for the second quarter, the Group's management has exercised its judgment in relation to the same areas where such judgment has had material significance in relation to the figures included in the Group's income statement and balance sheet, as discussed in the annual financial statements for 2012.

## 4. SEGMENT REPORTING

The Group reports operating segments in accordance with how the corporate management makes, follows up and evaluates its decisions. The operating segments have been identified on the basis of internal management information that is periodically reviewed by the management and used as a basis for resource allocation and key performance review.

## 5. UNREALISED EFFECTS PRESENTED IN THE INCOME STATEMENT

The table below shows the lines in the financial statements where the unrealised effects appear.

| NOK million | Second Quarter 2013 Unrealise | Realised | Total | Year to date 2013 Unrealised | Realised | Total |
|---|---|---|---|---|---|---|
| UNREALISED EFFECTS REPORTED IN P&L | | | | | | |
| Sales revenues | | | | | | |
| Long term contracts | 730 | 1 808 | 2 539 | 442 | 3 550 | 3 992 |
| Nordic and Continental Dynamic Asset Management Portfolio | 68 | 54 | 123 | 60 | 110 | 170 |
| Trading and origination | -143 | 336 | 193 | -168 | 631 | 462 |
| End User | -2 | 984 | 982 | - | 2 574 | 2 574 |
| Other sales revenues | - | 6 594 | 6 594 | - | 15 813 | 15 813 |
| Eliminations | -52 | -17 | -68 | -45 | -13 | -58 |
| **Total sales revenues** | **602** | **9 760** | **10 362** | **289** | **22 664** | **22 953** |
| Energy purchase | 521 | -5 241 | -4 720 | 1 139 | -11 894 | -10 754 |
| Net currency effects | -3 944 | -4 | -3 948 | -5 033 | 79 | -4 954 |
| Other financial items | | | | | | |
| Net gains and losses on derivatives and securities | -404 | 2 | -402 | -741 | 3 | -738 |
| Impairment and gain/loss of financial assets | 73 | 37 | 111 | - | -120 | -120 |
| **Total unrealised effects** | **-3 150** | | | **-4 346** | | |

| NOK million | Second Quarter 2012 Unrealise | Realised | Total | Year to date 2012 Unrealised | Realised | Total | The Year 2012 Unrealised | Realised | Total |
|---|---|---|---|---|---|---|---|---|---|
| UNREALISED EFFECTS REPORTED IN P&L | | | | | | | | | |
| Sales revenues | | | | | | | | | |
| Long term contracts | -301 | 1 525 | 1 223 | -851 | 3 080 | 2 229 | -1 613 | 6 179 | 4 566 |
| Nordic and Continental Dynamic Asset Management Portfolio | -139 | 232 | 93 | -33 | 426 | 393 | 71 | 525 | 596 |
| Trading and origination | -5 | 119 | 114 | -7 | 333 | 325 | 460 | 266 | 726 |
| End User | - | 781 | 781 | - | 2 178 | 2 178 | - | 4 024 | 4 024 |
| Other sales revenues | - | 5 842 | 5 842 | - | 13 976 | 13 976 | - | 26 534 | 26 534 |
| Eliminations | 3 | -5 | -2 | -20 | 10 | -10 | 7 | -6 | 1 |
| **Total sales revenues** | **-443** | **8 493** | **8 051** | **-911** | **20 003** | **19 091** | **-1 076** | **37 523** | **36 447** |
| Energy purchase | 27 | -4 214 | -4 187 | 314 | -9 664 | -9 350 | 506 | -18 678 | -18 172 |
| Net currency effects | 862 | 284 | 1 146 | 1 921 | 596 | 2 517 | 3 815 | 653 | 4 468 |
| Other financial items | | | | | | | | | |
| Net gains and losses on derivatives and securities | 197 | 1 | 199 | 128 | - | 128 | 347 | 2 | 349 |
| Impairment and gain/loss of financial assets | -90 | - | -90 | -90 | -3 | -93 | -2 140 | -30 | -2 171 |
| **Total unrealised effects** | **553** | | | **1 362** | | | **1 452** | | |

## 6. OTHER FINANCIAL ASSETS

Other financial fixed assets in the balance sheet included the shareholding in E.ON SE. Statkraft has divested its entire shareholding of 83.4 million shares over the course of the first six months of 2013. The divestment has resulted in a loss of NOK 120 million in 2013. The sale has freed up NOK 8515 million.

## 7. CURRENCY EFFECTS ON INTERNAL LOANS

Net currency effects on internal loans as of the second quarter amounted to NOK -3226 million, of which NOK -3109 million was unrealised. The negative effect is mainly due to a weaker NOK and SEK against EUR. Statkraft Treasury Centre (STC) provides loans to the Group's companies, mainly in the companies' local currency. STC prepares its accounts in EUR and reports currency effects of lending in the income statement. STC's financial reporting is converted to NOK in the consolidation and currency effects for the net investment in STC is reported in other comprehensive income. This equalises currency gains and losses added to the equity through the income statement.

## 8. HEDGE ACCOUNTING

Statkraft has used hedge accounting in 2013 that has reduced volatility in the income statement. A major share of the debt in EUR has been hedged against changes in interest rates.

Statkraft has established hedging for accounting purposes of the net investment in STC in EUR. The effect so far this year, is NOK 762 million in losses being recognised in other comprehensive income, and not the income statement.

## 9. CHANGED ACCOUNTING PRINCIPLES

Statkraft has changed accounting principles from the equity method to the gross method in accordance with IFRS 11 Joint Arrangements for the following investments:

- ➔ Scira Offshore Energy Ltd. (Sheringham Shoal)
- ➔ Dudgeon Offshore Wind Ltd.
- ➔ Forewind Ltd.

- Naturkraft AS
- Kraftwerksgesellschaft Herdecke, GmbH & Co. KG

The effect of the implementation of IFRS 11, as well as the transition to gross presentation for some contracts, is shown in the tables below:

| NOK million | Second quarter 2012 | Year to date 2012 | The year 2012 |
|---|---|---|---|
| **COMPREHENSIVE INCOME** | | | |
| **PROFIT AND LOSS** | | | |
| Increase in gross operating revenues* | 734 | 3 017 | 5 219 |
| Increase in net operating revenues | -136 | 243 | 693 |
| Increase (-)/ decrease (+) in operating expenses | -35 | 2 | -380 |
| **Changes in operating profit/loss** | **-171** | **245** | **314** |
| Decrease in share of profit/loss from associates and joint ventures | 162 | -182 | -153 |
| Changes in net financial items | -14 | -31 | -76 |
| **Changes in profit/loss before tax** | **-23** | **32** | **84** |
| Increase in tax expense | 23 | -32 | -84 |
| **Changes in net profit/loss** | **-** | **-** | **-** |
| **OTHER COMPREHENSIVE INCOME** | | | |
| **Changes in other comprehensive income** | **-** | **-** | **-** |
| **Changes in comprehensive income** | **-** | **-** | **-** |

* Increase in gross operating revenues, include increase from changes to gross presentation of different contracts of NOK 3036 million year to date 2012 and NOK 5236 million for the year 2012. The opposite effect is presentet in energy purchase, leaving a net effect of zero of net operating revenue.

| NOK million | 30.06.2012 | 31.12.2012 | 31.12.2011 |
|---|---|---|---|
| **STATEMENT OF FINANCIAL POSITION** | | | |
| **ASSETS** | | | |
| Increase in intangible assets | 25 | 28 | 29 |
| Increase in property, plant and equipment | 5 154 | 5 608 | 3 954 |
| Decrease om investments in associates and joint ventures | -1 142 | -2 050 | -1 029 |
| Increase in other non current assets | 468 | 616 | 372 |
| Increase in cash and cash equivalents (included restricted cash) | 211 | 394 | 322 |
| Increase in other current assets | -3 821 | -3 562 | -2 601 |
| **Increase in assets** | **896** | **1 034** | **1 046** |
| **EQUITY AND LIABILITIES** | | | |
| Changes in equity | - | - | - |
| Changes in long-term liabilities | 478 | 490 | 490 |
| Changes in current liabilities | 418 | 544 | 559 |
| **Changes in equity and liabilities** | **896** | **1 034** | **1 047** |

| NOK million | Second quarter 2012 | The year 2012 |
|---|---|---|
| **STATEMENT OF CASH FLOW** | | |
| **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| Changes in Net cash flow operating activities | 29 | -342 |
| Changes in net cash flow from investing activities | -135 | 254 |
| Changes in Net cash flow from financing activities | -5 | 16 |

## 10. BUSINESS COMBINATIONS AND TAKE-OVER OF ASSETS

On 7 May, Statkraft acquired the remaining 50% of the shares in Devoll Hydropower Sh.A., and now owns 100%. Cost for 100% of the shares in the step acquisition was NOK 162 million. Devoll's net assets amount to NOK 324 million. The preliminary acquisition analysis shows a bargain purchase with a gain of NOK 162 million immediately recognised in the financial statements.

On 1 April, Statkraft SF transferred net assets worth NOK 3542 million to the Group, of which NOK 624 million was reported as capital increase and NOK 2918 million as other paid-in equity.

Statkraft

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Statkraft AS

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