Statkraft

STATKRAFT AS
INTERIM REPORT Q2/12

Q2

Key figures

NOK mill.	Second quarter 2012	2011	Change	Year to date 2012	2011	Change	Year 2011
From income statement [1]							
Gross operating revenues, underlying	**7 708**	4 663	*65 %*	**17 580**	12 079	*46 %*	22 298
Net operating revenues, underlying	**4 123**	3 533	*17 %*	**10 120**	9 613	*5 %*	18 120
EBITDA, underlying	**2 324**	1 822	*28 %*	**6 459**	6 072	*6 %*	10 851
Operating profit, underlying	**1 718**	1 222	*41 %*	**5 249**	4 892	*7 %*	8 390
Operating profit, booked	**1 508**	-334	*552 %*	**4 569**	4 917	*-7 %*	6 203
Share of profit from associated companies and joint ventures	**209**	334	*-37 %*	**971**	728	*33 %*	898
Net financial items	**1 650**	-511	*423 %*	**2 680**	-1 271	*311 %*	-3 635
Profit before tax	**3 367**	-511	*759 %*	**8 220**	4 374	*88 %*	3 466
Net profit	**2 443**	-514	*575 %*	**5 873**	2 295	*156 %*	40
EBITDA margin, underlying (%) [2]	**30.2**	39.1		**36.7**	50.3		48.7
ROACE, underlying (%) [3]				**14.2**	17.8		13.9
Items excluded from the underlying operating profit							
Unrealised changes in value on energy contracts	**-210**	-1 682	*-88 %*	**-739**	-100	*637 %*	-1 152
Significant non-recurring items	**-**	126	*-100 %*	**60**	126	*-52 %*	-1 035
Balance sheet and investments							
Total assets 30.06./31.12.				**146 528**	153 432	*-4 %*	143 878
Maintenance investments	**217**	164	*32 %*	**403**	291	*39 %*	1 129
Investments in new capacity	**1 355**	897	*51 %*	**2 728**	1 209	*126 %*	5 217
Investments in shareholdings	**38**	664	*-94 %*	**2 420**	1 531	*58 %*	1 923
Capital employed 30.06./31.12. [4]				**63 641**	59 652	*7 %*	62 546
Cash Flow							
Net cash flow from operating activities	**3 033**	1 580	*92 %*	**7 130**	5 178	*38 %*	9 521
Cash and cash equivalents 30.06./31.12.				**8 217**	21 946	*-63 %*	8 282

Definitions

[1] Underlying items have been adjusted for unrealised changes in value on energy contracts and significant non-recurring items, up to and including the operating profit.
[2] EBITDA margin, underlying (%): (Operating profit before depreciation and amortisation x 100)/Gross operating revenues.
[3] ROACE, underlying (%): (Underlying operating profit x 100)/Average capital employed (rolling 12 months).
[4] Capital employed: Property, plant and equipment + intangible assets + receivables + inventories - provisions - taxes payable - other interest-free liabilities + allocated dividend, not disbursed.

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SATISFACTORY RESULTS

> The results show that good contract coverage and high production, more than compensated for lower power prices. The transition to renewable energy is gaining momentum and Statkraft is well positioned in this market.

The second quarter of 2012 was characterised by low electricity prices in the Nordic region, but a significant portfolio of long-term power contracts and high production still ensured that the Group achieved satisfactory results. Underlying EBITDA and the pre-tax result were higher than in the same period last year.

The Group's power production was 14.9 TWh in the second quarter, an increase of 48 per cent compared with the second quarter last year. The increase was largest in hydropower production, up 74 per cent from 2011. Market conditions in the second quarter were characterised by high precipitation and high reservoir water levels in the Nordic region, as well as good availability of wind and solar power. Combined with lower economic activity in Europe, this resulted in lower power prices.

The transition to renewable energy in Europe has gained momentum. 2012 is shaping up to be the best year so far for development of wind power, both offshore and onshore.

Wind power is an important focus area for Statkraft, with substantial investments. Statkraft aims to take an industrial role in future development projects for offshore wind power, and is involved in several projects which contribute to establishing necessary strategic expertise.

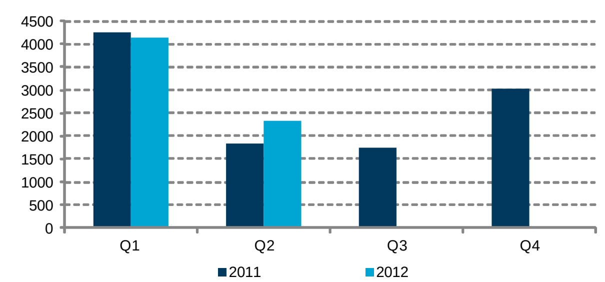
The Sheringham Shoal offshore wind farm, which Statkraft and Statoil are constructing off the coast of the UK, is approaching completion and will be officially opened on 27 September. With an installed capacity of 317 MW, this farm represents a milestone.

Onshore, two wind farms are under construction in Sweden and one in the UK. In Norway, Statkraft Agder Energi Vind was granted licences in late June by the NVE for the wind farms Geitfjellet and Svarthammaren.

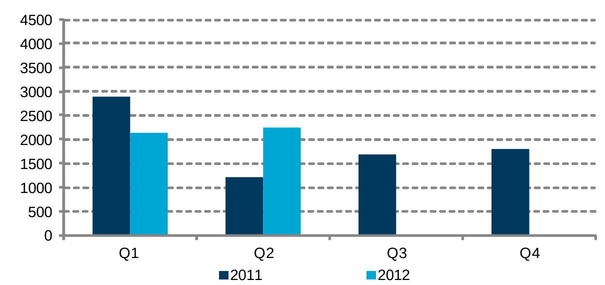
The board and corporate management have reviewed the existing business strategy in the period and confirm the main scope, with a focus on flexible European power generation and market operations, international hydropower, onshore and offshore wind power, district heating and small-scale hydro.

On 26 June, Olav Fjell was elected as Statkraft's new chairman of the board.

EBITDA - underlying
NOK mill.



Cash flow from operating activities
NOK mill.



Corporate social responsibility and HSE

	Second quarter 2012	Second quarter 2011	Year to date 2012	Year to date 2011	Year 2011
Corporate social reponsibility and HSE					
Fatalities [1]	-	-	-	3	5
TRI rate [1) 2)]	7.6	6.6	7.4	6.6	7.6
Serious environmental incidents	-	-	-	-	-
Full-time equivalents, group	-	-	3 464	3 316	3 301
Absence due to illness, group (%)	2.1	2.8	3.1	3.3	3.4

The figures reported in the interim report in 2011 have been corrected to reflect reporting from suppliers.
[1)] Includes employees and suppliers in plants where Statkraft owns 20% or more.
[2)]TRI rate: Number of injuries per million hours worked

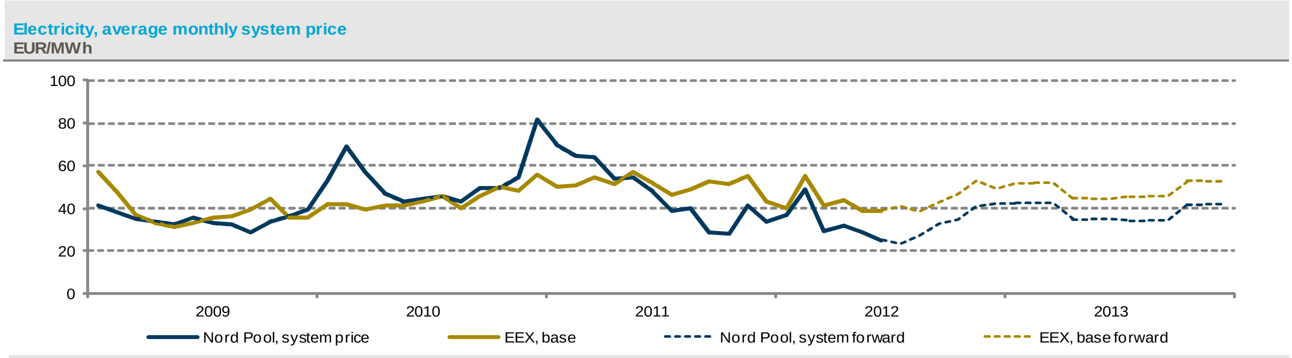
The Group works systematically to reduce the risk of injuries for own employees and contractors in the operations and project activities.

- In July, a contractor employee died in connection with tunnel work at SN Power's Cheves development in Peru. In connection with the accident, three lost-time injuries have also been reported by the contractor. The accident is under investigation.
- The TRI rate in the second quarter increased compared with the same period last year.
- Absence due to illness was 3.1% as of the second quarter (2.1% in the second quarter) compared with 3.3% for the same period last year.

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. Gas is also an input factor in Statkraft's own power production.

POWER PRICES



Source: Nord Pool and the European Energy Exchange (EEX)

The average system price in the Nordic region was 28.4 EUR/MWh in the quarter, a decline of 46% compared with the same period last year. The decline was primarily the result of:

- relatively high reservoir water levels and high inflow
- high power production

Forward prices in the Nordic region fell throughout the quarter due to lower realised power prices as well as continued high reservoir water levels.

The average spot price in the German market was 40.5 EUR/MWh in the quarter, a decline of 24% compared with the same period last year. The decline in the prices were characterised by:

- high solar power production and good availability for other types of renewable energy
- lower economic activity

Forward prices in Germany fell throughout the quarter as a consequence of lower consumption, lower commodity prices for thermal power as well as a weaker financial outlook.

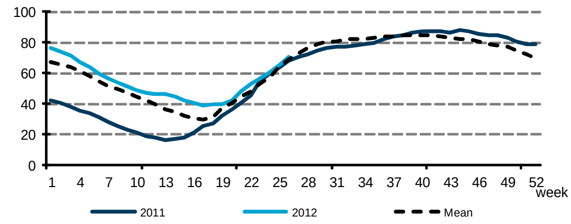
During the second quarter, 5.0 TWh was exported from the Nordic region to the Continent, compared with import of 2.3 TWh in the corresponding period last year.

EUR/MWh	Second quarter 2012	2011	Change	Year to date 2012	2011	Change	Year 2011
Prices							
Average system price, Nord Pool	**28.4**	52.2	*-46 %*	**33.5**	59.2	*-44 %*	47.2
Average spot price (base), EEX	**40.5**	53.6	*-24 %*	**43.0**	52.7	*-18 %*	51.1
Average spot price (peak), EEX	**49.0**	62.4	*-22 %*	**52.8**	62.2	*-15 %*	61.2
Average gas price, EGT/TTF[1)]	**24.5**	21.4	*14 %*	**24.8**	21.8	*14 %*	21.9

Source: Nord Pool and the European Energy Exchange (EEX)
[1)] Gas prices in 2012 and 2011 are based on EGT and TTF, respectively.

CONSUMPTION AND RESOURCE ACCESS IN THE NORDIC REGION

Nordic reservoir water levels
%



TWh	Second quarter 2012	2011	Year to date 2012	2011	Year 2011
Consumption and output					
Nordic					
Nordic consumption	**85.5**	83.0	**196.7**	196.7	375.7
Nordic output	**90.5**	80.7	**204.8**	188.1	370.5
Net Nordic import(+)/export (-)	**-5.0**	2.3	**-8.1**	9.3	5.2
Norway					
Norwegian consumption	**27.8**	26.0	**65.2**	64.2	122.0
Norwegian output	**33.0**	25.7	**75.2**	57.5	125.2
Net norwegian import(+)/export (-)	**-5.2**	0.3	**-10.0**	6.7	-3.2

Sources: "Nord Pool Nordic electricity market information" and "Nord Pool Country Report Norway"

Inflow was high in the period, and the total reservoir water level in the Nordic region was 85.9 TWh at the end of June, corresponding to 102.9% of normal. The reservoirs were filled to 70.7% of capacity (68.3% in 2011), with a maximum reservoir capacity of 121.2 TWh.

STATKRAFT'S POWER PRODUCTION

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

TWh	Second quarter 2012	2011	Year to date 2012	2011	Year 2011
Production, technology					
Hydropower	**14.5**	8.3	**30.9**	21.4	46.0
Wind Power	**0.2**	0.2	**0.4**	0.4	0.8
Gas power	**0.3**	1.6	**0.8**	2.9	4.6
Bio power	**0.0**	0.0	**0.1**	0.1	0.1
Total volume	**14.9**	**10.0**	**32.3**	**24.8**	**51.5**

TWh	Second quarter 2012	2011	Year to date 2012	2011	Year 2011
Production, geography					
Norway	**12.1**	6.9	**26.1**	18.8	38.8
Nordic ex. Norway	**1.8**	1.2	**3.8**	2.5	6.0
Europe ex. Nordic	**0.4**	1.4	**1.2**	2.4	4.3
Rest of the world	**0.6**	0.6	**1.3**	1.1	2.3
Total volume	**14.9**	**10.0**	**32.3**	**24.8**	**51.5**

The Group produced a total of 14.9 TWh in the quarter, an increase of 48%. Production in the second quarter was high due to high inflow to the water reservoirs. Hydropower production increased by 74%, while gas power production fell by 84% to 0.3 TWh, as a result of a negative spark spread. Wind power production was stable.

Financial performance

The quarterly report shows the development in the second quarter compared with the second quarter of 2011, unless otherwise stated. Figures in parentheses show the comparable figures for the corresponding period in 2011.

NOK mill.	Second quarter 2012	2011	Change	Year to date 2012	2011	Change	Year 2011
Key figures							
Net operating revenues, underlying	4 123	3 533	17 %	10 120	9 613	5 %	18 120
EBITDA, underlying	2 324	1 822	28 %	6 459	6 072	6 %	10 851
Profit before tax	3 367	-511	759 %	8 220	4 374	88 %	3 466
Net profit	2 443	-514	575 %	5 873	2 295	156 %	40

The Group posted a pre-tax profit of NOK 3367 million (loss of NOK 511 million) and NOK 2443 million after tax (loss of NOK 514 million). The improved performance is mainly due to higher production, less negative changes in unrealised changes in value on energy contracts, positive unrealised currency gains as well as significantly lower unrealised losses on the shareholding in E.ON AG.

EBITDA – UNDERLYING

Underlying EBITDA increased by 28% as a result of higher Nordic hydropower production. The high production more than compensated for the decline in power prices. The underlying operating costs were on par with the same quarter in 2011.

OPERATING REVENUES – UNDERLYING

NOK mill.	Second quarter 2012	2011	Change	Year to date 2012	2011	Change	Year 2011
Net operating revenues, underlying							
Net physical spot sales, incl. green certificates	4 489	1 434	213 %	10 068	4 655	116 %	7 762
Concessionary sales at statutory prices	67	124	-46 %	158	217	-27 %	401
Industrial sales at statutory prices	-	50	-100 %	-	125	-100 %	130
Long-term contracts	1 525	1 291	18 %	3 080	2 354	31 %	5 427
Nordic and Continental Dynamic Asset Management Portfolio	232	-1	>1000 %	426	-189	325 %	-124
Trading and origination	114	219	-48 %	325	425	-23 %	834
Distribution grid	234	206	13 %	552	566	-2 %	1 114
End user	781	1 039	-25 %	2 178	3 229	-33 %	4 902
District heating, energy sales	124	109	14 %	337	338	0 %	581
Other sales revenues	2	5	66 %	9	-7	222 %	-49
Currency hedging energy contracts	-5	-	-	10	-	-	-
Sales revenues	7 561	**4 476**	69 %	17 144	**11 712**	46 %	**20 978**
Other operating revenues	147	187	-21 %	436	367	19 %	1 321
Gross operating revenues	7 708	**4 663**	65 %	17 580	**12 079**	46 %	**22 298**
Energy purchase	-3 363	-879	283 %	-6 924	-1 861	272 %	-2 964
Transmission costs	-222	-251	-12 %	-535	-606	-12 %	-1 215
Net operating revenues	4 123	**3 533**	**17 %**	10 120	**9 613**	**5 %**	**18 120**

- Spot sales revenues increased substantially due to Statkraft offering market access to minor renewable energy producers in Germany and the UK from 2012. The contracts are recorded gross in the income statement and will appear in the items net physical spot sales and energy purchases.
- Higher production has more than offset the lower market prices for Nordic power.
- Increase in energy purchases are primarily related to new business activities as mentioned above. Other energy purchases increased somewhat as a result of higher external energy purchases in the end-user business as well as higher energy purchases within Brazilian power trading activities acquired in 2011.
- The increase in the Nordic and Continental management portfolio is due to lower power prices.
- The volumes delivered under long-term contracts have increased. The last industrial power contract at statutory prices expired in July 2011.
- Decline in revenues from the end-user business is a result of lower prices and volumes.

OPERATING EXPENSES – UNDERLYING

NOK mill.	Second quarter 2012	2011	Change	Year to date 2012	2011	Change	Year 2011
Operating expenses, underlying							
Salaries and payroll costs	-622	-578	*8 %*	-1 418	-1 271	*12 %*	-2 759
Depreciation and impairments	-606	-600	*1 %*	-1 210	-1 180	*3 %*	-2 461
Property tax and licence fees	-345	-309	*12 %*	-679	-605	*12 %*	-1 254
Other operating expenses	-831	-824	*1 %*	-1 564	-1 665	*-6 %*	-3 256
Operating expenses	**-2 404**	**-2 312**	***4 %***	**-4 871**	**-4 721**	***3 %***	**-9 730**

- The increase in salaries and payroll costs is mainly due to new activities, more employees as well as increased pension costs, mainly due to reduced discount rate.
- Higher Norwegian property tax as well as lower licence fees in 2011 caused an increase in costs in the second quarter.

ITEMS EXCLUDED FROM THE UNDERLYING OPERATING PROFIT

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

NOK mill.	Second quarter 2012	2011	Year to date 2012	2011	Year 2011
Items excluded from the underlying operating result					
Unrealised changes in value of energy contracts	-210	-1 682	-739	-100	-1 152
Significant non-recurring items	-	126	60	126	-1 035
Gains/loss from sale of asset	*-*	*126*	*60*	*126*	*126*
Accumulated write-downs	*-*	*-*	*-*	*-*	*-74*
Impairments of non-current assets and receivables	*-*	*-*	*-*	*-*	*-1 087*

- A negative development for the energy contracts in the second quarter of 2012 is mainly due to currency effects on long-term power sales agreements entered into in EUR as well as lower coal and aluminium prices in indexed contracts. This is offset somewhat by gas purchase contracts as contract prices fell more than the market prices.
- The negative development of the energy contracts in the second quarter of 2011 was mainly related to the currency effect on long-term power sales agreements in EUR with Norwegian companies and a non-recurring effect as a result of changes to the accounting principles. Statkraft initially recorded the fair value of the effect in the second quarter of last year, with an accumulated currency effect from the signing of the contracts of negative NOK 1338 million.

SHARE OF PROFIT IN 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 a lot of the activities take place through participation in partly-owned companies.

NOK mill.	Second quarter 2012	2011	Change	Year to date 2012	2011	Change	Year 2011
Share of profit from associated companies							
BKK	34	121	*-72 %*	215	312	*-31 %*	537
Agder Energi	60	74	*-20 %*	251	143	*75 %*	443
Herdecke	-166	33	*-600 %*	126	143	*-12 %*	-82
Others	282	104	*170 %*	380	130	*193 %*	-
Total	**209**	**334**	***-37 %***	**971**	**728**	***33 %***	**898**

- The reduction in share of profit from BKK and Agder Energi is mainly due to lower positive development in unrealised changes in value of energy contracts.
- More precise estimation of the value of power purchase and sales contracts decreases the unrealised changes in value in Herdecke, but remain positive for the first six months.
- The increase in share of profit from other associated companies is primarily due to revenues from sale of supplementary services in the Philippines, but this is reduced by a lower result from the La Confluencia hydropower plant in Chile, which is not operating due to tunnel repairs.

FINANCIAL ITEMS

NOK mill.	Second quarter 2012	2011	Change	Year to date 2012	2011	Change	Year 2011
Financial items							
Interest income	75	168	*-55 %*	158	321	*-51 %*	572
Other financial income	636	992	*-36 %*	639	1 133	*-44 %*	1 309
Gross financial income	**711**	**1 161**	***-39 %***	**797**	**1 455**	***-45 %***	**1 880**
Interest expenses	-300	-378	*-21 %*	-647	-780	*-17 %*	-1 506
Other financial expenses	-16	-17	*-5 %*	-30	-33	*-9 %*	-42
Gross financial expenses	**-316**	**-395**	***-20 %***	**-677**	**-813**	***-17 %***	**-1 548**
Currency gains and losses	1 145	99	*>1000 %*	2 521	-227	*>1000 %*	332
Other financial items	109	-1 376	*108 %*	38	-1 686	*102 %*	-4 299
Net financial items	**1 650**	**-511**	***423 %***	**2 680**	**-1 271**	***311 %***	**-3 635**

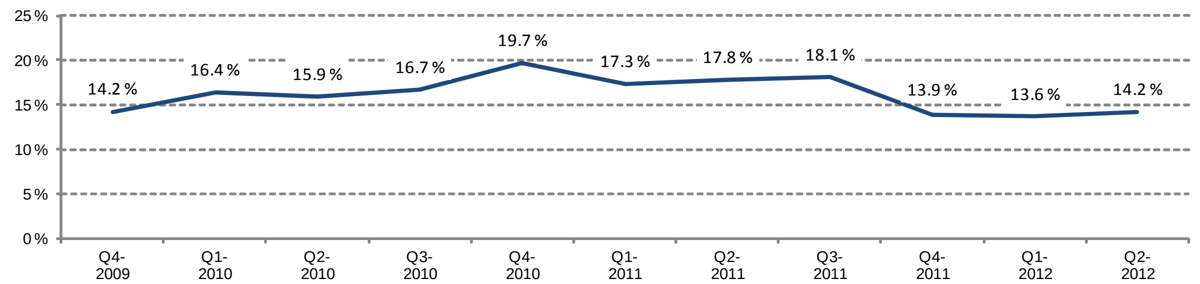
- The decline in interest income is mainly due to lower return on investments as a consequence of lower average invested amounts. The decline in other financial income is due to lower dividend from the shares in E.ON AG.
- The decline in financial expenses is primarily due to lower interest expenses as a result of both lower average debt and increased capitalisation of building loan interest paid.
- Net currency effects in the second quarter were NOK 1145 million, and have mainly arisen as a result of a stronger NOK compared with EUR. The effects are mainly from internal loans and currency hedging contracts[1].
- Other financial items in the second quarter of 2011 included a NOK 1351 million write-down of the shareholding in E.ON AG.

TAXES

The recorded tax expense was NOK 924 million in the second quarter (NOK 3 million). The increase in tax expense is mainly due to a higher profit before tax.

RETURN

ROACE - underlying, last 12 months
%



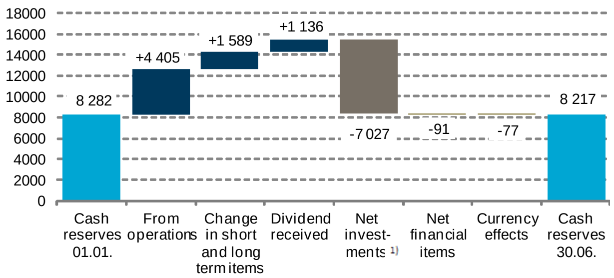
Measured as ROACE, the Group achieved a return of 14.2% in the last 12 months compared with 13.9% in 2011. The increase of 0.3 percentage points is due to higher operating profit.

Based on net profit, the return on equity was 5.4% after tax, compared with 0.1% for the year 2011. The return on total capital after tax was 3.2%, compared with 0.8% for the year 2011. The improvement is due to a higher result.

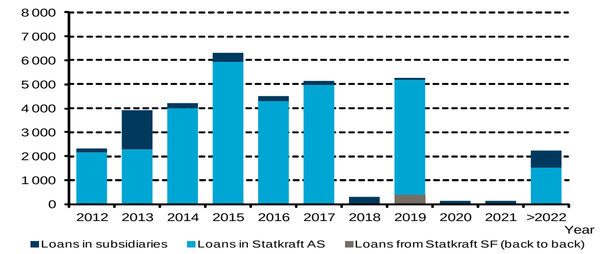
[1] *See Note 7 in the accounts.*

CASH FLOW AND CAPITAL STRUCTURE

Cash flow year to date 2012
NOK mill.



Long-term liabilities, debt redemption profile
NOK mill.



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

Cash flow

- The Group's operating activities generated a cash flow of NOK 4405 million (NOK 4103 million).
- Changes in short-term and long-term items had a positive effect of NOK 1589 million (NOK 2 million), mainly due to changes in working capital and cash collateral.
- Dividends received from associated companies is NOK 439 million from associated companies in SN Power, NOK 298 million from Agder Energi and NOK 399 million from BKK.
- Net investments amounted to a total of NOK 7027 million (NOK 2196 million). The share purchase in Desenvix, investments in new capacity as well as disbursement of loans from Statkraft Treasury Centre, primarily to Scira, the developer of the Sheringham Shoal offshore wind power project, represented the largest items.
- The net liquidity change from financing amounted to negative NOK 91 million (negative NOK 935 million). New borrowings totalled NOK 632 million (NOK 1755 million), while downpayment of debt amounted to NOK 872 million (NOK 2968 million). The minority share of capital contributions in SN Power was NOK 137 million.
- Translation effects for bank deposits, cash and the like amounted to negative NOK 77 million, and were primarily related to a weakening of EUR and SEK compared with NOK.

Capital structure

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

- Interest-bearing debt totalled NOK 36 858 million, compared with NOK 36 887 million at the beginning of the year.
- The interest-bearing debt-to-equity ratio was 36.3%, compared with 36.0% at year-end 2011.
- Loans from Statkraft SF to Statkraft AS amounted to NOK 400 million.
- Current assets, except cash and cash equivalents, amounted to NOK 16 186 million.
- Short-term interest-free debt was NOK 18 464 million.
- Statkraft’s equity totalled NOK 64 543 million, compared with NOK 65 651 million at the start of the year. This corresponds to 44.0% of total assets.

INVESTMENTS AND PROJECTS

Statkraft has an investment programme and an investment strategy that amounts to NOK 70-80 billion in the period from 2011 to 2015. Total investments in the quarter amounted to NOK 1610 million.

Investments in the quarter

Maintenance investments (NOK 217 million)

- Hydropower in the Nordic region

Investments in increased capacity (NOK 1355 million)

- Gas power in Germany
- Hydropower in Norway
- Hydropower outside Europe
- Wind power in the UK and Sweden
- District heating plants in Norway and Sweden

Investments in ownership interests (NOK 38 million)

- Hydropower outside Europe

Projects

Second quarter	Project	Country	New capacity (MW) [1]	Statkraft's ownership share	Planned completion	
Committed investments in the period						
None						
Completed projects in the period						
None						
Main projects under construction						
Hydropower	Svartisen	Norway	250	70 %	2012	Q4
	Eiriksdal og Makkoren	Norway	56	100 %	2014	Q4
	Nedre Røssåga	Norway	-	100 %	2015	Q2
	Kjensvatn	Norway	11	100 %	2014	
	Brokke Nord/Sør	Norway	24	- [2]	2014	
	Kargi	Turkey	102	100 %	2013	Q4
	Cetin	Turkey	517	100 %	2015	Q3
	Devoll	Albania	272	50 % [4]	2018	
	Cheves	Peru	168	100 % [3]	2014	Q1
	Binga	Phillipines	120	50 % [3]	2014	Q4
	Bajo Frio	Panama	58	30 % [3]	2014	Q2
	Theun Hinboun XP	Laos	280	20 % [5]	2012	Q4
Gas power	Knapsack II	Germany	430	100 %	2013	Q3
Wind power	Sheringham Shoal	UK	317	50 %	2012	Q3
	Baillie Windfarm	UK	53	80 %	2013	Q1
	Mörtjärnberget	Sweden	85	60 %	2013	Q4
	Stamåsen	Sweden	60	60 %	2012	Q4
	UEE Macaúbas	Brazil	30	41 % [3]	2012	Q3
	UEE Seabra	Brazil	30	41 % [3]	2012	Q3
	UEE Novo Horizonte	Brazil	30	41 % [3]	2012	Q3
	UEE Barra dos Coqueiros	Brazil	30	36 % [3]	2012	Q3
District heating	Ås	Norway	24	100 %	2013	Q3
	Stjørdal	Norway	20	85 %	2012	Q4

[1] *Total for project, incl. partners' share*
[2] *Owned by Agder Energi (69%) and Skagerak Energi (31%)*
[3] *SN Power's share*
[4] *Under development*
[5] *Statkraft SF'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, Industrial ownership and 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	7 708	3 002	3 455	388	49	119	1 317	132	-753
Net operating revenues, underlying	4 123	2 846	318	259	44	82	622	131	-180
EBITDA, underlying	2 324	2 137	-50	92	-36	29	299	-142	-5
Operating profit, underlying	1 718	1 855	-132	43	-69	-3	187	-157	-5
Operating profit, booked	1 508	1 350	244	-56	-69	-3	201	-154	-5
Share of profit from associated companies	209	-	-143	262	-8	-	97		-5
EBITDA-margin (%), underlying	30.2	71.2	-1.4	23.8	-73.6	24.4	22.7		
Maintenance investments	217	88	26	25	1	7	80	-9	-
Investments in new capacity	1 355	252	55	469	325	76	122	55	-
Investments in shareholdings	38	-	-	25	9	4	-	-	-
Production									
Production, volume sold (TWh)	14.9	12.4	0.4	0.7	0.1	0.2	1.2	0.1	-
- hydropower (TWh)	14.5	12.4	0.1	0.6	-	-	1.2	0.1	-
- wind power (TWh)	0.2	-	-	0.0	0.1	-	-	-	-
- gas power (TWh)	0.3	-	0.3	-	-	-	-	-	-
- bio power (TWh)	0.0	-	0.0	-	-	-	-	-	-

NORDIC HYDROPOWER

NOK mill.	Second quarter 2012	Second quarter 2011	Year to date 2012	Year to date 2011	Year 2011
Net operating revenues,	2 846	2 247	6 808	6 391	12 045
EBITDA, underlying	2 137	1 547	5 316	4 987	9 119
Operating profit, underlying	1 855	1 266	4 755	4 427	8 002
Unrealised value changes energy contracts	-504	-1 512	-1 030	-1 011	-765
Siginificant non-recurring items	-	-	-	-	-
Operating profit, booked	1 350	-246	3 725	3 416	7 236
Share of profit from associated companies and joint ventures	-	-	-	-	-
Maintenance investments	88	131	176	179	469
Investments in new capacity	252	427	446	553	1 397
Investments in shareholdings	-	-	-	-	-
Production, volume sold (TWh)	12.4	6.8	26.2	17.7	38.2

Highlights

- From 21 May, Statkraft entered into a gross bidding agreement with Nord Pool Spot which results in higher traded volumes in all Norwegian power price areas. The agreement entails that Statkraft from now on will report all production to the market, also production under industrial contracts.
- Statkraft took over operation of Bardufoss power plant (225 GWh) from Troms Kraft in June.
- Kvilldal power plant in the Ulla Førre power plant group was taken out of operation in early July to perform extensive maintenance. This is expected to continue until mid-November.
- Test operation of the new generator (250 MW) at Svartisen power plant started in March and the power plant returned to normal production in mid-June.
- In the court case filed by eight municipalities against Statkraft concerning concessionary sales, the District Court has ruled in favour of Statkraft. The case was raised as a result of the claim for a financial settlement made by Statkraft against the municipalities in connection with Saurdal power plant, with retroactive effect from and including 1996. Both parties have appealed the judgment, and it is not legally binding. Statkraft has so far not recorded any effects on the accounts from the case.

Financial performance

- The increase in underlying EBITDA is mainly due to 84% higher production, which more than compensates for lower market prices for Nordic power. Increased volumes in long-term contracts and discontinuation of industrial sales at statutory prices also make positive contributions. Costs are in line with the corresponding quarter last year.

Investments

- Investments in new capacity are mainly related to the power plants Svartisen, Eriksdal, Makkoren and Nedre Røssåga.

CONTINENTAL ENERGY AND TRADING

NOK mill.	Second quarter 2012	Second quarter 2011	Year to date 2012	Year to date 2011	Year 2011
Net operating revenues,	318	361	909	598	1 230
EBITDA, underlying	-50	43	329	31	-17
Operating profit, underlying	-132	-48	139	-158	-413
Unrealised value changes energy contracts	376	-39	424	1 025	-260
Siginificant non-recurring items	-	-	-	-	-1 087
Operating profit, booked	244	-87	563	867	-1 760
Share of profit from associated companies and joint ventures	-143	50	213	174	-98
Maintenance investments	26	21	32	28	303
Investments in new capacity	55	35	415	47	1 446
Investments in shareholdings	-	-	-	579	585
Production, volume sold (TWh)	0.4	1.7	1.1	3.1	4.9

Highlights

- Emden gas power plant was put in cold reserve from early July. Robert Frank will be retained as a back-up power plant.
- In Germany and the UK, the Group has established a new business activity offering market access for small renewable energy producers. As a consequence of plans made public by the German ministry of the environment late June, the compensation from this activity will be reduced somewhat sooner than anticipated. A lower growth rate is therefore expected for the volumes than previously planned for, but the final effect for Statkraft is not yet known.

Financial performance

- The decline in underlying EBITDA is due to lower results from gas power activities. The lower margin between power and gas price has resulted in substantially lower gas power production and thereby weaker performance. This is offset somewhat by higher revenues from the Nordic and Continental portfolio management. Costs are at the same level as last year.
- The share of profit from associated companies is lower, primarily as a consequence of unrealised changes in value on contracts in Herdecke.

Investments

- Investments in increased capacity mainly apply to the Knapsack II gas power plant in Germany.

INTERNATIONAL HYDROPOWER

NOK mill.	Second quarter 2012	Second quarter 2011	Year to date 2012	Year to date 2011	Year 2011
Net operating revenues,	259	209	524	400	796
EBITDA, underlying	92	56	200	117	219
Operating profit, underlying	43	-2	99	38	-1
Unrealised value changes energy contracts	-99	-	-99	-	-18
Siginificant non-recurring items	-	-	-	-	-74
Operating profit, booked	-56	-2	-	38	-93
Share of profit from associated companies and joint ventures	262	104	329	136	449
Maintenance investments	25	8	37	13	69
Investments in new capacity	469	171	847	241	959
Investments in shareholdings	25	773	2 407	773	1 051
Production, volume sold (TWh)	0.7	0.6	1.3	1.2	2.4

Highlights

- Development and construction projects are in progress in Turkey, India, the Philippines, Peru, Brazil, Zambia and Panama.
- The La Higuera hydropower plant in Chile will be out of operation until the end of the year as a result of the rockslide in the intake tunnel in August 2011.
- The La Confluencia power plant will have reduced production as a result of maintenance in parts of a tunnel. The work is scheduled for completion at the end of the year.

Financial performance

- The increase in underlying EBITDA and operating profit is primarily due to higher revenues in South America.
- Unrealised losses on energy contracts were related to lower price expectations in the Brazilian power market.
- The improvement in share of profit from associated companies and joint ventures is primarily in connection with the activities in the Philippines.

Investments

- The investments in new capacity relate to the hydropower developments in Turkey, Peru and Panama.

WIND POWER

NOK mill.	Second quarter 2012	Second quarter 2011	Year to date 2012	Year to date 2011	Year 2011
Net operating revenues,	44	74	127	187	329
EBITDA, underlying	-36	9	-20	35	-
Operating profit, underlying	-69	-16	-79	-16	-104
Unrealised value changes energy contracts	-	-	-	-	-
Siginificant non-recurring items	-	-	-	-	-
Operating profit, booked	-69	-16	-79	-16	-104
Share of profit from associated companies and joint ventures	-8	-21	-26	-43	-389
Maintenance investments	1	1	1	1	1
Investments in new capacity	325	20	496	20	491
Investments in shareholdings	9	-112	9	158	187
Production, volume sold (TWh)	0.1	0.1	0.4	0.4	0.7

Highlights

- All the turbines have been installed in the Sheringham Shoal offshore wind power project (317 MW), and about half the turbines are producing electricity to the main grid. The wind farm is scheduled for completion in the third quarter.
- Three onshore wind farms are under construction. Stamåsen in Sweden is scheduled for completion in the fourth quarter 2012, while Baillie in the UK and Mörttjärnberget in Sweden are scheduled for completion in the first and fourth quarter of 2013, respectively.
- Statkraft Agder Energi Vind was granted a licence for the Geitfjellet (170 MW) and Svarthammaren (150 MW) wind farms by the Norwegian Water Resources and Energy Directorate. The Ministry of Petroleum and Energy has refused a licence for Moifjellet wind farm following an appeal process.

Financial performance

- Operating revenues were down as a result of significantly lower power prices.
- EBITDA and the operating profit were negative as a result of significantly lower power prices and costs related to higher project activity levels.
- EBITDA was positive with NOK 13 million from wind farms in operation.
- Improvement in share of profit from associated companies and joint ventures is due to parts of the Sheringham Shoal offshore wind farm starting production in the second quarter of 2012.

Investments

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

DISTRICT HEATING

NOK mill.	Second quarter 2012	Second quarter 2011	Year to date 2012	Year to date 2011	Year 2011
Net operating revenues,	82	78	192	193	357
EBITDA, underlying	29	34	79	102	146
Operating profit, underlying	-3	11	17	55	40
Unrealised value changes energy contracts	-	-	-	-	-
Siginificant non-recurring items	-	-	-	-	-
Operating profit, booked	-3	11	17	55	40
Share of profit from associated companies and joint ventures	-	-	-1	-	4
Maintenance investments	7	1	7	1	8
Investments in new capacity	76	110	193	177	401
Investments in shareholdings	4	-	4	-	97
Production, volume sold (TWh)	0.2	0.2	0.6	0.5	0.9

Highlights

- Statkraft entered into an agreement for the purchase of 100% of the shares in Hamnneset Energisentral in Harstad.
- The integration of Bio Varme was completed and the employees have moved to the main office at Lilleaker.
- Good progress in connecting new customers, 22.5 GWh so far this year.
- In Norway, low electricity prices resulted in lower sales revenues. The district heating prices in Sweden are not affected by electricity prices in the short term.

Financial performance

- The decline in EBITDA is mainly due to lower prices in Norway for delivered district heating and waste facilities.

Investments

- The largest investments are Harstad, Ås, Stjørdal and other district heating grid developments.

INDUSTRIAL OWNERSHIP

NOK mill.	Second quarter 2012	Second quarter 2011	Year to date 2012	Year to date 2011	Year 2011
Net operating revenues,	622	557	1 569	1 726	3 198
EBITDA, underlying	299	218	844	1 010	1 746
Operating profit, underlying	187	111	637	786	1 297
Unrealised value changes energy contracts	14	-14	-14	2	59
Siginificant non-recurring items	-	-	-	-	-
Operating profit, booked	201	98	623	788	1 356
Share of profit from associated companies and joint ventures	97	203	456	461	933
Maintenance investments	80	33	150	62	248
Investments in new capacity	122	69	243	104	348
Investments in shareholdings	-	2	-	21	2
Production, volume sold (TWh)	1.2	0.7	3.1	2.3	4.9

Highlights

- Skagerak Energi has completed Grytåi, a minor power plant which qualifies for green certificates.
- Agder Energi has secured approval from the Norwegian Competition Authority concerning the sale of the debt collection agency Sopran to Kredinor, as part of the work to focus on the core activities.
- BKK has received a licence to build a new 300/420 kV connection from Kollsnes to Mongstad. This will contribute to secure access to power in the Bergen region. The investment decision is expected in early 2013.

Financial performance

- The increase in EBITDA is due to higher net operating revenues from the end user business and reduced transmission costs, as well as increased spot sales revenues.
- The decline in the share of profit from associated companies is mainly due to lower unrealised changes in value of energy contracts.

Investments

- The increase in investments is due to Skagerak Energi's district heating investments in Tønsberg, Horten and Skien.

OTHER ACTIVITIES[1)]

NOK mill.	Second quarter 2012	2011	Year to date 2012	2011	Year 2011
Net operating revenues,	131	283	298	453	860
EBITDA, underlying	-142	-1	-264	-112	-267
Operating profit, underlying	-157	-16	-293	-141	-334
Unrealised value changes energy contracts	3	-128	-20	-128	-167
Siginificant non-recurring items	-	126	60	126	126
Operating profit, booked	-154	-18	-253	-143	-375
Share of profit from associated companies and joint ventures	-	-2	-	-	-2
Maintenance investments	-9	-30	-	6	32
Investments in new capacity	55	66	87	66	175
Investments in shareholdings	-	-	-	-	-
Production, volume sold (TWh)	0.1	0.1	0.1	0.1	0.3

[1)] Other business includes small-scale hydropower, the shareholding in E.ON AG (4.17%), innovation and group functions.

Financial performance

- Negative changes in EBITDA are mainly due to lower revenues from small-scale hydropower as a result of low production and lower prices.

Investments

- Investments in new capacity are related to investments in small-scale hydropower.

Outlook

The growth in demand for power in Europe is relatively low. The expectations of a power surplus in the Nordic region have resulted in moderate power prices for a period extending into the future. The resource situation in the water reservoirs is solid as we enter the third quarter, and the Group has a large degree of flexibility. This provides an opportunity for high power production in periods with increased demand.

The European power market is now changing rapidly, with increasingly higher production from renewable energy to achieve the lowest carbon emissions possible. In addition, demand for power is up in many regions outside of Europe. Overall, this creates good business opportunities for Statkraft, especially within hydropower and onshore and offshore wind power. The Group's business strategy entails high project activity levels in coming years.

As Europe's leading producer of renewable energy, Statkraft has a long-term perspective and will play a significant role in the coming years.

Oslo, 21 August 2012
The Board of Directors of Statkraft AS

Declaration from the Board of Directors and President and CEO

We confirm to the best of our knowledge that the six-month interim financial statements for the period 1 January to 30 June 2012 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 profit and loss of the Group as a whole and gives a true and fair view of the development, performance and financial position of the Group, and includes a description of the key risks and uncertainties the Group are faced with.

Oslo, 21 August 2012
The Board of Directors of Statkraft AS

Olav Fjell
Chairman

Ellen Stensrud
Deputy chair

Berit Rødseth
Board member

Halvor Stenstadvold
Board member

Silvija Seres
Board member

Inge Ryan
Board member

Thorbjørn Holøs
Board member

Odd Vanvik
Board member

Lena Halvari
Board member

Christian Rynning-Tønnesen
President and CEO

Statkraft AS Group Interim Financial Statements

NOK mill.	Second quarter 2012	Second quarter 2011	Year to date 2012	Year to date 2011	The year 2011
COMPREHENSIVE INCOME					
PROFIT AND LOSS					
Sales revenues	7 305	2 914	16 056	11 430	20 756
Other operating revenues	147	313	496	493	1 447
Gross operating revenues	7 452	**3 227**	16 552	**11 923**	**22 203**
Energy purchase	-3 317	-997	-6 576	-1 678	-3 894
Transmission costs	-222	-252	-535	-606	-1 215
Net operating revenues	3 913	**1 978**	9 440	**9 639**	**17 094**
Salaries and payroll costs	-622	-578	-1 418	-1 271	-2 759
Depreciation, amortisation and impairments	-606	-600	-1 210	-1 180	-3 564
Property tax and licence fees	-345	-309	-679	-605	-1 254
Other operating expenses	-831	-824	-1 564	-1 665	-3 314
Operating expenses	-2 404	**-2 312**	-4 871	**-4 721**	**-10 891**
Operating profit/loss	1 508	**-334**	4 569	**4 917**	**6 203**
Share of profit/loss from associates and joint ventures	209	**334**	971	**728**	**898**
Financial income	711	1 161	797	1 455	1 880
Financial expenses	-316	-395	-677	-813	-1 548
Net currency effects	1 145	99	2 521	-227	332
Other financial items	109	-1 376	38	-1 686	-4 299
Net financial items	1 650	**-511**	2 680	**-1 271**	**-3 635**
Profit/loss before tax	3 367	**-511**	8 220	**4 374**	**3 466**
Tax expense	-924	-3	-2 347	-2 079	-3 427
Net profit/loss	2 443	**-514**	5 873	**2 295**	**40**
Of which non-controlling interest	112	58	322	203	264
Of which majority interest	2 331	-572	5 551	2 092	-224
OTHER COMPREHENSIVE INCOME					
Changes in fair value of financial instruments	-728	89	164	73	-103
Estimate deviation pensions	-15	-	-15	-	-936
Items recorded in other comprehensive income in associates and joint arrangements	-126	106	-161	106	-517
Currency translation effects	-159	-1 003	-2 005	-1 331	-171
Other comprehensive income	-1 028	**-808**	-2 017	**-1 152**	**-1 727**
Comprehensive income	1 415	**-1 322**	3 856	**1 143**	**-1 687**
Of which non-controlling interest	224	-26	231	-66	186
Of which majority interest	1 191	-1 296	3 625	1 209	-1 873

NOK mill.	30.06.2012	30.06.2011	31.12.2011
STATEMENT OF FINANCIAL POSITION			
ASSETS			
Intangible assets	3 528	3 387	3 108
Property, plant and equipment	82 761	77 003	81 240
Investments in associates and joint ventures	17 677	16 056	16 109
Other non-current financial assets	12 500	14 180	12 163
Derivatives	5 659	4 055	4 315
Non-current assets	**122 126**	**114 682**	**116 935**
Inventories	1 121	463	973
Receivables	11 305	11 485	12 010
Short-term financial investments	452	426	455
Derivatives	3 307	4 430	5 223
Cash and cash equivalents (included restricted cash)	8 217	21 946	8 282
Current assets	**24 403**	**38 750**	**26 943**
Assets	**146 528**	**153 432**	**143 878**
EQUITY AND LIABILITIES			
Paid-in capital	45 569	45 569	45 569
Retained earnings	11 572	15 904	12 840
Non-controlling interest	7 402	6 967	7 241
Equity	**64 543**	**68 439**	**65 651**
Provisions	21 536	17 915	21 403
Long-term interest-bearing liabilities	29 177	33 393	31 443
Derivatives	5 127	3 515	4 507
Long-term liabilities	**55 840**	**54 823**	**57 353**
Short-term interest-bearing liabilities	7 681	5 715	5 444
Taxes payable	2 779	3 492	3 396
Other interest-free liabilities	11 101	16 734	6 525
Derivatives	4 584	4 229	5 509
Current liabilities	**26 145**	**30 170**	**20 874**
Equity and liabilities	**146 528**	**153 432**	**143 878**

NOK mill.	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 01.01.2011	**45 569**	30 041	-7 592	**22 449**	68 018	**7 284**	75 302
Net profit/loss	-	2 092	-	**2 092**	2 092	**203**	2 295
Items in other comprehensive income that recycles over profit/loss							
Changes in fair value of financial instruments	-	51	-	**51**	51	**22**	73
Items recorded in other comprehensive income in associates and joint arrangements	-	106	-	**106**	106	-	106
Currency translation effects	-	-	-1 040	**-1 040**	-1 040	**-291**	-1 331
Total comprehensive income for the period	-	2 249	-1 040	**1 209**	1 209	**-66**	1 143
Dividend and Group contribution paid	-	-7 432	-	**-7 432**	-7 432	**-244**	-7 676
Transactions with non-controlling interests	-	-322	-	**-322**	-322	**-356**	-678
Capital increase	-	-	-	-	-	**348**	348
Balance as of 30.06.2011	**45 569**	24 536	-8 632	**15 904**	61 473	**6 967**	68 439
Balance as of 01.01.2011	**45 569**	30 041	-7 592	**22 449**	68 018	**7 284**	75 302
Net profit/loss	-	-224	-	**-224**	-224	**264**	40
Items in other comprehensive income that recycles over profit/loss							
Changes in fair value of financial instruments	-	-23	-	**-23**	-23	**-80**	-103
Estimate deviation pensions	-	-1 096	-	**-1 096**	-1 096	**-204**	-1 300
Income tax related to estimate deviation pensions	-	307	-	**307**	307	**57**	364
Items recorded in other comprehensive income in associates and joint arrangements	-	-474	-	**-474**	-474	**-43**	-517
Currency translation effects	-	-	-363	**-363**	-363	**192**	-171
Total comprehensive income for the period	-	-1 510	-363	**-1 873**	-1 873	**186**	-1 687
Dividend and Group contribution paid	-	-7 432	-	**-7 432**	-7 432	**-280**	-7 712
Business combinations	-	-316	-	**-316**	-316	**-5**	-321
Divestments	-	-	-	-	-	**-120**	-120
Transactions with non-controlling interests	-	12	-	**12**	12	**109**	121
Liability of the option to increase shareholding in subsidiary	-	-	-	-	-	**-1 027**	-1 027
Capital increase	-	-	-	-	-	**1 094**	1 094
Balance as of 31.12.2011	**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 arrangements	-	-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/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

NOK mill.		Year to date 2012	2011	The year 2011
STATEMENT OF CASH FLOW				
CASH FLOW FROM OPERATING ACTIVITIES				
Profit before tax		8 220	4 374	3 466
Profit/loss on sale of non current assets		-18	-32	-34
Depreciation, amortisation and impairments		1 210	1 180	3 564
Profit/loss from the sale of business		-	-240	-240
Profit/loss from the sale of shares, and associates and joint ventures		-	-	-111
Share of profit/loss from associates and joint ventures		-971	-729	-898
Unrealised changes in value		-1 213	2 026	5 122
Taxes		-2 823	-2 476	-3 284
Cash flow from operating activities		**4 405**	**4 103**	**7 585**
Changes in long term items		-216	-134	244
Changes in short term items		1 805	136	55
Dividend from associates		1 136	1 073	1 639
Net cash flow operating activities	**A**	**7 130**	**5 178**	**9 521**
CASH FLOW FROM INVESTING ACTIVITIES				
Investments in property, plant and equipment, maintanance		-403	-291	-1 129
Investments in property, plant and equipment, new capacity*		-2 968	-1 209	-4 793
Proceeds from sale of non-current assets		48	43	318
Business divestments, net liquidity inflow to the Group		-	452	452
Business combinations, net liquidity outflow from the Group**		90	-594	-766
Loans to third parties		-1 411	-76	-1 708
Repayment of loans		33	269	298
Proceeds from sale of other companies		-	-	66
Considerations regarding investments in other companies***		-2 416	-790	-940
Net cash flow from investing activities	**B**	**-7 027**	**-2 196**	**-8 202**
CASH FLOW FROM FINANCING ACTIVITIES				
New debt		632	1 755	376
Repayment of debt		-872	-2 968	-5 169
Dividend and group contribution paid		-	-	-9 400
Share issue in subsidiary to non-controlling interests		149	278	1 094
Net cash flow from financing activities	**C**	**-91**	**-935**	**-13 099**
Net change in cash and cash equivalents	**A+B+C**	**12**	**2 047**	**-11 780**
Currency exchange rate effects on cash and cash equivalents		-77	-153	10
Cash and cash equivalents 01.01		8 282	20 052	20 052
Cash and cash equivalents 30.06 / 31.12		8 217	21 946	8 282
Unused commited credit lines		12 000	12 000	12 000
Unused overdraft facilities		1 159	1 127	2 200
Restricted Cash		-818	-	-786

*Investments in new capacity are MNOK 240 higher than investments in new capacity in the segment reporting, due to investment of MNOK 424 from 2011 paid this year, and MNOK 184 in investments not yet paid.

**Considerations for business combinations are MNOK 4. Consolidated cash from these companies are MNOK 94.

***Consideration regarding investments in other companies contains payment of MNOK 412 that relates from 2011. The opposite effect will be shown in changes in short term items.

NOK mill.	Statkraft AS Group	Nordic Hydropower	Continental Energy & Trading	International Hydropower	Wind Power	District Heating	Industrial Ownership	Other activities	Group Items
SEGMENTS									
2nd Quarter 2012									
Operating revenue external	7 452	2 414	3 579	384	-70	119	1 305	26	-305
Operating revenue internal	-	587	-124	4	119	-	12	106	-704
Gross operating revenues	**7 452**	**3 002**	**3 455**	**388**	**49**	**119**	**1 317**	**132**	**-1 008**
Operating profit/loss	**1 508**	**1 855**	**-132**	**43**	**-69**	**-3**	**187**	**-157**	**-215**
Share of profit/loss from associates and joint ventures	209	-	-143	262	-8	-	97	-	-
Profit/loss before financial items and tax	**1 717**	**1 855**	**-275**	**306**	**-77**	**-3**	**283**	**-157**	**-215**
Year to date 2012									
Operating revenue external	16 552	5 527	7 383	770	-66	322	3 561	85	-1 031
Operating revenue internal	-	1 680	-135	9	205	-	19	215	-1 994
Gross operating revenues	**16 552**	**7 207**	**7 248**	**780**	**139**	**322**	**3 580**	**300**	**-3 025**
Operating profit/loss	**4 569**	**4 755**	**139**	**99**	**-79**	**17**	**637**	**-293**	**-705**
Share of profit/loss from associates and joint ventures	971	-	213	329	-26	-1	456	-	-
Profit/loss before financial items and tax	**5 540**	**4 755**	**352**	**428**	**-105**	**16**	**1 093**	**-293**	**-705**
Balance sheet 30.06.2012									
Investment in associates and joint ventures	17 677	-	650	7 812	629	-	8 586	-	1
Other assets	**128 851**	**48 579**	**5 848**	**9 956**	**3 164**	**2 790**	**14 203**	**61 276**	**-16 966**
Total assets	**146 528**	**48 579**	**6 498**	**17 768**	**3 793**	**2 790**	**22 789**	**61 276**	**-16 965**
Depreciations, amortisation and impairments	-1 210	-561	-190	-102	-59	-61	-207	-29	-
Maintenance investments	403	176	32	37	1	7	150	-	-
Investments in new generating capacity	2 728	446	415	847	496	193	243	87	-
Investments in other companies	2 420	-	-	2 407	9	4	-	-	-
2nd Quarter 2011									
Operating revenue external	3 227	1 370	1 294	235	5	104	1 562	126	-1 469
Operating revenue internal	-	993	-60	10	74	-1	8	158	-1 182
Gross operating revenues	**3 227**	**2 363**	**1 233**	**246**	**79**	**103**	**1 570**	**284**	**-2 653**
Operating profit/loss	**-334**	**1 266**	**-48**	**-2**	**-16**	**11**	**111**	**-16**	**-1 639**
Share of profit/loss from associates and joint ventures	334	-	50	104	-21	-	203	-2	-
Profit/loss before financial items and tax	**-**	**1 266**	**2**	**101**	**-37**	**11**	**314**	**-18**	**-1 639**
Year to date 2011									
Operating revenue external	11 923	3 751	2 642	437	7	321	4 811	138	-184
Operating revenue internal	-	2 925	-187	12	198	-	22	316	-3 286
Gross operating revenues	**11 923**	**6 677**	**2 455**	**449**	**205**	**320**	**4 833**	**454**	**-3 470**
Operating profit/loss	**4 917**	**4 427**	**-158**	**38**	**-16**	**55**	**786**	**-141**	**-72**
Share of profit/loss from associates and joint ventures	728	-	174	136	-43	-	461	-	-
Profit before financial items and tax	**5 645**	**4 427**	**16**	**174**	**-59**	**55**	**1 247**	**-141**	-72
Balance sheet 30.06.2011									
Investment in associates and joint ventures	16 056	-	769	5 396	997	-1	8 813	128	-46
Other assets	137 377	47 835	5 410	6 978	2 210	2 281	13 805	63 520	-4 663
Total assets	**153 432**	**47 835**	**6 179**	**12 374**	**3 207**	**2 280**	**22 618**	**63 648**	**-4 709**
Depreciations, amortisation and impairments	-1 180	-560	-189	-79	-51	-47	-224	-29	-
Maintenance investments	291	179	28	13	1	1	62	6	-
Investments in new generating capacity	1 209	553	47	241	20	177	104	66	-
Investments in other companies	1 531	-	579	773	158	-	21	-	-
The Year 2011									
Operating revenue external	22 203	8 388	4 280	1 047	39	554	7 799	232	-137
Operating revenue internal	-	4 286	-174	19	311	1	43	632	-5 117
Gross operating revenues	22 203	12 674	4 106	1 066	350	555	7 842	864	-5 255
Operating profit/loss	6 203	8 002	-413	-1	-104	40	1 297	-334	-2 283
Share of profit/loss from associates and joint ventures	898	-	-98	449	-389	4	933	-2	-
Profit/loss before financial items and tax	**7 101**	**8 002**	**-511**	**448**	**-493**	**44**	**2 230**	**-336**	**-2 283**
Balance sheet 31.12.2011									
Investment in associates and joint ventures	16 109	-	533	5 875	650	1	9 050	-	-1
Other assets	127 768	48 761	5 759	8 466	2 711	2 660	13 900	61 139	-15 625
Total assets	**143 878**	**48 761**	**6 292**	**14 342**	**3 361**	**2 661**	**22 949**	**61 139**	**-15 626**
Depreciations, amortisation and impairments	-3 564	-1 117	-396	-221	-104	-106	-449	-68	-1 103
Maintenance investments	1 129	469	303	69	1	8	248	32	-
Investments in new generating capacity	5 217	1 397	1 446	959	491	401	348	175	-
Investments in other companies	1 923	-	585	1 051	187	97	2	-	-

Comments to the Financial Statements

1. FRAMEWORK AND MATERIAL ACCOUNTING POLICIES

The consolidated financial statements for the second quarter of 2012, closed on 30 June 2012, have been prepared in accordance with International Financial Reporting Standards (IFRS) and include Statkraft AS, its subsidiaries and associated companies. 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 2011. The interim accounts have not been audited. The accounting principles applied in the interim financial statements are the same as those used for the annual financial statements.

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.

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 the 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 accounts for 2011.

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 2011.

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

As of and including the first quarter of 2012, realised and unrealised changes in value are shown on the same line in the financial statements. The table below shows the lines in the financial statements where unrealised effects appear.

	2nd Quarter 2012			Year to date 2012		
NOK mill.	Unrealised	Realised	Total	Unrealised	Realised	Total
UNREALISED EFFECTS REPORTED IN PROFIT AND LOSS						
Sales revenues						
Long term contracts	-120	1 525	1 405	-1 034	3 080	2 046
Nordic and Continental Dynamic Asset	-139	232	93	-33	426	393
Trading and origination	-5	119	114	-7	333	325
End User	-	781	781	-	2 178	2 178
Other sales revenues	-	4 915	4 915	-	11 124	11 124
Eliminations	3	-5	-2	-20	10	-10
Total sales revenues	**-261**	**7 566**	**7 305**	**-1 095**	**17 151**	**16 056**
Energy purchase	46	-3 363	-3 317	348	-6 924	-6 576
Net currency effects	862	283	1 145	1 921	600	2 521
Other financial items						
Net gains and losses on derivatives and securities	197	1	199	128	-	128
Impairment of financial assets	-90	-	-90	-90	-	-90
Total unrealised effects	**754**			**1 213**		

NOK mill.	2nd Quarter 2011 Unrealised	Realised	Total	Year to date 2011 Unrealised	Realised	Total	The year 2011 Unrealised	Realised	Total
UNREALISED EFFECTS REPORTED IN PROFIT AND LOSS									
Sales revenues									
Long term contracts	-1 592	1 291	-301	-1 116	2 354	1 238	-1 447	5 427	3 980
Dynamic asset management	154	-1	153	947	-189	758	1 377	-124	1 253
Trading and origination	140	79	219	3	422	425	54	780	834
End user	-	1 039	1 039	-	3 229	3 229	1	4 902	4 903
Other sales revenues	-	1 839	1 839	-	5 804	5 804	-	9 939	9 939
Eliminations	-125	90	-35	-114	90	-24	-153	-	-153
Total sales revenues	**-1 423**	**4 337**	**2 914**	**-280**	**11 710**	**11 430**	**-168**	**20 924**	**20 756**
Energy purchase	-118	-879	-997	183	-1 861	-1 678	-930	-2 964	-3 894
Net currency effects	-18	117	99	-274	47	-227	216	116	332
Other financial items									
Net gains and losses on derivatives and securities	8	-32	-24	490	-31	459	-93	-59	-152
Impairment of financial assets	-1 352	-	-1 352	-2 145	-	-2 145	-4 147	-	-4 147
Total unrealised effects	**-2 903**			**-2 026**			**-5 122**		

6. OTHER FINANCIAL ASSETS

Other financial fixed assets in the balance sheet include the shareholding in E.ON AG, which is recognised in the amount of NOK 10 682 million. Shares are classified as assets available for sale and recognised in the accounts at fair value with changes in value recorded in comprehensive income. The negative change for the shareholding in 2012 is NOK 100 million, of which NOK 18 million has been recognised against comprehensive income, and NOK 82 million has been recognised as impairment of financial assets.

7. CURRENCY EFFECTS ON INTERNAL LOANS

Net currency effects on internal loans as of the second quarter amounted to NOK 1387 million, of which NOK 1117 million was unrealised. The gain arose mainly as a result of the strengthened NOK compared with 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. Subsidiaries with borrowing in EUR, but with a different reporting currency, report currency effects in their respective income statements. Currency gains and losses of this nature will not be offset by corresponding effects in the Group's income statement. Foreign subsidiary accounts are converted into NOK upon consolidation and currency effects on internal loans are recognised directly in equity. This equalises currency gains and losses added to the equity through the income statement.

8. HEDGE ACCOUNTING

Statkraft has used hedge accounting in 2012 that has reduced the volatility in the income statement. A major share of the debt in EUR has been hedged against market rate changes.

Statkraft has established hedging for accounting purposes of the net investment in STC in EUR. The effect of this is that NOK 309 million in gains will not be recognised in the income statement, but recognised in comprehensive income.

9. BUSINESS COMBINATIONS AND OTHER ACQUISITIONS

In August 2011, an agreement was entered into to buy 40.65% of the shares in Desenvix (Brazil). The purchase price, after taxes and adjustments stipulated in the agreement, amounted to BRL 727 million (NOK 2317 million). The purchase was finally completed on 8 March 2012.

On 6 March 2012, Statkraft, through SN Power, achieved a majority on the board of the company Fountain Intertrade Corp. (FIC), Panama, in accordance with the shareholder agreement between the parties. SN Power via Agua Imara owned and owns 50.1% of the shares in the company. The change in the composition of the board means that SN Power has achieved control as regards IFRS. As a result, FIC has been deducted as an associate and consolidated into the consolidated accounts as a subsidiary from the acquisition date of 6 March. The deduction did not entail calculation of any gain.

On 2 May 2012, Statkraft Varme AS acquired 100% of the company Hamnneset Energisentral AS for a purchase price of NOK 4 million. As of the second quarter, a preliminary allocation of the purchase amount has been carried out, mainly showing that the purchase amount reflects Statkraft's share of the recorded equity in the company.

Statkraft AS
PO box 200 Lilleaker
NO-0216 Oslo, Norway
Tel.: +47 24 06 70 00
Fax: +47 24 06 70 01
Visiting address:
Lilleakerveien 6

Organisation no.:
Statkraft AS: 987 059 699

Internet:
www.statkraft.com