



Quarterly and  
half year report  
Q2/2014  
Statkraft AS

Q2

## Key figures

NOK million	Second quarter			Year to date			Year 2013
	2014	2013	Change	2014	2013	Change	
<b>From income statement <sup>1)</sup></b>							
Gross operating revenues, underlying	9 571	9 803	-232	24 153	22 871	1 282	47 458
Net operating revenues, underlying	4 616	4 376	240	10 570	10 488	82	20 545
EBITDA, underlying	2 528	2 555	-27	6 364	6 735	-371	12 444
Operating profit, underlying	1 761	1 856	-95	4 857	5 388	-531	9 589
Operating profit, booked	1 862	3 449	-1 587	4 967	7 311	-2 344	13 002
Share of profit from associated companies and joint ventures	-484	256	-740	79	459	-380	1 101
Net financial items	-828	-4 486	3 658	-171	-6 323	6 153	-11 592
Profit before tax	550	-781	1 331	4 876	1 447	3 428	2 511
Net profit	38	-908	945	2 838	-466	3 304	208
EBITDA margin, underlying (%) <sup>2)</sup>	26.4	26.1		26.3	29.4		26.2
ROACE, underlying (%) <sup>3)</sup>				11.1	12.4		12.5
<b>Items excluded from the underlying operating profit</b>							
Unrealised changes in value on energy contracts	-107	1 266	-1 373	-154	1 597	-1 751	3 288
Significant non-recurring items	208	326	-118	264	326	-62	125
<b>Balance sheet and investments</b>							
Total assets 30.06./31.12.				153 061	149 782	3 279	153 687
Maintenance investments and other investments	1 063	513	550	1 426	847	580	1 980
Investments in new capacity	1 623	6 285	-4 662	3 200	7 602	-4 402	11 303
Investments in shareholdings	442	19	423	446	27	419	62
Capital employed 30.06./31.12. <sup>4)</sup>				85 424	79 627	5 797	82 985
<b>Cash Flow</b>							
Net cash flow from operating activities	2 072	-78	2 150	5 453	4 213	1 240	8 106
Cash and cash equivalents 30.06./31.12.				8 899	10 742	-1 843	7 685
<b>Currency rates</b>							
NOK/EUR average rate	8.21	7.62	0.59	8.28	7.52	0.75	7.81
NOK/EUR closing rate 30.06./31.12.				8.40	7.88	0.52	8.36

The investment figures for 2013 include the transfer of power plants worth about NOK 4 billion from Statkraft SF to Statkraft AS in the second quarter. The transfer had no cash effect.

Classification between maintenance investments and investments in increased capacity has changed for the second quarter of 2013. The effect at this time last year was NOK 290 million and NOK 163 million in the second quarter of 2013.

### Definitions

<sup>1)</sup> Underlying items have been adjusted for unrealised changes in value for energy contracts and significant non-recurring items, up to and including the operating profit.

<sup>2)</sup> EBITDA margin, underlying (%): (Operating result before depreciation and amortisation x 100)/Gross operating revenues.

<sup>3)</sup> ROACE, underlying (%): (Underlying operating profit x 100)/Average capital employed (rolling 12 months)

<sup>4)</sup> Capital employed: Tangible fixed assets + Intangible assets + Non-interest-bearing receivables + Inventories - Payable tax - Other short-term and long-term interest-free debt + Group contribution allocated, not paid.

## Contents

Corporate responsibility and HSE .....	2
Market and production .....	2
Financial performance.....	4
Segments .....	8
Outlook.....	13
Declaration from the Board of Directors and President and CEO .....	14
Statkraft AS Group Interim Financial Statements.....	15



## SOLID QUARTERLY RESULT INSPIRE OF LOWER POWER PRICES

Higher power production and good results from market activities yielded a good operating profit.

A weaker Norwegian krone contributed to increased financial expenses.

An asset swap within hydropower and transactions in Finland and the UK was carried out after the end of the quarter.

Statkraft achieved a solid quarterly result in spite of lower Nordic power prices than in the second quarter of 2013. Stable revenues on long-term contracts and higher Nordic hydropower production offset the low power prices. Results from market activities were good in the second quarter as well, mainly due to financial forward contracts in the Nordic power market and market activities in Brazil. The profit from underlying operations (EBITDA) ended at NOK 2.5 billion, on par with the same quarter in 2013.

Negative currency effects as a result of a weaker Norwegian krone against the Euro had a negative impact on the quarterly profit. Net profit ended at NOK 38 million, an improvement of NOK 1 billion compared with the second quarter of 2013, which was a quarter with significant negative currency effects. The currency effects are offset by positive translation effects in equity, and the equity increased by NOK 2.7 billion throughout the quarter.

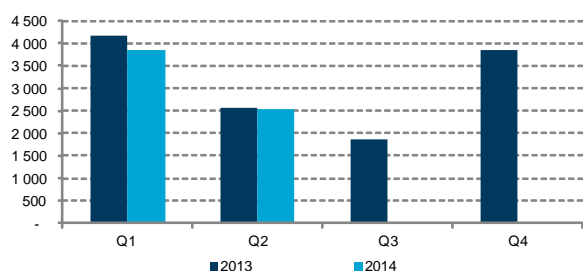
The second quarter of 2014 saw an average Nordic energy price of 25.7 EUR/MWh, which was 34 per cent lower than in the same quarter of 2013. The Group's power production totalled 13.1 TWh, an increase of 20 per cent compared with the second quarter of 2013.

Statkraft has carried out two transactions within Nordic hydropower. Through a swap agreement, the Group increased its shareholding from 65 per cent to 100 per cent ownership in the Leirdøla power plant in Sogn og Fjordane County in Norway. This contributes to more efficient operations. Svelgen Kraft took over the Svelgen I and II power plants from Statkraft. Power production in Finland, totalling 0.3 TWh per year, was sold for about NOK 2 billion in August. The decision to sell the Finnish power plants was based on strategic assessments. Following this sale, the Group no longer generates power in Finland, but we will still be a participant in the Finnish power market.

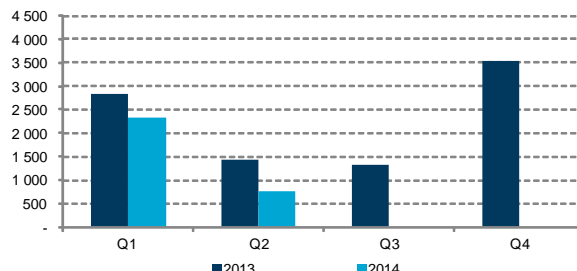
Statkraft and Norfund completed the restructuring of SN Power in accordance with the agreement signed in December 2013. The restructuring creates a leading hydropower community positioned for further international growth.

As regards wind power, Statkraft and Statoil took an investment decision to start construction of the Dudgeon offshore wind farm of about 400 MW off the UK coast. In July, Statkraft sold 49 per cent of the Group's ownership interest in three onshore wind power plants in the UK

EBITDA - underlying  
NOK million



Cash flow from operating activities  
NOK million



## Corporate responsibility and HSE

	Second quarter		Year to date		Year 2013
	2014	2013	2014	2013	
<b>Corporate social responsibility and HSE</b>					
Fatalities <sup>1)</sup>	3	0	3	0	1
TRI rate Statkraft <sup>1) 2)</sup>	6.0	8.1	5.7	6.7	6.5
Serious environmental incidents	0	0	0	0	0
Full-time equivalents, group			3 322	3 487	3 493
Absence due to illness, group (%)	2.9	2.7	3.0	3.3	3.0

<sup>1)</sup> Includes employees and suppliers in plants where Statkraft owns 20% or more. Third parties (not employees or contractors) are not included.

<sup>2)</sup> TRI rate: Number of injuries per million hours worked

On 29 April, three contractor employees lost their lives in a rockslide in connection with rock-fall protection work along a road at the Devoll project in Albania. The deceased were employed by a sub-contractor working for one of Statkraft's road contractors. The accident has been investigated, and all safety measures will be followed up.

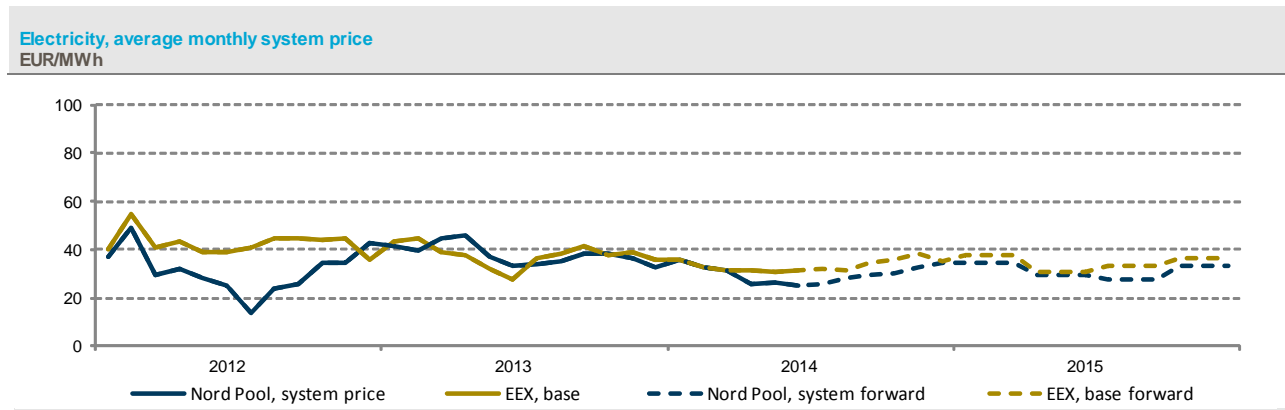
- The Group's TRI injury frequency was 6.0 in the second quarter, which represents a decline compared with the same period in 2013.
- There were no serious environmental incidents in the second quarter.
- Absence due to illness is at a low, stable level.

In addition to cultural building work, there will still be focus on investigating all incidents with significant potential for injuries, in order to facilitate learning across the organisation.

## Market and production

Power prices, power optimisation and production form the fundamental basis for Statkraft's revenues. The majority of Statkraft's output is generated in the Nordic region. Power prices are influenced by hydrological factors and commodity prices for thermal power production. Gas is only an input factor in a limited percentage of Statkraft's own power production.

### POWER PRICES



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

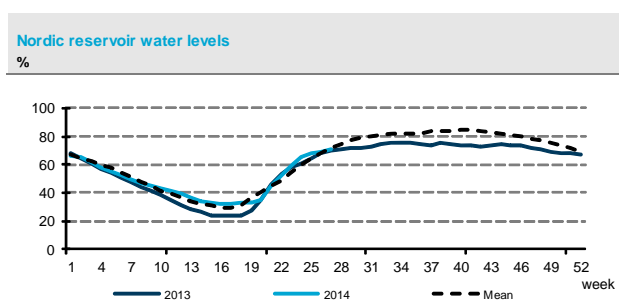
The average system price in the Nordic region was 25.7 EUR/MWh in the quarter, a decline of 34% compared with the same period in 2013. The decline was primarily driven by higher-than-normal temperatures and higher water inflow than in the second quarter of 2013. Forward prices in the Nordic countries increased somewhat during the quarter.

The average spot price in the German market was 31.4 EUR/MWh in the quarter, a decline of 4% compared with the same period in 2013. The decline was characterised by falling commodity prices as well as increased capacity within renewable energy. Forward prices in Germany fell during the quarter.

EUR/MWh	Second quarter			Year to date			Year 2013
	2014	2013	Change	2014	2013	Change	
<b>Prices</b>							
Average system price, Nord Pool	25.7	38.7	-13.1	27.9	40.4	-12.4	38.1
Average spot price (base), EEX	31.4	32.6	-1.2	32.5	37.5	-5.0	37.8
Average spot price (peak), EEX	37.2	41.4	-4.2	40.2	47.7	-7.5	48.8
Average gas price, EGT	19.2	27.3	-8.1	21.9	27.8	-5.9	27.3

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

## CONSUMPTION AND RESOURCE ACCESS IN THE NORDIC REGION



TWh	Second quarter		Year to date		Year
	2014	2013	2014	2013	2013
<b>Consumption and output</b>					
<b>Nordic</b>					
Nordic consumption	86.7	86.1	196.9	203.4	381.9
Nordic output	89.6	84.8	203.7	201.9	379.8
Net Nordic import(+)/export (-)	-2.8	1.3	-6.8	1.5	2.0
<b>Norway</b>					
Norwegian consumption	28.6	28.9	66.6	69.3	128.8
Norwegian output	33.7	28.9	72.7	68.5	133.8
Net Norwegian import(+)/export (-)	-5.1	-	-6.1	0.7	-5.0

The inflow was higher than normal in the period. The total reservoir water level in the Nordic region was 83.3 TWh at the end of June, corresponding to 100% of the normal level. The reservoirs were filled to 68.6% of capacity (67.7% in 2013), compared with a maximum reservoir capacity of 121.4 TWh at the end of week 26.

In the second quarter, a net of 2.8 TWh was exported from the Nordic region, compared with net imports of 1.3 TWh in the corresponding period in 2013.

## STATKRAFT'S POWER PRODUCTION

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

TWh	Second quarter		Year to date		Year
	2014	2013	2014	2013	2013
<b>Production, technology</b>					
Hydropower	12.6	10.6	27.3	27.0	53.2
Wind power	0.4	0.3	0.9	0.6	1.4
Gas power	0.1	0.0	0.2	0.7	1.1
Bio power	0.1	0.0	0.1	0.1	0.2
<b>Total production</b>	<b>13.1</b>	<b>10.9</b>	<b>28.5</b>	<b>28.3</b>	<b>55.9</b>
<b>Production, geography</b>					
Norway	10.7	8.8	23.1	22.8	45.1
Nordic ex. Norway	1.4	1.0	3.1	2.8	5.4
Europe ex. Nordic	0.4	0.3	1.0	1.2	2.3
Rest of the world	0.6	0.8	1.3	1.5	3.0
<b>Total production</b>	<b>13.1</b>	<b>10.9</b>	<b>28.5</b>	<b>28.3</b>	<b>55.9</b>

The Group produced a total of 13.1 TWh in the second quarter, 0.4 TWh of which was wind power production, compared with 0.3 TWh in the same period in 2013. The increase was mainly due to new production capacity.

The Group also produced 0.2 TWh of district heating in the quarter, which was at the same level as in 2013.

## Financial performance

NOK million	Second quarter			Year to date			Year 2013
	2014	2013	Change	2014	2013	Change	
<b>Key figures</b>							
Net operating revenues, underlying	4 616	4 376	240	10 570	10 488	82	20 545
EBITDA, underlying	2 528	2 555	-27	6 364	6 735	-371	12 444
Profit before tax	550	-781	1 331	4 876	1 447	3 428	2 511
Net profit	38	-908	945	2 838	-466	3 304	208

### YEAR TO DATE

The increased revenues so far this year were primarily related to realising substantial positions in the Nordic dynamic asset management portfolio in the first quarter of this year, increased contributions from market activities in Brazil, as well as new production capacity within wind power. The increased revenues were somewhat offset by lower Nordic power prices.

Operating costs were somewhat higher in the first six months of the year, compared with the same period last year. The increase was mainly related to new wind power plants, the transfer of hydropower plants from Statkraft SF to Statkraft AS in the second quarter of last year and increased project activity.

The share of profit from associated companies and joint ventures was NOK 79 million in the two first quarters of the year (NOK 459 million). The decline was mainly due to impairment in Brazil and unrealised changes in value in Agder Energi. The decline was somewhat offset by gains from the sale of two subsidiaries in Istad.

So far this year, unrealised changes in value on energy contracts have been relatively modest, while there were significant positive effects in the same period last year. The currency effects were also relatively modest, while there were considerable negative currency effects last year as a result of a weakening of Norwegian and Swedish kroner against the Euro. Financial items were positively impacted by gains from the SN Power transaction. Overall, this contributed to a NOK 3304 million improvement in the Group's profit during the first six months of the year, compared with the same period in 2013.

### SECOND QUARTER

The quarterly report shows the development in the second quarter of 2014 compared with the second quarter of 2013, unless otherwise stated. Figures in parentheses show the comparable figures for the corresponding period in 2013.

### GROSS OPERATING PROFIT (EBITDA) – UNDERLYING

The underlying EBITDA was NOK 27 million lower than in the same quarter in 2013. Higher Nordic hydropower production and increased contributions from market activities were offset by lower revenues from grid operations and somewhat higher operating costs.

### OPERATING REVENUES - UNDERLYING

NOK million	Second quarter			Year to date			Year 2013
	2014	2013	Change	2014	2013	Change	
<b>Net operating revenues, underlying</b>							
Net physical spot sales, incl. green certificates	5 751	6 102	-351	15 234	14 589	645	31 750
Concessionary sales at statutory prices	74	73	2	176	174	2	341
Long-term contracts	2 073	1 644	429	4 156	3 386	770	6 785
Nordic and Continental Dynamic Asset Management Portfolio	181	54	127	814	110	705	247
Trading and origination (excl. market access Germany and UK -)	177	193	-17	317	462	-145	681
Distribution grid	175	291	-116	484	645	-161	1 184
End user	726	984	-257	2 048	2 574	-526	4 631
District heating, energy sales	123	130	-7	352	408	-56	684
Other sales revenues	-32	-1	-30	-20	-4	-15	10
Currency hedging energy contracts	-9	-17	8	-25	-13	-12	-23
<b>Sales revenues</b>	<b>9 239</b>	<b>9 453</b>	<b>-214</b>	<b>23 538</b>	<b>22 331</b>	<b>1 207</b>	<b>46 291</b>
Other operating revenues	331	350	-19	614	540	74	1 168
<b>Gross operating revenues</b>	<b>9 571</b>	<b>9 803</b>	<b>-232</b>	<b>24 153</b>	<b>22 871</b>	<b>1 282</b>	<b>47 458</b>
Energy purchase	-4 672	-5 241	570	-12 992	-11 894	-1 099	-25 922
Transmission costs	-283	-186	-97	-591	-490	-101	-991
<b>Net operating revenues</b>	<b>4 616</b>	<b>4 376</b>	<b>240</b>	<b>10 570</b>	<b>10 488</b>	<b>82</b>	<b>20 545</b>

→ Lower Nordic power prices contributed to reduced net physical spot sales. This was partly offset by higher production.

- Revenues from long-term contracts were higher than in the corresponding quarter in 2013 as a result of higher volumes on contracts in Brazil.
- Increased transmission costs were mainly due to a 50% increase in the fixed tariff component of Norwegian transmission tariffs.

## OPERATING EXPENSES - UNDERLYING

NOK million	Second quarter			Year to date			Year 2013
	2014	2013	Change	2014	2013	Change	
<b>Operating expenses, underlying</b>							
Salaries and payroll costs	-735	-648	-88	-1 604	-1 474	-129	-3 136
Depreciation	-767	-699	-68	-1 507	-1 347	-160	-2 855
Property tax and licence fees	-412	-418	7	-832	-826	-6	-1 640
Other operating expenses	-941	-755	-186	-1 770	-1 452	-318	-3 325
<b>Operating expenses</b>	<b>-2 855</b>	<b>-2 519</b>	<b>-336</b>	<b>-5 713</b>	<b>-5 099</b>	<b>-613</b>	<b>-10 956</b>

- The increase in wage costs is mainly due to increased staffing associated with market activities on the Continent and a higher activity level.
- The increase in depreciation is primarily due to new wind farms.
- The increase in other operating expenses is mainly related to new wind power plants and increased project activity.

## ITEMS EXCLUDED FROM THE UNDERLYING OPERATING PROFIT:

Unrealised changes in value on 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 indexes.

NOK million	Second quarter			Year to date			Year 2013
	2014	2013	Change	2014	2013		
<b>Items excluded from the underlying operating profit</b>							
Unrealised changes in value of energy contracts	-107	1 266	-1 373	-154	1 597	-1 751	3 288
Significant non-recurring items	208	326	-118	264	326	-62	125
<i>Lawsuit Saurdal concessionary power</i>	-	-	-	56	-	56	-
<i>Revenue recognition related to termination of energy contract</i>	-	164	-164	-	164	-164	164
<i>Bargain purchase in step acquisition of Devoll</i>	-	162	-162	-	162	-162	162
<i>Gain from sale of assets</i>	208	-	208	208	-	208	86
<i>Costs related to purchase in step acquisition of biomass companies</i>	-	-	-	-	-	-	-97
<i>Impairment of property, plant and equipment and intangible assets</i>	-	-	-	-	-	-	-190

- Negative development in financial energy derivatives as a result of higher expected Nordic power prices. Negative development on gas contracts as a result of relative price increases on raw materials against which the contracts are indexed. This is somewhat offset by the positive currency effect of long-term power sales agreements denominated in EUR.
- There were two non-recurring items in the second quarter of 2014. A gain of NOK 99 million was recorded in the asset swap where Statkraft took over the remaining 35% of Leirdøla and sold Svelgen 1 and 2. The other item was related to sale of the company Agua Imara in connection with the restructuring of SN Power, which yielded recorded gains of NOK 109 million.

## 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 most of the activity takes place through participation in partly-owned companies.

NOK million	Second quarter			Year to date			Year 2013
	2014	2013	Change	2014	2013	Change	
<b>Share of profit from associated companies and joint ventures</b>							
BKK	-13	50	-63	143	151	-8	319
Agder Energi	-115	153	-268	151	304	-153	339
Others	-356	53	-410	-215	4	-219	442
<b>Associated companies</b>	<b>-484</b>	<b>256</b>	<b>-740</b>	<b>79</b>	<b>459</b>	<b>-380</b>	<b>1 101</b>

- The lower share of profit in BKK and Agder Energi was mainly due to unrealised changes in value on energy contracts.
- The lower profit from other associated companies was mainly due to the write-down of an investment in Brazil.

## FINANCIAL ITEMS

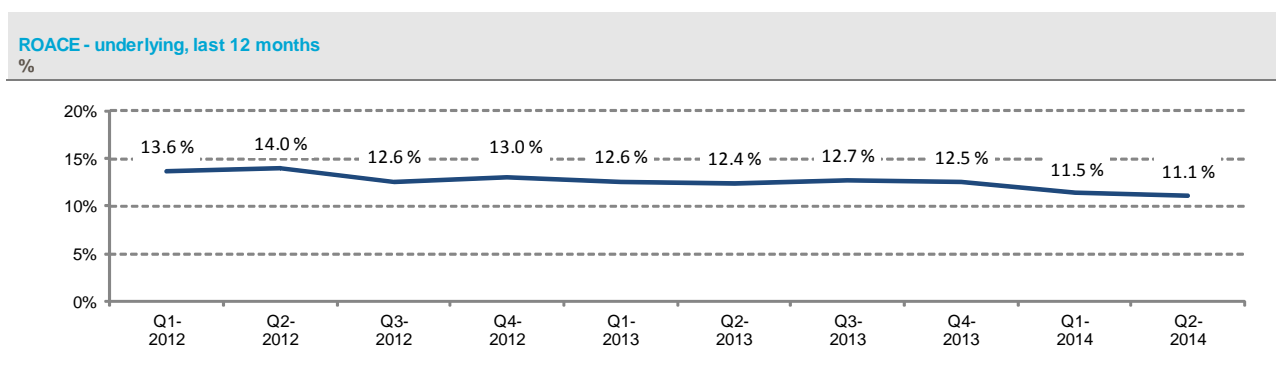
NOK million	Second quarter			Year to date			Year 2013
	2014	2013	Change	2014	2013	Change	
<b>Financial items</b>							
Interest income	47	58	-11	103	93	10	218
Other financial income	474	9	466	478	11	466	20
<b>Gross financial income</b>	<b>521</b>	<b>66</b>	<b>455</b>	<b>581</b>	<b>104</b>	<b>477</b>	<b>237</b>
Interest expenses	-299	-288	-11	-610	-577	-33	-1 272
Other financial expenses	-15	-25	10	-38	-38	0	-78
<b>Gross financial expenses</b>	<b>-314</b>	<b>-313</b>	<b>-1</b>	<b>-647</b>	<b>-615</b>	<b>-32</b>	<b>-1 351</b>
Currency gains and losses	-1 167	-3948	2 781	-124	-4 954	4 830	-9 403
Other financial items	132	-291	423	20	-858	878	-1 076
<b>Net financial items</b>	<b>-828</b>	<b>-4 486</b>	<b>3 658</b>	<b>-171</b>	<b>-6 323</b>	<b>6 153</b>	<b>-11 592</b>

- Gains from the SN Power transaction totalled NOK 455 million and explain the increase in financial income.
- Net currency effects amounted to NOK -1167 million in the second quarter, mainly as a result of a weaker NOK against EUR. These were mainly unrealised and offset by translation effects in equity.
- Other financial items increased by NOK 423 million, which includes gains on interest rate derivatives and obligations linked to equity instruments.

## TAXES

The recognised tax expense was NOK 512 million in the second quarter (NOK 127 million). The increase in tax expense is mainly due to higher profit.

## RETURN

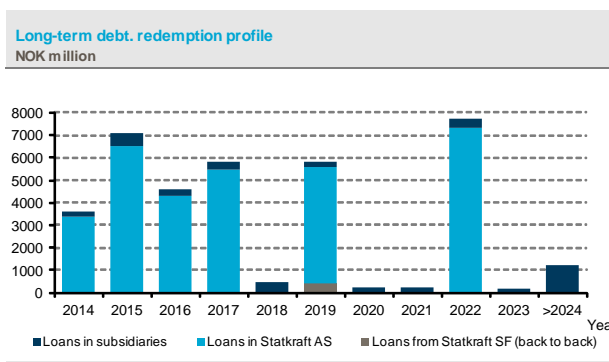
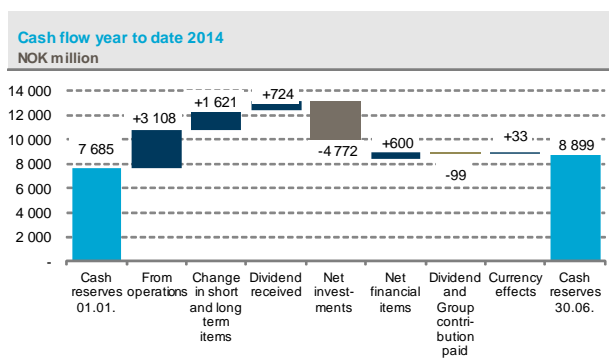


Measured as ROACE<sup>1</sup>, return amounted to 1.4 percentage points below the level for 2013. The decline was due to a somewhat lower operating profit, as well as higher average capital employed.

<sup>1</sup> ROACE (%): (Operating profit adjusted for unrealised changes in the value of energy contracts and significant non-recurring items x 100) / average capital employed.



## CASH FLOW AND CAPITAL STRUCTURE



### Cash flow year to date

- The Group's operations generated a cash flow of NOK 3108 million (NOK 4269 million).
- The changes in short and long-term items had a positive effect of NOK 1621 million (NOK -810 million). The difference was mainly related to working capital.
- Net investments<sup>2</sup> amounted to NOK -4772 million (NOK 3907 million). These were mainly investments in tangible fixed assets totalling NOK -4126 million, as well as net liquidity leaving the Group totalling NOK 770 million linked to the restructuring of SN Power.
- The net liquidity change from financing amounted to NOK 501 million (NOK -3018 million). New debt was NOK 675 million (NOK 591 million), primarily associated with SN Power's project financing in Peru. Debt repayment amounted to NOK 142 million (NOK -3505 million).

### Financial structure

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

- Net interest-bearing debt<sup>3</sup> totalled NOK 28 808 million, compared with NOK 32 240 million at the beginning of the year. The decline was related both to repayment of debt and increased bank deposits.
- The net interest-bearing debt-equity ratio was 27.7%, compared with 31.2% at year-end 2013.
- Loans from Statkraft SF to Statkraft AS amounted to NOK 400 million.
- Current assets, except cash and cash equivalents, amounted to NOK 16 983 million.
- Short-term interest-free debt was NOK 16 934 million.
- Statkraft's equity totalled NOK 75 315 million, compared with NOK 71 107 million at the start of the year. This corresponds to 49.2% of total assets. The increase in equity was associated with a positive total profit of NOK 2789 million and capital contribution from Statkraft SF of NOK 2350 million.

## INVESTMENTS AND PROJECTS

Total investments in the quarter amounted to NOK 3128 million.

### Quarterly investments

Maintenance investments and other investments totalled NOK 1063 million, and were primarily related to

- Hydropower in the Nordic region
- Hydropower outside the Nordic region

Investments in increased capacity totalled NOK 1623 million, and were primarily related to

- Hydropower in the Nordic region
- Hydropower in Turkey and Albania
- Hydropower outside Europe
- Wind power in the UK and Sweden
- District heating in Norway and Sweden
- Transmission grids in Norway
- Small-scale hydropower in Norway

Investments in shareholdings totalled NOK 442 million, and were primarily related to

- Hydropower outside Europe

<sup>2</sup> 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.

<sup>3</sup> Net interest-bearing debt: Gross interest-bearing debt – bank deposits, cash in hand and similar excluding restricted funds – short-term financial investments

## Projects in consolidated operations

Second quarter	Project	Country	New capacity (MW) <sup>1)</sup>	Statkraft's ownership share	Planned completion	
<b>Committed investments in the period</b>						
District Heating	Moss	Norway	21	100 %	2016	Q4
<b>Completed projects in the period</b>						
Wind Power	Mörtjärnberget	Sweden	85	60 %	2014	Q2
	Berry Burn	UK	67	100 %	2014	Q2
<b>Main projects under construction</b>						
Hydropower	Eiriksdal og Makkoren	Norway	56	100 %	2014	Q3
	Nedre Røssåga, fase 1	Norway	-	100 %	2017	Q4
	Nedre Røssåga, fase 2	Norway	100	100 %	2016	Q4
	Kjensvatn	Norway	10	100 %	2014	Q4
	Kargi	Turkey	102	100 %	2015	Q1
	Cetin	Turkey	517	100 %	2018	Q4
	Devoll	Albania	243	100 %	2018	Q4
Wind Power	Cheves	Peru	168	100 %	2015	Q2
	Ögonfågeln	Sweden	99	60 %	2014	Q4
	Björkhöjden	Sweden	270	60 %	2015	Q4
District Heating	Sandefjord	Norway	23	100 %	2015	Q2

<sup>1)</sup> Total for project, incl. partners' share.

## Segments

The segment structure follows the internal management information that is systematically reviewed by the corporate management and used for resource allocation and assessment of 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
<b>From income statement</b>									
Gross operating revenues, underlying	9 571	3 143	4 550	211	241	114	1 208	169	-66
Net operating revenues, underlying	4 616	2 882	657	198	233	81	560	167	-162
EBITDA, underlying	2 528	1 998	307	61	68	26	184	-131	13
Operating profit, underlying	1 761	1 680	216	23	-70	-9	64	-157	13
Operating profit, booked	1 862	1 990	-31	132	-70	-9	-13	-157	20
Share of profit from associated companies and JV	-484	-	-	-350	-1	-	-133	-	-
EBITDA-margin (%), underlying	26.4	63.6	6.8	28.9	28.4	23.1	15.2	N/A	N/A
Maintenance investments	1 063	880	13	7	4	3	143	13	-
Investments in new capacity	1 623	100	3	765	533	92	80	50	-
Investments in shareholdings	442	-	-	441	-	-	1	1	-
<b>Production</b>									
Production, volume sold (TWh)	13.1	10.6	0.2	0.6	0.4	-	1.2	0.1	-
- whereof hydropower (TWh)	12.6	10.6	0.1	0.6	-	-	1.2	0.1	-
- whereof wind power (TWh)	0.4	-	-	-	0.4	-	-	-	-
- whereof gas power (TWh)	0.1	-	0.1	-	-	-	-	-	-
- whereof bio power (TWh)	0.1	-	0.1	-	-	-	-	-	-
Production, district heating (TWh)	0.2	-	-	-	-	0.2	-	-	-

## NORDIC HYDROPOWER

NOK million	Second quarter		Year to date		Year
	2014	2013	2014	2013	2013
Net operating revenues, underlying	2 882	2 662	6 098	6 741	13 238
EBITDA, underlying	1 998	1 894	4 355	5 176	10 043
Operating profit, underlying	1 680	1 581	3 721	4 574	8 796
Unrealised value changes energy contracts	211	980	131	1 262	2 279
Significant non-recurring items	99	164	155	164	164
Operating profit, booked	1 990	2 726	4 007	6 000	11 239
Share of profit from associated companies and joint ventures	-	-	-	-	-
Maintenance investments and other investments	880	393	1 113	575	1 399
Investments in new capacity	100	4 190	164	4 309	4 476
Investments in shareholdings	-	-	-	-	-
Production, volume sold (TWh)	10.6	8.5	22.6	22.2	44.1

### Quarterly highlights

- Through a swap agreement, Statkraft increased its shareholding from 65 % to 100 % ownership in Leirdøla power plant in Sogn og Fjordane County in Norway. This will contribute toward more efficient operations. Svelgen Kraft took over the Svelgen I and II power plants from Statkraft. The transaction recognised gains of NOK 99 million, which were classified as a significant non-recurring item.
- Power production in Finland, totalling 0.3 TWh per year, was sold to a Finnish consortium for about NOK 2 billion in August.

### Quarterly financial performance

- Underlying EBITDA was higher than in the second quarter of 2013, mainly due to that higher production more than offsets the effect of lower Nordic power prices.
- Operating costs were higher, in part as the result of a general cost increase.

### Year-to-date financial performance

- Decline in underlying EBITDA as a result of lower Nordic power prices so far this year.

### Quarterly investments

- Maintenance investments and other investments include NOK 507 million related to the Leirdøla transaction.
- Investments in new capacity are mainly related to the power plants Eriksdal, Makkoren, Nedre Røssåga and Kjensvatn.

## CONTINENTAL ENERGY AND TRADING

NOK million	Second quarter		Year to date		Year
	2014	2013	2014	2013	2013
Net operating revenues, underlying	657	461	1 751	934	1 807
EBITDA, underlying	307	180	1 071	325	410
Operating profit, underlying	216	100	880	172	80
Unrealised value changes energy contracts	-247	326	-284	351	1 022
Significant non-recurring items	-	-	-	-	-97
Operating profit, booked	-31	426	596	523	1 004
Share of profit from associated companies and joint ventures	-	3	-	2	3
Maintenance investments and other investments	13	28	26	41	86
Investments in new capacity	3	29	10	64	316
Investments in shareholdings	-	-	-	-	-
Production, volume sold (TWh)	0.2	0.1	0.5	0.9	1.5

The comparative figures for 2013 have been reworked with reclassification of trading and origination activities from the International hydropower segment following the restructuring of SN Power.

### Quarterly highlights

- Market activities in Brazil and India were transferred from the International hydropower segment.

### Quarterly financial performance

- Underlying EBITDA was higher than in the second quarter of 2013, primarily due to improved results from activities in Brazil, which include both long-term sales and purchase contracts, as well as trading and origination. There were also better results from the Nordic dynamic asset management portfolio.
- Operating costs were somewhat higher due to higher staffing within market activities.

### Year-to-date financial performance

- The increase in underlying EBITDA is due in part to good results from the Nordic dynamic asset management portfolio.

### Quarterly investments

- Maintenance investments and other investments were primarily related to hydropower plants in Wales and Germany, as well as IT systems.

## INTERNATIONAL HYDROPOWER

NOK million	Second quarter		Year to date		Year
	2014	2013	2014	2013	2013
Net operating revenues, underlying	198	262	444	516	974
EBITDA, underlying	61	101	130	206	270
Operating profit, underlying	23	52	67	110	85
Unrealised value changes energy contracts	-	-	-	-	-
Significant non-recurring items	109	162	109	162	162
Operating profit, booked	132	213	176	271	247
Share of profit from associated companies and joint ventures	-350	55	-323	17	458
Maintenance investments and other investments	7	7	15	21	42
Investments in new capacity	765	719	1 539	1 288	2 672
Investments in shareholdings	441	15	444	23	50
Production, volume sold (TWh)	0.6	0.8	1.4	1.6	3.1

The comparative figures for 2013 have been reworked with reclassification of trading and origination activities from the Continental energy and trading segment following the restructuring of SN Power.

### Quarterly highlights

- On 6 June, Statkraft and Norfund completed the restructuring of SN Power in accordance with the agreement signed on 20 December 2013. The parties have thereby established a new, solid basis for further collaboration within renewable energy.

### Quarterly financial performance

- The decline in EBITDA compared with the second quarter of 2013 was related to lower revenues from Peru due to lower volumes, in addition to the fact that the Totoral wind farm in Chile has been sold and is not included in this year's financial statements.
- The decline in shares of profit from associated companies and joint activities was primarily related to the impairment of an investment in Brazil, as well as lower contributions from the Philippines as a result of lower revenues and reduced shareholding after the restructuring.

### Year-to-date financial performance

- The decline in underlying EBITDA so far this year is mainly due to lower revenues from Peru, as well as the sale of the wind farm in Chile.
- The decline in profit shares from associated companies and joint activities so far this year is primarily related to the impairment in Brazil and lower contributions from the Philippines as a result of hydrology and the authorities' price regulation for the fourth quarter of 2013. The decline was somewhat offset by the recognition of an insurance settlement in Chile as income.

### Quarterly investments

- Investments in new capacity were related to the hydropower in Turkey, Albania and Peru.
- Investments in shareholdings are primarily associated with investment in Agua Imara.

## WIND POWER

NOK million	Second quarter		Year to date		Year
	2014	2013	2014	2013	2013
Net operating revenues, underlying	233	210	636	442	1 026
EBITDA, underlying	68	112	318	230	507
Operating profit, underlying	-70	27	55	68	103
Unrealised value changes energy contracts	-	-	-	-	-
Significant non-recurring items	-	-	-	-	-190
Operating profit, booked	-70	27	55	68	-87
Share of profit from associated companies and joint ventures	-1	-5	-1	-10	-1
Maintenance investments and other investments	4	4	4	10	11
Investments in new capacity	533	988	1 056	1 327	2 531
Investments in shareholdings	-	4	-	4	1
Production, volume sold (TWh)	0.4	0.3	0.9	0.6	1.4

### Quarterly highlights

- An investment decision was made in July for the Dudgeon offshore wind farm off the coast of Norfolk County in the UK. Statkraft's shareholding in the 402-MW wind farm is 30%.
- The wind farms Berry Burn (67 MW) in the UK and Mörtjärnberget (85 MW) in Sweden were completed.
- In July, Statkraft sold 49% of the Group's shareholdings in three onshore wind power plants (totalling 142 MW) in the UK to Gingko Tree Investment Ltd. Statkraft will continue to operate the wind farms, with responsibility for both operations and maintenance, as well as market access and power sales agreements.

### Quarterly financial performance

- The decline in underlying EBITDA is primarily due to lower production from the Sheringham Shoal offshore wind farm as a result of less wind, in addition to increased project activity in Norway and the UK. The decline in EBITDA was somewhat offset by new wind power plants in Sweden and the UK.
- In total, the segment produced 0.4 TWh in the second quarter, with 0.1 TWh from Sheringham Shoal (Statkraft's share).

### Year-to-date financial performance

- The increase in underlying EBITDA is mainly due to new wind power plants.

### Quarterly investments

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

## DISTRICT HEATING

NOK million	Second quarter		Year to date		Year
	2014	2013	2014	2013	2013
Net operating revenues, underlying	81	75	209	216	392
EBITDA, underlying	26	17	91	93	133
Operating profit, underlying	-9	-18	20	22	-4
Unrealised value changes energy contracts	-	-	-	-	-
Significant non-recurring items	-	-	-	-	86
Operating profit, booked	-9	-18	20	22	82
Share of profit from associated companies and joint ventures	-	-	-	-	-
Maintenance investments and other investments	3	-	3	-	2
Investments in new capacity	92	113	169	219	417
Investments in shareholdings	-	-	-	-	-
Production, volume sold (TWh)	0.2	0.2	0.5	0.7	1.1

### Quarterly highlights

- An investment decision was made for the construction of a district heating plant in Moss in Østfold County in Norway.

### Quarterly financial performance

- The improvement in EBITDA compared with the second quarter of 2013 was primarily related to good utilisation of base load and lower operating costs.

### Year-to-date financial performance

- The decline in underlying EBITDA is primarily due to lower production in the winter period as a result of higher-than-normal temperatures, as well as the sale of the production facility in Alingsås in Sweden on 1 July 2013.

### Quarterly investments

- The investments were primarily related to construction of district heating plants in Sandefjord and Moss, as well as the development of the district heating grid in existing activities.

## INDUSTRIAL OWNERSHIP<sup>1)</sup>

NOK million	Second quarter		Year to date		Year
	2014	2013	2014	2013	2013
Net operating revenues, underlying	560	746	1 497	1 717	3 174
EBITDA, underlying	184	395	697	947	1 583
Operating profit, underlying	64	278	459	720	1 109
Unrealised value changes energy contracts	-77	12	-19	29	21
Significant non-recurring items	-	-	-	-	-
Operating profit, booked	-13	290	440	749	1 130
Share of profit from associated companies and joint ventures	-133	202	402	449	640
Maintenance investments and other investments	143	81	229	201	440
Investments in new capacity	80	152	180	220	497
Investments in shareholdings	1	-	2	-	-
Production, volume sold (TWh)	1.2	1.2	3.0	3.0	5.4

<sup>1)</sup> Industrial ownership includes the shareholdings in Skagerak Energi, Fjordkraft, BKK, Agder Energi and Istad. The two former companies are included in the consolidated financial statements, while the other three companies are reported as associated companies

### Quarterly highlights

- Agder Energi has signed two power sale agreements with Hydro. The contracts run from 2021 to 2030 and account for 1.5 TWh annually.
- Agder Energi's subsidiary, Otera, has sold Elektro to Bravida. The transaction was approved by the Norwegian Competition Authority.
- BKK has entered into a partnership with several companies in Western and Northern Norway regarding installation and operation of automatic meter reading systems (AMS).
- BKK has purchased TrønderEnergi's shareholding in Agua Imara, and thus increased its shareholding from 25.7% to 35.1%.

### Quarterly financial performance

- The decline in EBITDA compared with the same period in 2013 was mainly due to lower distribution grid revenues as a result of lower volume and grid tariffs. Spot sale revenues also fell as a result of lower power prices.
- The decline in share of profit from associated companies was mainly due to unrealised value changes on energy contracts.

### Year-to-date financial performance

- The decline in underlying EBITDA so far this year was primarily associated with the decline in the second quarter.
- The decline so far this year in share of profit from associated companies was related to unrealised changes in value.

### Quarterly investments

- The investments were mainly related to new investments in grid activities.

**OTHER ACTIVITIES<sup>1)</sup>**

NOK million	Second quarter		Year to date		Year
	2014	2013	2014	2013	2013
Net operating revenues, underlying	167	143	300	290	665
EBITDA, underlying	-131	-124	-286	-200	-486
Operating profit, underlying	-157	-143	-334	-237	-564
Unrealised value changes					
energy contracts	-	-52	14	-45	-43
Significant non-recurring items	-	-	-	-	-
Operating profit, booked	-157	-195	-320	-282	-607
Share of profit from associated companies and joint ventures	-	-	-	-	-
Maintenance investments and other investments	13	-	36	-	-
Investments in new capacity	50	94	83	175	393
Investments in shareholdings	1	-	-	-	11
Production, volume sold (TWh)	0.1	0.1	0.2	0.1	0.3

<sup>1)</sup> The segment Other activities includes small-scale hydropower, innovation and group functions.

**Quarterly highlights**

- Investment decisions were made for three small-scale power plants.
- The Furugardene small-scale power plant started production.

**Quarterly financial performance**

- The decline in EBITDA compared with the second quarter of 2013 was primarily related to increased operating costs in relation to the same quarter last year.

**Year-to-date financial performance**

- The decline in underlying EBITDA so far this year compared with the corresponding period last year was primarily a result of increased operating costs in relation to the same period last year.

**Quarterly investments**

- Maintenance and other investments were primarily associated with administration buildings and IT, while investments in increased capacity were mainly related to investments in small-scale hydropower.

---

## Outlook

Nordic power prices are expected to remain at a somewhat lower level in the second half of 2014 compared with the corresponding period last year. A significant share of the Group's power production is sold through long-term power contracts. This helps stabilise Group revenues. A robust resource situation and Statkraft's large reservoir capacity with both seasonal and multi-year reservoirs provide the Group with considerable flexibility to manage water resources efficiently. Two wind farms in Scotland and Sweden were completed in the first half of 2014. Additional production capacity is under construction, and will increase revenues when completed.

In an international perspective, the demand for renewable energy is growing. Statkraft is well-positioned to fulfil its ambition to strengthen its position as a leading supplier of pure energy. The Group is now in a period of investments in several new projects within hydropower and wind power, both domestically and internationally. This is taking place in parallel with major investments to rehabilitate the older hydropower plants in Norway and Sweden.

Hydropower is expected to be a profitable and climate-friendly energy source in many growth markets outside the EU. Statkraft has restructured the Group's international hydropower activities and carried out an operational integration of its entities in South America and South Asia. Statkraft is planning further international growth based on the Group's core expertise within project development, operations, maintenance and market operations.

Oslo, 20 August 2014  
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 2014 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.

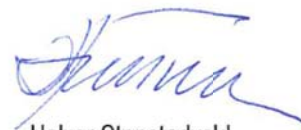
Oslo, 20 August 2014  
The Board of Directors of Statkraft AS



Olav Fjell  
Chair of the Board



Berit Rødseth  
Deputy Chair



Halvor Stenstadvold  
Director



Harald von Heyden  
Director



Elisabeth Mørthen  
Director



Hilde Drønen  
Director



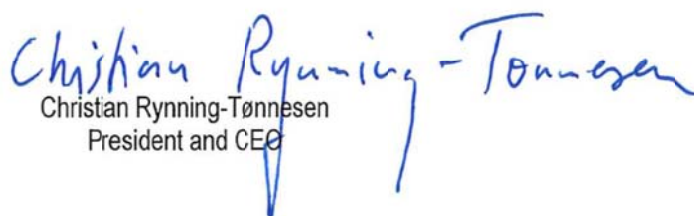
Thorbjørn Holøs  
Director



Vilde Eriksen Bjerknes  
Director



Asbjørn Sevejordet  
Director



Christian Rynning-Tønnesen  
President and CEO



## Statkraft AS Group Interim Financial Statements

NOK million	Second quarter		Year to date		The year
	2014	2013	2014	2013	2013
<b>COMPREHENSIVE INCOME</b>					
<b>PROFIT AND LOSS</b>					
Sales revenues	9 988	10 362	21 537	22 953	48 148
Other operating revenues	539	512	822	702	1 415
<b>Gross operating revenues</b>	<b>10 528</b>	<b>10 874</b>	<b>22 359</b>	<b>23 655</b>	<b>49 564</b>
Energy purchase	-5 528	-4 720	-11 104	-10 754	-24 327
Transmission costs	-283	-186	-591	-490	-991
<b>Net operating revenues</b>	<b>4 717</b>	<b>5 968</b>	<b>10 665</b>	<b>12 411</b>	<b>24 246</b>
Salaries and payroll costs	-735	-648	-1 604	-1 474	-3 136
Depreciation, amortisation and impairments	-767	-699	-1 507	-1 347	-3 045
Property tax and licence fees	-412	-418	-817	-826	-1 640
Other operating expenses	-941	-755	-1 770	-1 452	-3 422
<b>Operating expenses</b>	<b>-2 855</b>	<b>-2 519</b>	<b>-5 697</b>	<b>-5 099</b>	<b>-11 243</b>
<b>Operating profit/loss</b>	<b>1 862</b>	<b>3 449</b>	<b>4 967</b>	<b>7 311</b>	<b>13 002</b>
<b>Share of profit/loss from associates and joint ventures</b>	<b>-484</b>	<b>256</b>	<b>79</b>	<b>459</b>	<b>1 101</b>
Financial income	521	66	581	104	237
Financial expenses	-314	-313	-647	-615	-1 351
Net currency effects	-1 167	-3 948	-124	-4 954	-9 403
Other financial items	132	-291	20	-858	-1 076
<b>Net financial items</b>	<b>-828</b>	<b>-4 486</b>	<b>-171</b>	<b>-6 323</b>	<b>-11 592</b>
<b>Profit/loss before tax</b>	<b>550</b>	<b>-781</b>	<b>4 876</b>	<b>1 447</b>	<b>2 511</b>
Tax expense	-512	-127	-2 038	-1 912	-2 303
<b>Net profit/loss</b>	<b>38</b>	<b>-908</b>	<b>2 838</b>	<b>-466</b>	<b>208</b>
Of which non-controlling interest	186	101	357	211	482
Of which majority interest	-148	-1 010	2 481	-677	-274
<b>OTHER COMPREHENSIVE INCOME</b>					
<b>Items in other comprehensive income that recycle over profit/loss:</b>					
Changes in fair value of financial instruments	-245	-250	-150	-549	-1 167
Income tax related to changes in fair value of financial instruments	62	64	36	148	339
Items recorded in other comprehensive income in associates and joint arrangements	-122	145	-128	145	163
Currency translation effects	1 839	3 123	444	5 887	9 940
Reclassification currency translation effects related to foreign operations disposed of in the year	55	-	55	-	-
<b>Items in other comprehensive income that will not recycle over profit/loss:</b>					
Estimate deviation pensions	-505	93	-505	347	-174
Income tax related to changes in fair value of financial instruments	199	-27	199	-98	49
<b>Other comprehensive income</b>	<b>1 283</b>	<b>3 148</b>	<b>-49</b>	<b>5 880</b>	<b>9 154</b>
<b>Comprehensive income</b>	<b>1 321</b>	<b>2 240</b>	<b>2 789</b>	<b>5 413</b>	<b>9 361</b>
Of which non-controlling interest	668	207	771	654	881
Of which majority interest	652	2 034	2 018	4 760	8 480

NOK million	30.06.2014	30.06.2013	31.12.2013
<b>STATEMENT OF FINANCIAL POSITION</b>			
<b>ASSETS</b>			
Intangible assets	3 293	4 006	3 510
Property, plant and equipment	102 041	96 721	101 269
Investments in associates and joint ventures	14 434	15 867	16 002
Other non-current financial assets	2 700	2 666	2 540
Derivatives	4 711	4 531	5 295
<b>Non-current assets</b>	<b>127 179</b>	<b>123 790</b>	<b>128 615</b>
Inventories	1 547	1 273	1 796
Receivables	6 954	8 226	9 567
Short-term financial investments	415	432	464
Derivatives	8 066	5 318	5 559
Cash and cash equivalents (included restricted cash)	8 899	10 742	7 685
<b>Current assets</b>	<b>25 882</b>	<b>25 991</b>	<b>25 072</b>
<b>Assets</b>	<b>153 061</b>	<b>149 782</b>	<b>153 687</b>
<b>EQUITY AND LIABILITIES</b>			
Paid-in capital	51 361	49 111	49 011
Retained earnings	17 217	10 607	14 328
Non-controlling interest	6 738	7 482	7 769
<b>Equity</b>	<b>75 315</b>	<b>67 200</b>	<b>71 107</b>
Provisions	18 057	20 513	19 416
Long-term interest-bearing liabilities	28 574	35 505	33 364
Derivatives	4 632	4 486	5 713
<b>Long-term liabilities</b>	<b>51 263</b>	<b>60 504</b>	<b>58 494</b>
Short-term interest-bearing liabilities	9 549	3 716	7 013
Taxes payable	2 353	2 916	3 503
Other interest-free liabilities	6 877	10 960	9 181
Derivatives	7 704	4 485	4 389
<b>Current liabilities</b>	<b>26 483</b>	<b>22 077</b>	<b>24 086</b>
<b>Equity and liabilities</b>	<b>153 061</b>	<b>149 782</b>	<b>153 687</b>

NOK million	Paid-in capital	Other equity	Accumulated translation differences	Retained earnings	Total majority	Non-controlling interests	Total equity
<b>STATEMENT OF CHANGES IN EQUITY</b>							
<b>Balance as of 01.01.2013</b>	<b>45 569</b>	21 822	-11 975	<b>9 847</b>	<b>55 416</b>	<b>6 934</b>	<b>62 350</b>
Net profit/loss	-	-677	-	<b>-677</b>	<b>-677</b>	211	<b>-466</b>
<b>Items in other comprehensive income that recycles over profit/loss:</b>							
Changes in fair value of financial instruments	-	-691	-	<b>-691</b>	<b>-691</b>	142	<b>-549</b>
Income tax related to changes in fair value of financial instruments	-	189	-	<b>189</b>	<b>189</b>	-40	<b>148</b>
Items recorded in other comprehensive income in associates and joint arrangements	-	145	-	<b>145</b>	<b>145</b>	-	<b>145</b>
Currency translation effects	-	-	5 546	<b>5 546</b>	<b>5 546</b>	341	<b>5 887</b>
<b>Items in other comprehensive income that will not recycles over profit/loss:</b>							
Estimate deviation pensions	-	347	-	<b>347</b>	<b>347</b>	-	<b>347</b>
Income tax related to estimate deviation pensions	-	-98	-	<b>-98</b>	<b>-98</b>	-	<b>-98</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-785</b>	<b>5 546</b>	<b>4 760</b>	<b>4 760</b>	<b>653</b>	<b>5 413</b>
Dividend and Group contribution paid	-	-4 000	-	<b>-4 000</b>	<b>-4 000</b>	-119	<b>-4 119</b>
Business combinations/divestments	<b>2 918</b>	-	-	-	<b>2 918</b>	-	<b>2 918</b>
Capital increase	<b>624</b>	-	-	-	<b>624</b>	14	<b>638</b>
<b>Balance as of 30.06.2013</b>	<b>49 111</b>	17 037	-6 430	<b>10 607</b>	<b>59 718</b>	<b>7 482</b>	<b>67 200</b>
<b>Balance as of 01.01.2013</b>	<b>45 569</b>	21 822	-11 975	<b>9 847</b>	<b>55 416</b>	<b>6 934</b>	<b>62 350</b>
Net profit/loss	-	-274	-	<b>-274</b>	<b>-274</b>	482	<b>208</b>
<b>Items in other comprehensive income that recycles over profit/loss</b>							
Changes in fair value of financial instruments	-	-1 270	-	<b>-1 270</b>	<b>-1 270</b>	103	<b>-1 167</b>
Income tax related to changes in fair value of financial instruments	-	355	-	<b>355</b>	<b>355</b>	-16	<b>339</b>
Items recorded in other comprehensive income in associates and joint arrangements	-	112	-	<b>112</b>	<b>112</b>	51	<b>163</b>
Currency translation effects	-	-	9 648	<b>9 648</b>	<b>9 648</b>	292	<b>9 940</b>
<b>Items in other comprehensive income that will not recycles over profit/loss:</b>							
Estimate deviation pensions	-	-129	-	<b>-129</b>	<b>-129</b>	-45	<b>-174</b>
Income tax related to estimate deviation pensions	-	37	-	<b>37</b>	<b>37</b>	12	<b>49</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-1 168</b>	<b>9 648</b>	<b>8 480</b>	<b>8 480</b>	<b>881</b>	<b>9 361</b>
Dividend and Group contribution paid	-	-4 000	-	<b>-4 000</b>	<b>-4 000</b>	-198	<b>-4 198</b>
Business combinations	<b>2 817</b>	-	-	-	<b>2 817</b>	-	<b>2 817</b>
Transactions with non-controlling interests	-	-	-	-	-	111	<b>111</b>
Liability of the option to increase shareholding in subsidiary	-	-	-	-	-	-94	<b>-94</b>
Capital increase	<b>624</b>	-	-	-	<b>624</b>	135	<b>760</b>
<b>Balance as of 31.12.2013</b>	<b>49 011</b>	16 654	-2 327	<b>14 328</b>	<b>63 338</b>	<b>7 769</b>	<b>71 107</b>
Net profit/loss	-	2 481	-	<b>2 481</b>	<b>2 481</b>	357	<b>2 838</b>
<b>Items in other comprehensive income that recycles over profit/loss</b>							
Changes in fair value of financial instruments	-	-150	-	<b>-150</b>	<b>-150</b>	-	<b>-150</b>
Income tax related to changes in fair value of instruments	-	36	-	<b>36</b>	<b>36</b>	-	<b>36</b>
Items recorded in other comprehensive income in associates and joint arrangements	-	-124	-	<b>-124</b>	<b>-124</b>	-4	<b>-128</b>
Reclassification currency translation effects related to foreign operations disposed of in the year	-	38	-	<b>38</b>	<b>38</b>	18	<b>55</b>
Currency translation effects	-	-	44	<b>44</b>	<b>44</b>	400	<b>444</b>
<b>Items in other comprehensive income that will not recycles over profit/loss:</b>							
Estimate deviation pensions	-	-505	-	<b>-505</b>	<b>-505</b>	-	<b>-505</b>
Income tax related to estimate deviation pensions	-	199	-	<b>199</b>	<b>199</b>	-	<b>199</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>1 974</b>	<b>44</b>	<b>2 018</b>	<b>2 018</b>	<b>771</b>	<b>2 789</b>
Dividend and Group contribution paid	-	-	-	-	-	-74	<b>-74</b>
Business combinations/divestments	-	871	-	<b>871</b>	<b>871</b>	-1 710	<b>-839</b>
Liability of the option to increase shareholding in subsidiary	-	-	-	-	-	-85	<b>-85</b>
Capital increase	<b>2 350</b>	-	-	-	<b>2 350</b>	67	<b>2 417</b>
<b>Balance as of 30.06.2014</b>	<b>51 361</b>	19 499	-2 283	<b>17 217</b>	<b>68 578</b>	<b>6 738</b>	<b>75 315</b>

NOK million	Year to date		The year 2013
	2014	2013	
<b>STATEMENT OF CASH FLOW</b>			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before tax	4 876	1 447	2 511
Profit/loss on sale of non current assets	-97	3	-89
Depreciation, amortisation and impairments	1 507	1 347	3 045
Profit/loss from the sale of business	-	-162	121
Profit/loss from the sale of shares, and associates and joint ventures	-	120	-153
Profit from restructuring of SN Power	-564	-	-
Share of profit/loss from associates and joint ventures	-79	-459	-1 101
Unrealised changes in value	663	4 345	7 795
Taxes	-3 198	-2 371	-2 629
<b>Cash flow from operating activities</b>	<b>3 108</b>	<b>4 269</b>	<b>9 499</b>
Changes in long term items	79	-468	-533
Changes in short term items	1 542	-342	-1 911
Dividend from associates	724	754	1 051
<b>Net cash flow operating activities</b>	<b>A</b>	<b>5 453</b>	<b>4 213</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Investments in property, plant and equipment*	-4 126	-4 330	-9 248
Proceeds from sale of non-current assets	58	8 515	9 670
Business divestments, net liquidity inflow to the Group	-	-	327
Business combinations, net liquidity outflow from the Group	-	27	59
Restructuring of SN Power, net liquidity outflow from the Group	-770	-	-
Loans to third parties	-35	-335	-298
Repayment of loans	103	56	94
Considerations regarding investments in other companies***	-2	-27	-59
<b>Net cash flow from investing activities</b>	<b>B</b>	<b>-4 772</b>	<b>3 907</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
New debt	675	591	865
Repayment of debt	-142	-3 505	-4 714
Dividend and group contribution paid	-99	-119	-3 094
Share issue in subsidiary to non-controlling interests	67	14	135
<b>Net cash flow from financing activities</b>	<b>C</b>	<b>501</b>	<b>-6 807</b>
<b>Net change in cash and cash equivalents</b>	<b>A+B+C</b>	<b>1 182</b>	<b>5 102</b>
Currency exchange rate effects on cash and cash equivalents	33	200	400
Cash and cash equivalents 01.01	7 685	5 440	5 440
Cash and cash equivalents 30.06**	8 899	10 742	7 685
Unused committed credit lines	12 000	12 000	12 000
Unused overdraft facilities	2 200	1 973	2 200
Restricted Cash	-	-340	-12

\* Investments in the cash flow are NOK 500 million lower than investments in fixed assets in the segment reporting. Of this, NOK 424 million is related to the asset swap with Sogn og Fjordane Energi and NOK 76 million due to acquisition of assets from investments not yet paid as of second quarter 2014.

\*\* Included in cash and cash equivalents are NOK 300 million related to joint operations year to date 2014.

\*\*\* Investments in the cash flow are MNOK 444 lower than investments in other companies in the segment reporting. This is due to the restructuring of SN Power, where the investment in new SN Power is shown as an investment in joint venture. The cash outflow of the restructuring is shown collectively on a separate line.

NOK million	Statkraft AS Group	Nordic Hydropower	Continental Energy & Trading	International Hydropower	Wind Power	District Heating	Industrial Ownership	Other activities	Group items
<b>SEGMENTS</b>									
<b>2nd quarter 2014</b>									
Operating revenue external, underlying	10 528	2 601	4 652	213	253	114	1 259	46	1 390
Operating revenue internal, underlying	-	542	-102	-1	-12	-	-51	123	-499
<b>Gross operating revenues, underlying</b>	<b>10 528</b>	<b>3 143</b>	<b>4 550</b>	<b>211</b>	<b>241</b>	<b>114</b>	<b>1 208</b>	<b>169</b>	<b>891</b>
<b>Net operating revenues, underlying</b>	<b>4 717</b>	<b>2 882</b>	<b>657</b>	<b>198</b>	<b>233</b>	<b>81</b>	<b>560</b>	<b>167</b>	<b>-61</b>
<b>Operating profit/loss, underlying</b>	<b>1 862</b>	<b>1 680</b>	<b>216</b>	<b>23</b>	<b>-70</b>	<b>-9</b>	<b>64</b>	<b>-157</b>	<b>114</b>
Unrealised value change energy derivatives	-	211	-247	-	-	-	-77	-	113
Non-recurring items	-	99	-	109	-	-	-	-	-207
<b>Operating profit/loss</b>	<b>1 862</b>	<b>1 990</b>	<b>-31</b>	<b>132</b>	<b>-70</b>	<b>-9</b>	<b>-13</b>	<b>-157</b>	<b>20</b>
Share of profit/loss from associates and joint ventures	-484	-	-	-350	-1	-	-133	-	-
<b>Profit/loss before financial items and tax</b>	<b>1 378</b>	<b>1 990</b>	<b>-31</b>	<b>-218</b>	<b>-71</b>	<b>-9</b>	<b>-146</b>	<b>-157</b>	<b>20</b>
<b>Year to date 2014</b>									
Operating revenue external, underlying	22 359	5 178	13 137	502	253	323	3 307	56	-396
Operating revenue internal, underlying	-	1 499	-92	-	402	-	4	247	-2 060
<b>Gross operating revenues, underlying</b>	<b>22 359</b>	<b>6 677</b>	<b>13 045</b>	<b>502</b>	<b>655</b>	<b>323</b>	<b>3 312</b>	<b>303</b>	<b>-2 456</b>
<b>Net operating revenues, underlying</b>	<b>10 665</b>	<b>6 098</b>	<b>1 751</b>	<b>444</b>	<b>636</b>	<b>209</b>	<b>1 497</b>	<b>300</b>	<b>-270</b>
<b>Operating profit/loss, underlying</b>	<b>4 967</b>	<b>3 721</b>	<b>880</b>	<b>67</b>	<b>55</b>	<b>20</b>	<b>459</b>	<b>-334</b>	<b>99</b>
Unrealised value change energy derivatives	-	131	-284	-	-	-	-19	14	159
Non-recurring items	-	155	-	109	-	-	-	-	-263
<b>Operating profit/loss</b>	<b>4 967</b>	<b>4 007</b>	<b>596</b>	<b>176</b>	<b>55</b>	<b>20</b>	<b>440</b>	<b>-320</b>	<b>-5</b>
Share of profit/loss from associates and joint ventures	79	-	-	-323	-1	-	402	-	-
<b>Profit/loss, before financial items and tax</b>	<b>5 046</b>	<b>4 007</b>	<b>596</b>	<b>-147</b>	<b>54</b>	<b>20</b>	<b>843</b>	<b>-320</b>	<b>-5</b>
<b>Balance sheet 30.06.2014</b>									
Investment in associates and joint ventures	14 433	-	-	5 364	1	-	9 064	-	4
Other assets	138 627	54 984	5 221	13 332	13 311	3 269	14 681	24 531	9 299
<b>Total assets</b>	<b>153 061</b>	<b>54 984</b>	<b>5 221</b>	<b>18 696</b>	<b>13 312</b>	<b>3 269</b>	<b>23 745</b>	<b>24 531</b>	<b>9 303</b>
Depreciations, amortisation and impairments	-1 507	-634	-191	-64	-263	-70	-237	-48	-
Maintenance investments and other investments*	1 426	1 113	26	15	4	3	229	36	-
Investments in new generating capacity	3 200	164	10	1 539	1 056	169	180	83	-
Investments in other companies	446	-	-	444	-	-	2	-	-
<b>2nd quarter 2013</b>									
Operating revenue external, underlying	10 874	2 121	4 817	309	5	123	1 630	25	1 844
Operating revenue internal, underlying	-	777	-10	-	213	-	22	118	-1 121
<b>Gross operating revenues, underlying</b>	<b>10 874</b>	<b>2 898</b>	<b>4 806</b>	<b>309</b>	<b>219</b>	<b>123</b>	<b>1 652</b>	<b>143</b>	<b>723</b>
<b>Net operating revenues, underlying</b>	<b>5 968</b>	<b>2 662</b>	<b>461</b>	<b>262</b>	<b>210</b>	<b>75</b>	<b>746</b>	<b>143</b>	<b>1 408</b>
<b>Operating profit/loss, underlying</b>	<b>3 449</b>	<b>1 581</b>	<b>100</b>	<b>52</b>	<b>27</b>	<b>-18</b>	<b>278</b>	<b>-143</b>	<b>1 571</b>
Unrealised value change energy derivatives	-	980	326	-	-	-	12	-52	-1 266
Non-recurring items	-	164	-	162	-	-	-	-	-326
<b>Operating profit/loss</b>	<b>3 449</b>	<b>2 726</b>	<b>426</b>	<b>213</b>	<b>27</b>	<b>-18</b>	<b>290</b>	<b>-195</b>	<b>-21</b>
Share of profit/loss from associates and joint ventures	256	-	3	55	-5	-	202	-	-
<b>Profit/loss before financial items and tax</b>	<b>3 705</b>	<b>2 726</b>	<b>429</b>	<b>268</b>	<b>22</b>	<b>-18</b>	<b>492</b>	<b>-195</b>	<b>-21</b>
<b>Year to date 2013</b>									
Operating revenue external, underlying	23 655	5 062	10 511	634	11	382	4 112	55	2 889
Operating revenue internal, underlying	-	2 202	-16	-	450	1	39	237	-2 913
<b>Gross operating revenues, underlying</b>	<b>23 655</b>	<b>7 264</b>	<b>10 495</b>	<b>633</b>	<b>460</b>	<b>383</b>	<b>4 152</b>	<b>292</b>	<b>-24</b>
<b>Net operating revenues, underlying</b>	<b>12 411</b>	<b>6 741</b>	<b>934</b>	<b>516</b>	<b>442</b>	<b>216</b>	<b>1 717</b>	<b>290</b>	<b>1 556</b>
<b>Operating profit/loss, underlying</b>	<b>7 311</b>	<b>4 574</b>	<b>172</b>	<b>110</b>	<b>68</b>	<b>22</b>	<b>720</b>	<b>-237</b>	<b>1 882</b>
Unrealised value change energy derivatives	-	1 262	351	-	-	-	29	-45	-1 597
Non-recurring items	-	164	-	162	-	-	-	-	-326
<b>Operating profit/loss</b>	<b>7 311</b>	<b>6 000</b>	<b>523</b>	<b>271</b>	<b>68</b>	<b>22</b>	<b>749</b>	<b>-282</b>	<b>-41</b>
Share of profit/loss from associates and joint ventures	459	-	2	17	-10	-	449	-	-
<b>Profit before financial items and tax</b>	<b>7 770</b>	<b>6 000</b>	<b>525</b>	<b>289</b>	<b>58</b>	<b>22</b>	<b>1 198</b>	<b>-282</b>	<b>-41</b>
<b>Balance sheet 30.06.2013</b>									
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
<b>Total assets</b>	<b>149 782</b>	<b>53 931</b>	<b>5 082</b>	<b>19 463</b>	<b>11 020</b>	<b>3 052</b>	<b>23 887</b>	<b>57 255</b>	<b>-23 908</b>
Depreciations, amortisation and impairments	-1 347	-601	-153	-97	-162	-70	-227	-37	-
Maintenance investments and other investments**	847	575	41	21	10	-	201	-	-
Investments in new generating capacity**	7 602	4 309	64	1 288	1 327	219	220	175	-
Investments in other companies	27	-	-	23	4	-	-	-	-

NOK million	Statkraft AS Group	Nordic Hydropower	Continental Energy & Trading	International Hydropower	Wind Power	District Heating	Industrial Ownership	Other activities	Group Items
<b>SEGMENTS</b>									
<b>The Year 2013</b>									
Operating revenue external, underlying	49 564	10 506	23 800	1 215	39	640	7 420	192	5 754
Operating revenue internal, underlying	-	3 813	17	0	1 029	2	53	477	-5 391
<b>Gross operating revenues, underlying</b>	<b>49 564</b>	<b>14 318</b>	<b>23 817</b>	<b>1 215</b>	<b>1 067</b>	<b>642</b>	<b>7 472</b>	<b>669</b>	<b>362</b>
<b>Net operating revenues, underlying</b>	<b>24 246</b>	<b>13 238</b>	<b>1 807</b>	<b>974</b>	<b>1 026</b>	<b>392</b>	<b>3 174</b>	<b>665</b>	<b>2 970</b>
<b>Operating profit/loss, underlying</b>	<b>13 002</b>	<b>8 796</b>	<b>80</b>	<b>85</b>	<b>103</b>	<b>-4</b>	<b>1 109</b>	<b>-564</b>	<b>3 397</b>
Unrealised value change energy derivatives	-	2 279	1 022	0	-	-	21	-43	-3 278
Non-recurring items	-	164	-97	162	-190	86	-	-	-125
<b>Operating profit/loss</b>	<b>13 002</b>	<b>11 239</b>	<b>1 004</b>	<b>247</b>	<b>-87</b>	<b>82</b>	<b>1 130</b>	<b>-607</b>	<b>-7</b>
Share of profit/loss from associates and joint ventures	1 101	-	3	458	-1	-	640	-	-
<b>Profit/loss before financial items and tax</b>	<b>14 103</b>	<b>11 239</b>	<b>1 008</b>	<b>705</b>	<b>-88</b>	<b>82</b>	<b>1 770</b>	<b>-607</b>	<b>-7</b>
<b>Balance sheet 31.12.2013</b>									
Investment in associates and joint ventures	16 002	-	-	6 559	1	-	9 438	-	4
Other assets	137 685	55 134	5 407	13 509	12 321	3 188	14 714	53 899	-20 487
<b>Total assets</b>	<b>153 687</b>	<b>55 134</b>	<b>5 407</b>	<b>20 068</b>	<b>12 322</b>	<b>3 188</b>	<b>24 152</b>	<b>53 899</b>	<b>-20 483</b>
Depreciations, amortisation and impairments	-3 045	-1 247	-330	-185	-595	-137	-474	-78	-
Maintenance investments and other investments	1 980	1 399	86	42	11	2	440	-	-
Investments in new generating capacity	11 303	4 476	316	2 672	2 531	417	497	393	-
Investments in other companies	62	-	-	50	1	-	-	11	-

Comparative figures are restated as a consequence of transferring the trading and origination activities from the segment International hydropower to Continental energy & trading through the SN power restructuring.

\*Maintenance investments and other investments includes the addition of Leirdøla power plant of NOK 506 million. The addition is classified under other investments, as it is part of an asset swap that does not generate new capacity for the group.

\*\*Classification between maintenance investments and investments in new capacity has been changed in first and second quarter of 2013, and the effect YTD was NOK 127 million and NOK 290 million respectively.

## Selected notes to the interim financial statements

### 1. FRAMEWORK AND MATERIAL ACCOUNTING POLICIES

The Group's consolidated interim financial statements for the second quarter of 2014, the three months ending 30 June 2014, have been prepared in accordance with the 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 2013. 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 STATEMENTS

The presentation in 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 principles to 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 important sources of uncertainty in the estimates that can have a significant risk of material changes to the amounts recognised in future accounting periods, are discussed in the annual financial statements for 2013.

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 for the figures included in the Group's income statement and balance sheet, as discussed in the annual financial statements for 2013.

### 4. SEGMENT REPORTING

The Group reports operating segments in accordance with how the Group 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 2014			Year to date 2014		
	Unrealised	Realised	Total	Unrealised	Realised	Total
<b>UNREALISED EFFECTS REPORTED IN THE INCOME STATEMENT</b>						
Sales revenues						
Long term contracts	958	2 073	3 031	-1 699	4 156	2 457
Nordic and Continental Dynamic Asset Management Portfolio	-212	181	-31	-378	814	436
Trading and origination	-41	218	177	17	300	317
End User	4	726	730	21	2 048	2 070
Other sales revenues	-	6 091	6 091	-	16 268	16 268
Eliminations	-	-9	-9	14	-25	-11
<b>Total sales revenues</b>	<b>708</b>	<b>9 281</b>	<b>9 988</b>	<b>-2 025</b>	<b>23 562</b>	<b>21 537</b>
Energy purchase	-856	-4 672	-5 528	1 888	-12 992	-11 104
Net currency effects	-1 192	24	-1 167	-550	426	-124
Other financial items						
Net gains and losses on derivatives and securities	134	-	134	23	-1	22
Impairment and gain/loss of financial assets	-	-2	-2	-	-2	-2
<b>Total unrealised effects</b>	<b>-1 206</b>			<b>-663</b>		

NOK million	Second quarter 2013			Year to date 2013			The year 2013		
	Unrealised	Realised	Total	Unrealised	Realised	Total	Unrealised	Realised	Total
<b>UNREALISED EFFECTS REPORTED IN THE INCOME STATEMENT</b>									
Sales revenues									
Long term contracts	730	1 808	2 539	442	3 550	3 992	1 285	6 949	8 234
Nordic and Continental Dynamic Asset Management Portfolio	68	54	123	60	110	170	480	247	727
Trading and origination	-143	336	193	-168	631	462	-223	904	681
End User	-2	984	982	-	2 574	2 574	-28	4 631	4 603
Other sales revenues	-	6 594	6 594	-	15 813	15 813	-	33 969	33 969
Eliminations	-52	-17	-68	-45	-13	-58	-43	-23	-66
<b>Total sales revenues</b>	<b>602</b>	<b>9 760</b>	<b>10 362</b>	<b>289</b>	<b>22 664</b>	<b>22 953</b>	<b>1 471</b>	<b>46 678</b>	<b>48 148</b>
Energy purchase	521	-5 241	-4 720	1 139	-11 894	-10 754	1 595	-25 922	-24 327
Net currency effects	-3 944	-4	-3 948	-5 033	79	-4 954	-9 934	531	-9 403
Other financial items									
Net gains and losses on derivatives and securities	-404	2	-402	-741	3	-738	-924	-29	-954
Impairment and gain/loss of financial assets	73	37	111	-	-120	-120	-2	-120	-123
<b>Total unrealised effects</b>	<b>-3 150</b>			<b>-4 346</b>			<b>-7 795</b>		

## 6. CURRENCY EFFECTS ON INTERNAL LOANS

Net currency effects on internal loans as of the second quarter amounted to NOK -358 million, of which NOK -349 million was unrealised. The negative effect arose mainly as a result of a weaker NOK 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 are reported in other comprehensive income. This equalises currency gains and losses added to the equity through the income statement.

## 7. HEDGE ACCOUNTING

Statkraft used hedge accounting in 2014 to reduce volatility in the income statement. A major share of the debt in EUR has been hedged against market rate changes.

Statkraft has set up hedge accounting of the net investments in STC in EUR, as well as in Statkraft UK Ltd in GBP. The effect of this is that NOK 140 million in losses so far in 2014 will be recognised in other comprehensive income instead of the income statement.

## 8. TRANSFER OF ACTIVITIES AND ASSETS

On 27 June, Statkraft implemented a swap agreement with Sogn og Fjordane Energi/Svelgen Kraft (SFE) concerning the purchase of 35% of Leirdøla power plant, in exchange for Statkraft's shareholding in Svelgen I and II. Statkraft has an indirect shareholding in SFE through its associated company BKK. Gains on transfers between associated companies recorded according to the equity method are partly recorded as income. For Statkraft, the transaction realises gains of NOK 99 million for the sale of Svelgen I and II. NOK 506 million has been recorded under tangible fixed assets as a result of the takeover of Leirdøla.

The agreement entered into between Statkraft and Norfund on 20 December 2013 regarding the restructuring of SN Power was completed on 6 June. The agreement entails the establishment of a new company, SN Power AS, where Statkraft and Norfund own 50% each. SN Power AS will take over activities in the 50%-owned companies in the Philippines, in the subsidiary Agua Imara and activities in Vietnam. For accounting purposes, the investment in SN Power AS has been treated as an investment in a joint venture and has been recorded according to the equity method.

Statkraft has also acquired 7% of the shares in the former SN Power, which changed its name to Statkraft International Hydro Invest AS (SKIHI) in connection with the transaction. SKIHI still owns the investments in Peru, Chile, India, Brazil, Nepal and certain holding companies in Singapore, the Netherlands and Norway.

The transfer of the company in the Philippines to the new 50%-owned SN Power will entail a reduction in Statkraft's shareholding from 50% to 25%. Both before and after the transaction, the investment in the Philippines will be treated as an associated company for accounting purposes, and will be recognised in the accounts according to the equity method. Gains from the transfer of assets between associated companies is partially recorded as revenue and gains of NOK 455 million have been recognised under other financial income in the second quarter.

Prior to the transfer of the 51%-owned Agua Imara to the new SN Power, the company was consolidated in its entirety in Statkraft's consolidated financial statements. Following the transfer, the ownership has changed from a subsidiary to an associated company, and is recognised in the financial statements according to the equity method. The transfer to SN Power will change Statkraft's ownership from full control to shared control and gains of NOK 108 million have been recognised as other operating revenue in the second quarter.

The increased shareholding in SKIHI from 60% to 67% will not change Statkraft's control of the company and the transaction has been recognised in the financial statements as an equity transaction where non-controlling interests are



---

reduced. The transaction did not affect the second quarter profit. Norfund retains its right to sell the remaining 33% of shares in SKIHI to Statkraft at market price during specific time periods.

The net cash effect as a result of the transaction is that Statkraft has paid NOK 410 million to Norfund, as well as capital increase of NOK 60 million to the new SN Power. The Group's cash reserve has also been reduced by NOK 300 million due to the fact that Agua Imara is no longer part of the Group as a subsidiary. The effect of the transaction on total equity is a decline of NOK 839 million, which is linked to non-controlling interests in Agua Imara.

## **9. EVENTS AFTER THE BALANCE-SHEET DATE**

Power production in Finland, totalling 0.3 TWh per year, was sold for about NOK 2 billion on 15 August. The preliminary calculated gains amount to approx. NOK 1.2 billion.

On 30 July, Statkraft sold 49% of its shareholding in the onshore wind farms Alltwalis, Baillie and Berry Burn in the UK. The accounting profit will be recognised in the third quarter.



---

Quarterly and  
half year report  
Q2/2014  
**Statkraft AS**

---

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

Organisation no:  
Statkraft AS: 987 059 699

[www.statkraft.com](http://www.statkraft.com)

