STATKRAFT AS
INTERIM REPORT Q2/10

Q2

Key figures

	Unit	Q2 2010	Q2 2009	Year to date 2010	Year to date 2009	The year 2009
From the income statement						
Gross operating revenues	NOK mill.	**5 443**	4 898	**15 950**	12 929	25 675
Net operating revenues	NOK mill.	**4 528**	3 049	**12 350**	8 769	16 983
EBITDA	NOK mill.	**2 801**	1 415	**8 723**	5 509	9 769
Operating profit	NOK mill.	**1 943**	787	**7 225**	4 217	7 027
Share of profit from associates and joint ventures	NOK mill.	**-436**	383	**207**	652	1 179
Net financial items	NOK mill.	**760**	-224	**2 327**	424	4 281
Profit before tax	NOK mill.	**2 267**	946	**9 759**	5 294	12 487
Profit after tax	NOK mill.	**1 064**	570	**5 596**	3 293	7 716
Items excluded from underlying operations						
Unrealised changes in value energy contracts	NOK mill.	**657**	-633	**446**	-1 146	-2 813
Gain from sale of shareholding in Trondheim Energi Nett AS	NOK mill.	**393**	-	**393**	-	-
Write-downs and reversed write-downs	NOK mill.	**-227**	-	**-227**	-	-108
Unrealised changes, associates and joint ventures	NOK mill.	**-117**	-159	**287**	272	547
Material non-recurring items, associates and joint ventures	NOK mill.	**-314**	527	**-314**	-33	-401
Unrealised changes in financial items	NOK mill.	**-436**	611	**1 488**	1 788	5 977
Currency effect, realised internal loans with non-recurring effect	NOK mill.	**-**	-1 518	**-**	-1 518	-1 518
Final settlement, sale of shareholding i E.ON Sverige AB	NOK mill.	**-**	-178	**-**	151	149
Underlying operations						
Gross operating revenues	NOK mill.	**5 050**	4 898	**15 557**	12 929	25 675
Underlying net operating revenues	NOK mill.	**3 478**	3 681	**11 511**	9 915	19 796
Underlying EBITDA	NOK mill.	**1 751**	2 047	**7 884**	6 654	12 582
Underlying operating profit	NOK mill.	**1 119**	1 420	**6 612**	5 363	9 947
Underlying share of profit from associates and joint ventures	NOK mill.	**-5**	15	**234**	413	1 033
Underlying net financial items	NOK mill.	**1 196**	860	**839**	4	-327
Underlying profit before tax	NOK mill.	**2 311**	2 295	**7 685**	5 780	10 654
Underlying net profit	NOK mill.	**1 155**	1 540	**4 110**	3 326	6 468
Underlying EBITDA margin	%	**32.2**	41.8	**49.4**	51.5	49.0
Maintenance investments	NOK mill.	**244**	270	**475**	432	1 308
Investments in new generating capacity	NOK mill.	**404**	820	**625**	1 153	2 447
Investments in shareholdings	NOK mill.	**15**	915	**66**	955	1 152
Net changes in cash flow from operating activities	NOK mill.	**916**	3 984	**7 138**	10 637	12 714
Cash and cash equivalents	NOK mill.	**-1 064**	9 605	**10 886**	19 262	6 663
Assets	NOK mill.			**141 518**	156 636	144 005
Interest-bearing debt ratio	%			**42.1**	45.3	41.3
Average system price, Nord Pool	EUR/MWh	**44.9**	34.0	**52.3**	36.1	35.0
Averrage spotprice, European Energy Exchange (EEX)	EUR/MWh	**41.9**	32.4	**41.5**	39.9	38.9
Production, volume sold	TWh	**10.6**	10.2	**29.0**	27.3	57.0
- of which hydropower	*TWh*	***8.8***	*9.1*	***24.7***	*25.2*	*50.2*
- of which wind power	*TWh*	***0.1***	*0.1*	***0.3***	*0.3*	*0.6*
- of which gas power	*TWh*	***1.7***	*1.0*	***3.9***	*1.8*	*6.1*
- of which bio power	*TWh*	***0.0***	*0.0*	***0.1***	*0.1*	*0.1*
Full-time jobs (equivalents)	No.			**3 246**	3 280	3 378

Contents

Highlights

Q2 2010 (compared with Q2 2009)	
▪ Underlying gross operating revenues	+ 3%
▪ Underlying EBITDA	- 14%
▪ Underlying profit before tax	+ 1%
▪ Underlying profit after tax	- 25%

Year-to-date (compared with the same period last year)	
▪ Underlying gross operating revenues	+ 20%
▪ Underlying EBITDA	+ 18%
▪ Underlying profit before tax	+ 33%
▪ Underlying profit after tax	+ 24%

Power prices in the Nordic region and Germany were 32 per cent and 29 per cent higher, respectively, than in the second quarter of 2009. The Group's hydropower production was 3 per cent lower, while gas power production was 70 per cent higher. In total, the Group produced 10.6 TWh in the second quarter (10.2 TWh). Gross operating revenues increased in the second quarter compared with the same period last year, while net operating revenues fell. Increased revenues from the gas power and the end-user businesses have resulted in higher costs in connection with purchase of gas for power production and power to the end-user business. Revenues from hydropower production increased due to higher prices. This resulted in higher resource rent tax, and is the main explanation for why the profit after tax is lower compared with the preceding quarter.

The accumulated result for the first half of 2010 is characterised by the fact that the Nordic system price was 45 per cent higher than during the same period in 2009. Hydropower production was high during the first two months of the year, but fell in March as demand decreased, temperatures rose and two Swedish nuclear power plants resumed production. For the first half of the year overall, hydropower production was somewhat lower than during the same period last year. Prices in Germany were substantially lower than in the Nordic countries, but 4 per cent higher than in the first half of 2009. Gas power production was 2.1 TWh higher than during the first six months of 2009. The gas power production yielded a negative result-contribution due to low or negative spark spread in the period. However, the Group has chosen to maintain a relatively high gas power production as a result of take-or-pay clauses in gas delivery contracts. Three fatal incidents in associates in the first half of the year require continued strong HSE focus.

Important events during the quarter

HSE

There was a fatal incident in the second quarter at Theun Hinboun Power Company (THPC) in Laos, in which Statkraft SF owns 20 per cent. The incident took place when four children scaled a fence and a boy drowned in the discharge channel from the power plant.

In July, there was a fatal incident in Agder Energi, where unauthorised persons entered a restricted area at a closed-down power station and a man fell down into a turbine pipe and died.

Fences and security measures will be reviewed to prevent similar incidents in the future.

Focused growth strategy

Following a review of the Group's strategy, a decision has been made to focus the strategy and scale down investment plans. Based on a comprehensive evaluation of Statkraft's expertise, competitive advantages, market opportunities and synergies, the business will be concentrated around five main areas - flexible energy production and energy trading in Norway and the rest of Western Europe, international hydropower, wind power in Norway, Sweden and the UK, district heating and ownership in regional companies. The narrower focus entails that the Group will seek to divest its solar power business and reduce its investments plans in wind power and district heating compared with previous plans. Talks are currently underway with the other owners, which may result in Statkraft reducing its ownership in BKK.

Changes in the Board of Directors

Svein Aaser was elected the new chair of the board of Statkraft at the general meeting on 30 June. He replaces Arvid Grundekjøn. Inge Ryan and Silvija Seres were elected as new board members. They replace Bertil (Pertti) Tiusanen and Hilde M. Tonne. After the general meeting, the board consists of chair Svein Aaser, deputy chair Ellen Stensrud, and the board members Halvor Stenstadvold, Berit Rødseth, Inge Ryan, Silvija Seres, Odd Vanvik, Lena Halvari and Thorbjørn Holøs.

Changes in the corporate management

Christian Rynning-Tønnesen took up the reins as the new CEO and President after Bård Mikkelsen on 1 May. Hilde Bakken, Steinar Bysveen and Øistein Andresen are the new members of Statkraft's corporate management. The corporate management now consists of CEO Christian Rynning-Tønnesen and the following executive vice presidents: CFO Stein Dale, Chief of Staff Hilde Bakken, Market Operations and IT Asbjørn Grundt, Generation and Industrial Ownership Steinar Bysveen, International Hydropower Øistein Andresen, as well as Wind Power and Technology Jon Brandsar.

Hydropower

The Cakit hydropower plant in Turkey started operating in early June. The installed capacity is 20 MW, and the expected annual production is 95 GWh. The power plant is Statkraft's first in Turkey, and was one of several projects in the company Yesil Enerji, in which Statkraft acquired 95 per cent in June last year.

In the second quarter, Statkraft acquired the remaining 5 per cent of the shares in Yesil Enerji, and Statkraft is now the sole owner of the company.

Wind Power

In June, Statkraft Agder Energi Vind DA was awarded two licences by the Norwegian Water Resources and Energy Directorate (NVE). The Storheia and Kvenndalsfjellet projects have been planned with an installed capacity totalling 320 MW.

An investment decision has been taken for one of the wind power projects in the Södra portfolio, near Mönsterås Bruk in southern Sweden. The wind farm has been planned with an installed capacity of 9.2 MW. The construction work has started and the project is scheduled to start operations in January 2011.

The construction work on the foundations for the Sheringham Shoal offshore wind power project in the UK started in June. The project will have an installed capacity of 315 MW, and Statkraft's shareholding is 50 per cent.

SN Power

In July, SN Power and International Finance Corporation (IFC), part of the World Bank, entered into a collaboration to look into the opportunities for acquiring or developing new hydropower plants in Vietnam.

District heating

The development of the district heating grid in Harstad has started, as has the work of establishing customer contracts.

In June, Skagerak Energi decided to develop a central district heating grid in Tønsberg.

Power agreements

In April, Statkraft and Norske Skog agreed to simplify the price provisions in the main agreement from 1998. In June, Norske Skog entered into an agreement with Elkem relating to the resale of power for the period 2011 to 2020, with an annual volume of about 1.5 TWh. The solution entails that Elkem will take over parts of the contractual volume delivered by Statkraft, and thus become one of Statkraft's largest industrial power customers.

In the second quarter, Statkraft and Celsa Armeringstål entered into a new energy service agreement, and deliveries started in July. Statkraft now makes physical deliveries to 23 factories through energy service agreements.

Industrial ownership

The 2009 dividend from BKK and Agder Energi has been set at NOK 1300 million and NOK 800 million, respectively. Statkraft's share of the dividend amounts to NOK 649 million and NOK 364 million, respectively.

Finance

Statkraft received NOK 974 million in dividend from the shares in E.ON AG in the second quarter.

The Group realised currency gains on external debt of NOK 490 million.

Other

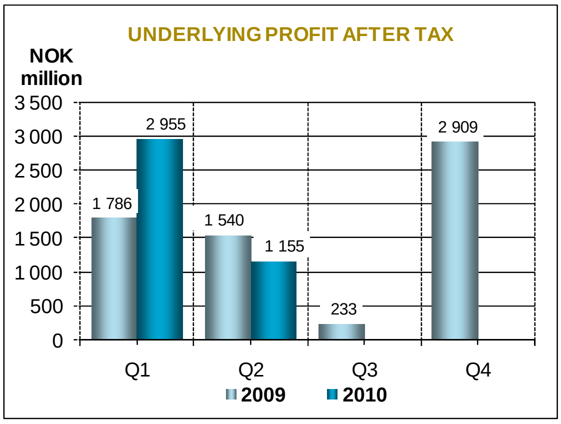
Statkraft sold Trondheim Energi Nett to TrønderEnergi Nett, recognised in the accounts from 29 June 2010. The sale generated a gain for Statkraft of NOK 393 million, recognised in the second quarter.

Financial performance[1]

The Group posted a profit before tax of NOK 2267 million in the second quarter (NOK 946 million) and a profit after tax of NOK 1064 million (NOK 570 million). So far in 2010, the accounts show a profit of NOK 9759 million before tax (NOK 5294 million) and NOK 5596 million after tax (NOK 3293 million). The improvement is mainly due to increased operating revenues, lower financial expenses and positive unrealised changes in value related to energy contracts and financial items.

In the text below, the main emphasis has been on analysing the result from underlying operations. Unrealised changes in value and significant non-recurring items in consolidated and associated businesses are explained in the section "Items excluded from the underlying result".

Quarterly result



In the second quarter, the Group posted before and after tax profits from underlying operations of NOK 2311 million (NOK 2295 million) and NOK 1155 million (NOK 1540 million), respectively. Gross operating revenues increased by 3 per cent, primarily as a result of higher revenues from the gas and end-user businesses. Higher costs related to purchase of gas for energy production and power to the end-user business have, however, resulted in a reduction in net operating revenues of 6 per cent. The financial revenues were higher than in the second quarter last year, mainly due to realised currency gains on external debt. The tax cost increased as a result of higher power prices in Norway and the resulting higher resource rent tax.

The average Nordic system price on Nord Pool was 44.9 EUR/MWh for the quarter (34.0 EUR/MWh), and the average German spot price on the German European Energy Exchange (EEX) was 41.9 EUR/MWh (32.4 EUR/MWh).

The Group produced 10.6 TWh (10.2 TWh) in total. Hydropower production during the second quarter was 3 per cent lower than during the same period last year, while gas power production increased by 70 per cent.

Result for the first six months of 2010

The accumulated profit before tax from the underlying operations for the first half of the year was NOK 7685 million (NOK 5780 million), while the profit after tax was NOK 4110 million (NOK 3326 million). The result is characterised by significantly higher income than in the corresponding period last year, mainly as a result of high power prices in the Nordic region and an increase in gas power production in Germany. Operations were solid in the first half of 2010, with uptime being high for all of the Group's power plants.

Return on investment

The Group achieved a return on average capital employed (ROACE) of 17.5 per cent for the last 12 months, compared with 15.2 per cent for 2009. The increase of 2.3 percentage points is due to a higher operating profit. Capital employed is mainly unchanged.

The return on equity was 11.5 per cent after tax, compared with 10.2 per cent for 2009, and the total return on capital after tax was 6.1 per cent compared with 5.8 per cent for 2009. The increase is due to higher profit. Average equity and total assets is on the same level as at the end of last year.

Operating income

The Group generated gross operating revenues of NOK 5050 million for the second quarter (NOK 4898 million). For the first half-year as a whole, the accumulated gross operating revenues were NOK 15 557 million (NOK 12 929 million), which represents a 20 per cent increase.

The average system price on Nord Pool was 52.3 EUR/MWh in the first half of the year (36.1 EUR/MWh), while the average spot price on EEX was 41.5 EUR/MWh (39.9 EUR/MWh). This represents an increase of 45 per cent in the Nordic region and a decline of 4 per cent in

[1] *The report shows comparable figures for the corresponding period in 2009 in parentheses.*

Germany. The average gas price on the National Balancing Point (NBP) was 14.6 EUR/MWh (14.1 EUR/MWh), an increase of 4 per cent from the first half of 2009.

The Group produced a total of 29.0 TWh in the first half of 2010 (27.3 TWh). The increase was primarily generated by gas power in Germany.

Higher prices in the Nordic region resulted in substantially higher revenues from net physical spot sales than in the first half of 2009, but the high Nordic power prices also resulted in lower revenues from dynamic hedging. Trading and origination revenues increased due to the realisation of gains in the first half of 2010. This has, however, reduced the unrealised value of this portfolio. Revenues from the end-user business increased as a result of higher Nordic power prices.

OPERATING REVENUES

STATKRAFT AS GROUP	Year to date		The year
Figures in NOK million	**2010**	2009	2009
Net physical spot sales, incl. green certificates	**8 572**	6 043	10 464
Concessionary sales at statutory prices	**188**	208	384
Sales of electricity to industry at statutory prices	**751**	766	1 671
Long-term commercial contracts	**1 354**	1 195	2 820
Dynamic hedging	**112**	1 043	1 654
Trading and origination	**485**	386	1 616
Distribution grid	**869**	803	1 485
End-users	**3 065**	2 357	4 285
District heating	**239**	202	505
Other/eliminations	**-581**	-381	-169
Sales revenues	**15 054**	12 622	24 715
Other operating revenues	**503**	308	960
Gross operating revenues	**15 557**	12 929	25 675
Energy purchase	**-3 225**	-2 360	-4 825
Transmission costs	**-820**	-655	-1 054
Net operating revenue	**11 511**	9 915	19 796

Other operating revenues totalled NOK 503 million for the first half of the year (NOK 308 million). The increase primarily relates to increased activity in Skagerak Energi.

Energy purchases amounted to NOK 3225 million (NOK 2360 million). The increase is primarily attributed to the purchase of gas for energy production and power to end-user activities.

Transmission costs related to transport of power totalled NOK 820 million (NOK 655 million). The increase was attributed to higher tariffs and power prices.

Net operating revenues amounted to NOK 11 511 million (NOK 9915 million).

Operating costs

The operating expenses totalled NOK 2359 million during the second quarter (NOK 2262 million). Accumulated for the year, the operating expenses amounted to NOK 4899 million (NOK 4552 million), an increase of 8 per cent from 2009.

Salaries and payroll costs rose by NOK 63 million to NOK 1280 million in the first half of 2010, corresponding to 5 per cent. The increase is due to a higher average number of employees, general wage growth and provisions for pension liabilities.

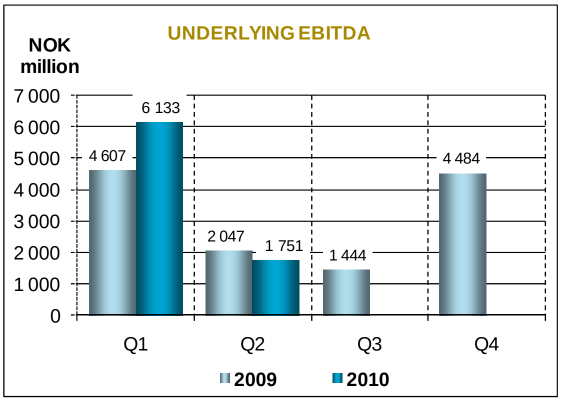
The decline in depreciation of NOK 20 million was due to a lower basis of depreciation as a result of write-downs last year. Write-downs in the first half-year totalled NOK 1271 million.

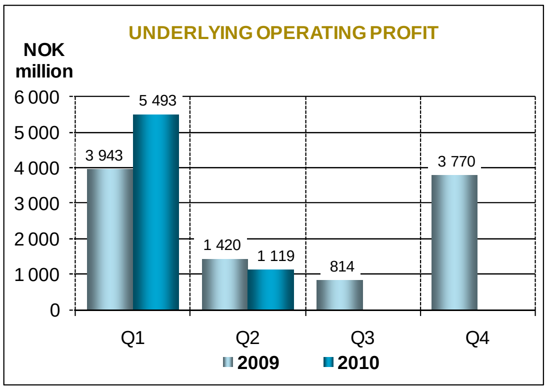
Property tax and licence fees increased by NOK 53 million to NOK 617 million.

Other operating expenses increased by NOK 251 million to NOK 1792 million. The increase is primarily due to the Group's increased ownership interest in AS Tyssefaldene and to the fact that Skagerak Energi now consolidates Naturgass Grenland as a subsidiary. Until 30 June last year, the company was reported as an associate.

EBITDA and operating result

In summary, the underlying operations' EBITDA has improved by 18 per cent and operating result by 23 per cent.





Share of profit from associates

The share of profit from associates amounted to NOK -5 million for the second quarter (NOK 15 million). Accumulated for the year, the profit share was NOK 234 million (NOK 413 million). The decline is mainly attributed to reduced contributions from BKK as a result of low production and a loss in the hedge portfolio for energy contracts.

Financial items

Net financial items amounted to NOK 839 million so far in 2010 (NOK 4 million).

Financial income amounted to NOK 1672 million for the first half of the year (NOK 1314 million). This was an increase of NOK 359 million compared with the same period last year. The increase is mainly due to realised currency gains on external liabilities of NOK 490 million. The dividend in EUR from the E.ON AG shares is on the same level as last year (EUR 125 million), but the stronger NOK compared with EUR has resulted in a reduction of NOK 120 million compared with 2009. This is offset by NOK 59 million in gains from the hedging of dividend.

Statkraft places significant amounts in banks and securities at times, particularly ahead of major payments. Counterparties are continually followed up to reduce the risk of losses. The return on investments was NOK 58 million lower than in the first half of last year as a result of both lower average investments and lower market interest rates.

The Group has four loan portfolios in NOK, SEK, EUR and USD, respectively. The portfolios are exposed to both variable and fixed interest rates, with exposure to variable interest rates amounting to 66 per cent. The average current interest rate year-to-date for loans denoted in NOK was 4.2 per cent, for SEK 1.1 per cent, for EUR 3.4 per cent, and for USD 4.2 per cent. The debt in USD relates to project financing in SN Power.

Financial expenses amounted to NOK 833 million for the first half of 2010 (NOK 1310 million), a decrease of NOK 477 million. Interest expenses fell by NOK 189 million, mainly as a result of lower market interest rates. Other financial expenses were NOK 288 million lower this year, and are mainly explained by losses on loans to Telenor Cinclus in 2009.

Statkraft has entered into agreements with its financial counterparties for the settlement of interest and currency rate changes in value that limit counterparty risk resulting from derivative contracts to one week' s changes in value (cash collateral).

Items excluded from the underlying result

ITEMS EXCLUDED FROM UNDERLYING OPERATIONS

STATKRAFT AS GROUP	Q2		Year to date		The year
Figures in NOK million	**2010**	2009	**2010**	2009	2009
Unrealised changes in value energy contracts	**657**	-633	**446**	-1 146	-2 813
Unrealised changes, associates and joint ventures	**-117**	-159	**287**	272	547
Unrealised changes in financial items	**-436**	611	**1 488**	1 788	5 977
Unrealised changes	**104**	-180	**2 221**	914	3 711
Material non-recurring items	**- 148**	-1 169	**-148**	-1 400	-1 878
Unrealised changes and material non-recurring items after tax	**-91**	-970	**1 486**	-33	1 248

In the first half of the year, total unrealised changes in value and material non-recurring items after tax amounted to NOK 1486 million (NOK -33 million).

Unrealised changes in the value of energy contracts amounted to NOK 446 million (NOK -1146 million). The Group's contracts are indexed against various commodities, currencies and indexes. The size of the unrealised items was influenced by the realisation of gains in the first half of the year. In addition, higher gas prices and the strong USD were the primary generators of unrealised gains for the contracts.

Unrealised changes in value of associates and joint ventures amounted to NOK 287 million (NOK 272 million).

Unrealised changes in value for financial items amounted to NOK 1488 million (NOK 1788 million), and are primarily related to currency effects. This applies to currency effects on external debt in EUR and SEK, currency hedging contracts as well as internal loans. In addition, currency effects for the E.ON AG shares are presented as unrealised changes in value.

Debt in SEK and EUR resulted in an aggregate unrealised currency gain of NOK 59 million year-to-date. NOK has strengthened compared to EUR, resulting in a currency gain of NOK 630 million. A substantial part of the debt in SEK was realised and rolled over in the second quarter. The realisation led to a decline in unrealised currency gains of NOK 533 million. A weaker NOK compared with SEK resulted in a currency loss of NOK 39 million.

Statkraft uses currency hedging contracts to hedge future agreed cash flows. The contracts are mainly related to power sales denoted in EUR. Of the unrealised changes in value for financial items, currency hedging contracts and short currency positions amounted to NOK 542 million, mainly attributed to the strengthening of the NOK against the EUR.

Currency gains on internal loans amounted to NOK 2146 million of the unrealised changes in value for financial items. The gain arose mainly as a result of the strengthening of NOK and SEK against EUR. The gain has no cash effect and a contra item is recognised in equity when the relevant companies are consolidated.

Unrealised changes in value related to the E.ON AG shares which can be attributed to currency factors are shown as currency loss under financial items and amounted to NOK 790 million. Currency effects are recognised in the income statement as part of the unrealised changes in value in order to reduce the effect of currency changes on internal and external liabilities in EUR.

Changes in value for interest rate and inflation derivatives amounted to NOK 20 million.

Non-recurring items excluded from the calculation of the underlying profit amounted to NOK -148 million in the first half of the year (NOK -1400 million).

In the second quarter of 2010, Statkraft recorded a gain on the sale of shares in Trondheim Energi Nett of NOK 393 million. The gain was classified as other operating revenues in the accounts.

The Emden IV gas power plant was written down by NOK 199 million in the second quarter of 2010. The plant has a short remaining operational life and the expectation of a negative spark spread development resulted in the value of the plant and property being written down to NOK 33 million.

Cost overruns and additional delays in the start-up of the Allain Duhangan project in India (43 per cent shareholding) and the La Confluencia project in Chile (50 per cent shareholding) contribute to a permanent impairment in value. For Malana in India (49 per cent shareholding), the value has been impaired as a result of new information about Indian tax rules. In the second quarter, write-downs totalling NOK 314 million were made in SN Power.

In the second quarter, write-downs were made in the project portfolio in Chile of NOK 27 million as a result of changes in development costs and market price expectations.

Taxes

The recognised tax expense amounted to NOK 4163 million in the first half of 2010 (NOK 2001 million), corresponding to an effective tax rate of 43 per cent (38 per cent).

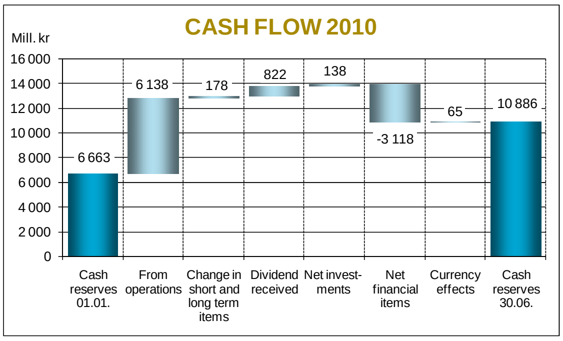
Resource rent tax amounted to NOK 1761 million (NOK 853 million), which corresponds to 42 per cent of the Group's total recognised tax expense, compared with 43 per cent in the first half of 2009.

The unrealised changes in value and non-recurring items increased the recognised tax costs by NOK 588 million this year, whilst reducing the recognised tax costs by NOK 453 million in the first half of last year.

The tax costs on the underlying profit amounted to NOK 3575 million in the first half of the year (NOK 2454 million), which corresponds to an effective tax rate of 47 per cent (42 per cent).

Cash flow and capital structure

The operating activities generated a cash flow of NOK 6138 million in the first six months of the year (NOK 3336 million). Long and short-term items had a net positive change of NOK 178 million (NOK 6375 million). Dividends received from associates amounted to NOK 822 million (926 million NOK). Net liquidity change from the business thus totalled NOK 7138 million (NOK 10 637 million).



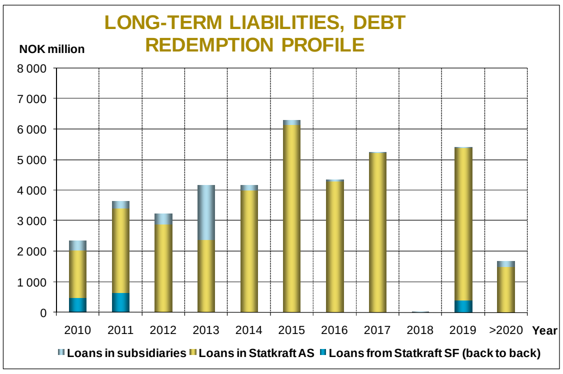
NOK 1189 million was invested in the first six months. In addition to maintenance investments, the largest investment items were related to hydropower in Norway and Turkey, as well as wind power in Sweden and the UK. In addition, the sale of assets, mainly Trondheim Energi Nett, generated a gain of NOK 1327 million. The net liquidity effect from investments thus amounted to NOK 138 million (NOK -2685 million).

The credit and bond market has been impacted by the debt problems in southern Europe throughout the second quarter. For Statkraft, the unrest has had a limited effect on credit margins, which have been relatively stable in the period. The activity level in the Norwegian, Swedish and European bond markets has, however, been low and the EUR market has been closed to new issues for parts of the period. On 18 June, Statkraft issued bonds worth SEK 2500 million in the Swedish market, corresponding to NOK 2074 million. The bonds fall due in September 2012. The bank market has shown a stable trend as regards prices and availability during the period. New borrowings totalled NOK 2171 million in the first half of the year. Repayment of debt amounted to NOK 5530 million.

CASH FLOW

Figures in NOK million	Year to date **2010**	2009	The year 2009
Net cash flow from operating activities	**7 138**	10 637	12 714
Net cash flow from investing activities	**138**	-2 685	-4 678
Net cash flow from financing activities	**-3 118**	9 293	-3 333
Net change in cash and cash equivalents	**4 158**	17 246	4 703
Currency effect on cash flows	**65**	-194	-249
Cash and cash equivalents 01.01.	**6 663**	2 209	2 209
Cash and cash equivalents 31.06./31.12.	**10 886**	19 262	6 663

There was a positive change in net liquidity of NOK 4158 million (NOK 17 246 million), and the Group's cash and cash equivalents amounted to NOK 10 886 million, compared with NOK 6663 million at the beginning of the year.



Interest-bearing liabilities were NOK 42 174 million at the end of the second quarter, compared with NOK 45 660 million at the beginning of the year. The interest-bearing debt-to-equity ratio was 42.1 per cent, compared with 41.3 per cent at year-end 2009.

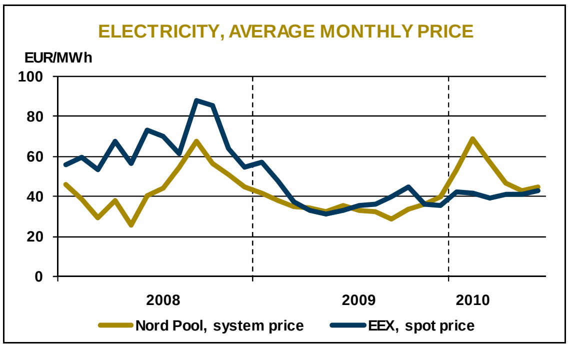
Loans from Statkraft SF to Statkraft AS amounted to NOK 1.5 billion at the end of the quarter compared with NOK 4.5 billion at the beginning of the year. Guarantee premium payments to the Norwegian state amounted to NOK 10.3 million in the first half of the year.

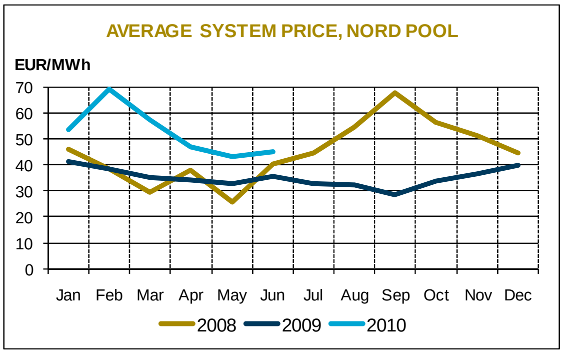
One of the paramount goals of Statkraft's financing is to establish and maintain financial flexibility and secure an even distribution of liability maturities. Efforts are made to adapt new borrowings to the maturity profile.

At the end of the quarter, current assets, excluding cash and cash equivalents, totalled NOK 13 604 million and short-term interest-free liabilities amounted to NOK 24 434 million. Energy and financial derivatives amounted to NOK 4667 million of current assets and NOK 4994 million of short-term interest free debt respectively. Group contributions to cover dividend and loans due from Statkraft SF amounted to NOK 7420 million of the interest-free debt at the end of the quarter.

At the end of the second quarter, Statkraft's equity totalled NOK 58 052 million, compared with NOK 64 901 million at the start of the year. This corresponds to 41.0 per cent of total assets. The decline of 4 percentage points from the turn of the year is due to the fact that the group contribution to Statkraft SF for 2009 was transferred from equity to short-term liabilities.

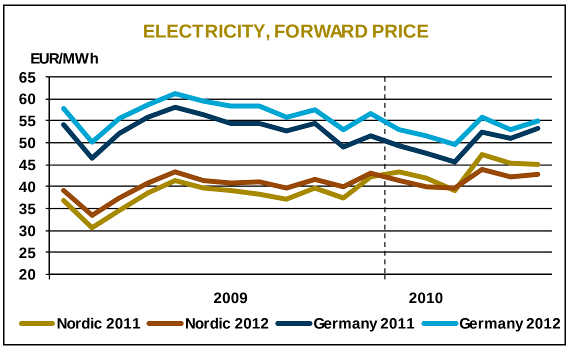
The power market





Source: Nord Pool

The majority of Statkraft's output is generated in the Nordic region and Germany. The Group is also exposed in markets outside Europe through the subsidiary SN Power. Power prices are influenced by hydrological factors and commodity prices for thermal power plants. In addition, gas is an input factor in Statkraft's own production. Power prices in the Nordic region reached record-high levels in the first quarter, while prices on the Continent were relatively low. The Nordic prices maintained a relatively high level in the second quarter as well, while German prices remained relatively stable. The price differences between the Nordic region and Germany evened out in the second quarter, and the German spot price was just 1.5 EUR/MWh below the Nordic system price at the end of June.



Nordic forward prices rose at the beginning of the second quarter as a result of dry weather, low inflow, higher thermal prices and rising prices in Germany. The prices weakened slightly after a while, primarily as a consequence of warmer weather. Forward prices in Germany rose in the second quarter, mainly as a result of higher thermal prices.

The Nordic power market

The average system price in the Nordic market was substantially higher in the first half of 2010 than in the same period in 2009, ending at 52.3 EUR/MWh compared with 36.1 EUR/MWh last year.

Power prices were high in the first quarter, primarily as a result of cold weather and problems in the nuclear power production in Sweden. The prices fell somewhat in the second quarter, as temperatures rose above average and the Swedish nuclear power production increased. However, less inflow than normal as well as higher thermal prices contributed to the power prices remaining relatively high for the season. Prices in June were also influenced by the fact that several hydropower plants and major nuclear power plants in Sweden and Finland were out of operation due to maintenance.

There were major price differences between the price areas in the Nordic market at the beginning of the year as a result of poor transmission capacity between the various areas. The price differences evened out in March, and the prices in different price areas are now more or less equal.

POWER CONSUMPTION AND OUTPUT IN THE NORDIC AREA

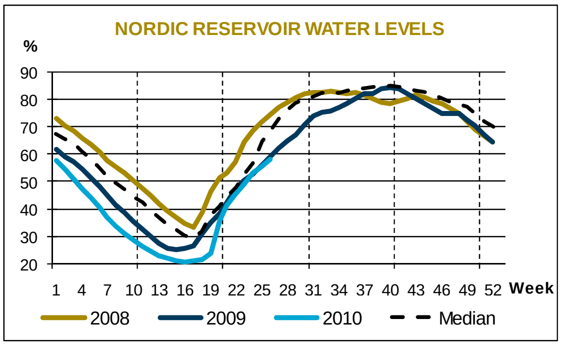
TWh	2010	2009	2008	Change 2010-2009
Nordic consumption	**202.7**	192.1	203.9	5.5 %
Nordic output	**192.9**	188.4	206.5	2.4 %
Net Nordic imports (+)/ exports (-)	**9.9**	3.7	-2.6	-
Norwegian consumption	**66.9**	63.3	66.8	5.7 %
Norwegian output	**60.2**	64.8	72.5	-7.2 %
Norwegian imports (+)/ exports (-)	**6.7**	-1.6	-5.6	-

Sources: "Nord Pool Nordic electricity market information" and "Nord Pool Landsrapport Norge" (Nord Pool Country Report

Consumption in the Nordic region in the first half of 2010 was higher than in the same period the preceding year. Total consumption increased by 5.5 per cent, mainly due to lower temperatures in the first quarter. The regular consumption in Norway was 49.5 TWh, an increase of 7.3 per cent compared with the first half of 2009. Consumption in the energy-intensive industry was 14.3 TWh, an increase of 5.1 per cent from the preceding year.

Nordic energy production in the first half of 2010 was 4.5 TWh higher than in the first half of 2009, an increase of 2.4 per cent. Net imports to the Nordic region were 9.9 TWh, while net imports for the first half of 2009 were 3.7 TWh.

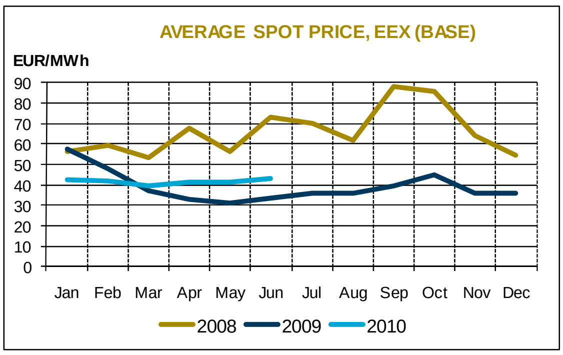
Norwegian production was 7.2 per cent lower in the first half of 2010 than in the same period last year. Net imports from abroad to Norway amounted to 6.7 TWh, while the first half of 2009 saw net exports of 1.6 TWh.



At the end of June (Week 26), the overall water level in the Nordic region' s reservoirs was 84.3 per cent of normal levels, corresponding to 70.1 TWh. The water level was 57.9 per cent of maximum capacity, which is 121.2 TWh.

The power market in Germany

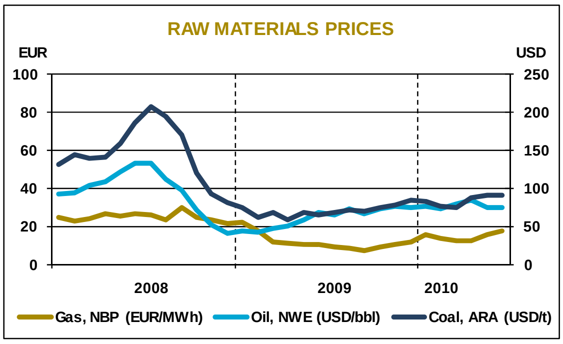
The average spot price in the German market was slightly higher in the first half of the year than in the same period in 2009, at 41.5 EUR/MWh compared to 39.9 EUR/MWh last year.



Source: European Energy Exchange (EEX)

Prices in the German market were low for the season in the first quarter. During the second quarter power prices rose somewhat, ending at the average level for the same months for the period 2005-2009. The price increase was primarily driven by higher thermal prices.

Commodity prices



At the beginning of the year, the oil price was characterised by a restrictive lending policy in the US and China, as well as a weak economic situation in southern Europe. Markets improved through the first quarter and the US dollar stabilised. In spite of a turbulent financial market characterised by concern over the Greek debt crisis, oil prices rose at the beginning of the second quarter, before declining somewhat in the second half of the quarter.

Gas prices were volatile in the first quarter with temperatures on the Continent being the main driver. Prices rose in the second quarter as a result of higher demand on the Continent, unstable deliveries from the Norwegian shelf and major maintenance on LNG terminals in Qatar.

Coal prices fell in the first quarter, primarily due to lower demand from China. Prices improved from March to April, and then stabilised. At the end of June, the price was 91.4 USD/tonne. The increase in coal prices is linked to the higher gas prices.

The CO_2 market was relatively stable in the first quarter, and the correlation to other energy commodities such as oil and German power was low. At the beginning of the second quarter, CO_2 prices rose, and the correlation to oil and German power was restored. Concerns over the economical situation caused CO_2 prices to fall somewhat in May, and they remained relatively stable for the rest of the quarter.

Staffing and HSE

Full-time equivalents

At the end of the second quarter, the Group employed 3246 full-time equivalents, 132 fewer than at the end of 2009, and 34 fewer than at the end of the second quarter of 2009. The decline from the turn of the year is primarily related to the sale of Trondheim Energi Nett, which resulted in a reduction of 124 full-time equivalents.

HSE

KEY FIGURES, HSE

	Q2		Year to date		The year
	2010	2009	**2010**	2009	2009
LTI (lost-time injuries per million hours)	**2.9**	4.1	3.0	3.8	3.8
TRI (total recordable injuries per million hours)	**7.0**	7.4	6.1	8.2	8.3
F (days lost through injury per million hours)	**40.3**	50.6	42.9	36.6	36.4
Absence due to illness (%)	**3.1**	2.6	3.4	2.9	3.3

The Group suffered two fatal incidents in the first half of the year. In March, a person died at the Allain Duhangan development in India, where SN Power has an ownership interest of 43 per cent. There was a fatal incident in the second quarter at Theun Hinboun Power Company (THPC) in Laos, in which Statkraft SF owns 20 per cent. The incident took place when four children scaled a fence and a boy drowned in the discharge channel from the power plant. THPC is currently reviewing fences and security at the site, and new information concerning the hazards and safety measures is being provided to the residents in the villages near the plant. There were five fatal incidents in the first half of 2009, and eight in total for the whole year. Improved training and management follow-up, as well as increased presence of technical and HSE expertise, have contributed to reducing the number of accidents and injuries in international development projects. To ensure continued positive development, the focus on follow-up and preventive activities in our own operations and projects will remain strong. Stricter HSE requirements are also in place for partners and suppliers.

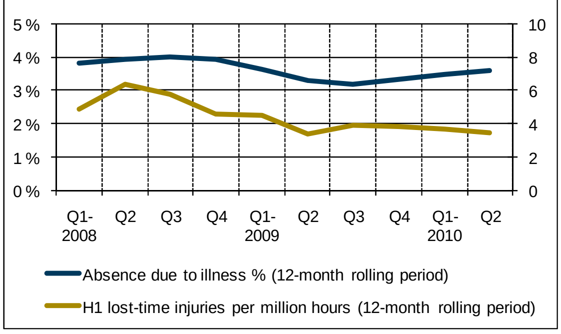
In July, there was a fatal incident in Agder Energi, where unauthorised persons entered a restricted area at a closed-down power station and a man fell down into a turbine pipe and died. Fences and security measures will be reviewed to prevent similar incidents in the future.

There were eleven lost-time injuries for own Group employees in the first six months, the same number as for the corresponding period last year. The H1 value has nevertheless improved from 3.8 to 3.0 as a result of an increase in the total number of working hours. There were four lost-time injuries in Skagerak Energi, two in both Emerging Markets and Generation and Markets, and three in the Customers segment. Two of the injuries took place at Smøla wind farm, in April and June, and these had the risk of serious personal injury as a result of exposure to high-voltage electricity. The injured persons were employees in Trondheim Energi Nett, and were engaged in testing on a wind turbine. The incidents were investigated by Statkraft and Trondheim Energi Nett with assistance from Sintef. The report from Sintef will form the basis for further corrective and preventive measures.

A total of 22 injuries were recorded within the Group, compared with 24 in the first half of 2009. In addition, 17 injuries were reported among the Group's contractors. The causes of all the incidents were investigated, and corrective measures were implemented where relevant. In total, there were 155 days of absence due to injuries, resulting in an F value of 42.9 in the first half of 2010, compared with 36.6 during the same period last year. The F value remains high due to a long-term sick leave following a serious injury in the fourth quarter of 2009.

The sickness absence rate was 3.4 per cent for the first half of the year (2.9 per cent). Statkraft's goal is to achieve an absence rate of less than 4 per cent.

H1 AND ABSENCE DUE TO ILLNESS

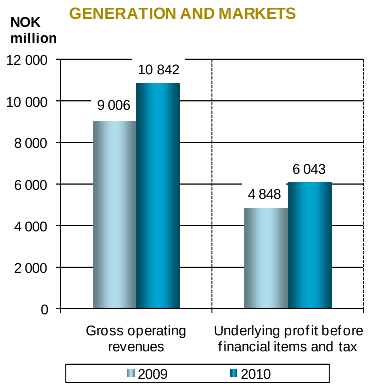


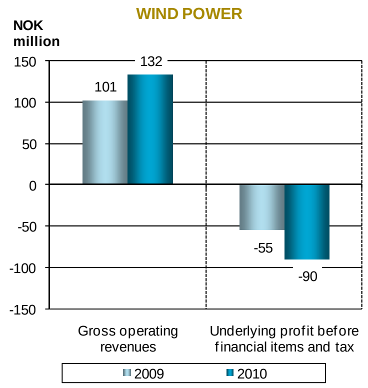
The Group experienced no serious environmental incidents in the first half of the year. The problems relating to sea eagles at the Smøla wind farm continue. The situation is being carefully monitored. As a result of a high number of environmental incidents in Sweden in 2009, several of the incidents have now been reported to the police by the local authorities. A preliminary hearing has been held and the investigation will take place in the coming months.

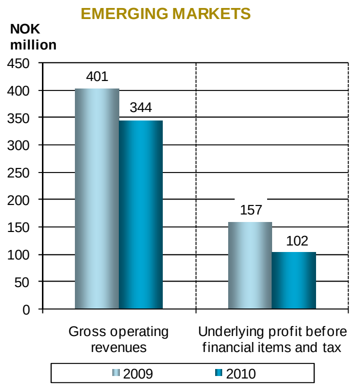
Segments

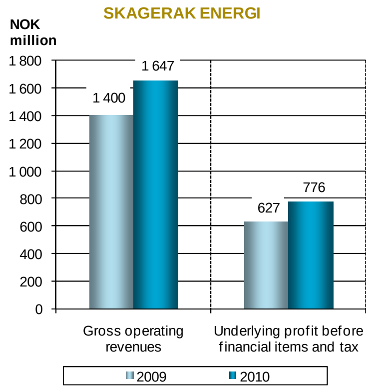
The Group reports in accordance with how the Group management makes, follows up and evaluates its decisions. The segment structure is presented on the basis of internal management information that is periodically reviewed by management and used for resource allocation and key performance review.

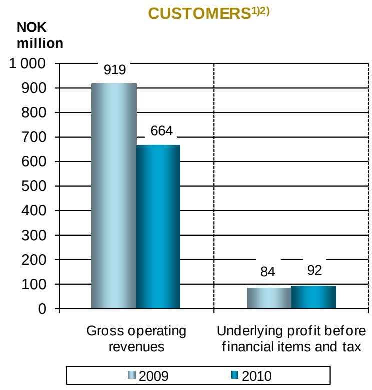
Statkraft's business is organised into six segments – Generation and Markets, Wind Power, Emerging Markets, Skagerak Energi, Customers and Industrial Ownership. Areas not shown as separate segments are presented under the heading Other. This includes Southeast Europe Hydro, Solar Power, Small-Scale Hydro, Innovation and Growth and the 4.17 per cent shareholding in E.ON AG.

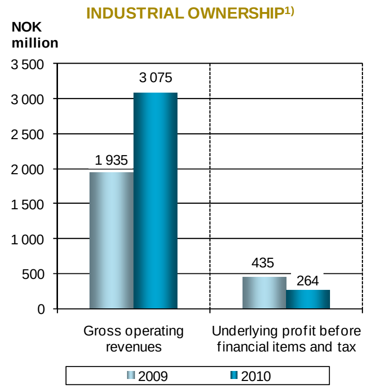












1) At the end of 2009, the power sales activities in the Customers segment were sold to Fjordkraft, included in the segment Industrial ownership. In 2009, these activities generated gross operating revenues of NOK 90 million and NOK 28 million in operating profit.

2) The grid activities in the Customer segment were sold to TrønderEnergi Nett effective 29 June 2010. The result from the business has been included in the figures for the Customers segment as of the first half of the year. In the second half of 2009, the grid activities generated NOK 218 million in gross operating revenues and NOK 53 million in operating profit.

Generation and Markets

KEY FIGURES - UNDERLYING OPERATIONS

Figures in NOK million	Year to date 2010	2009	*Change*	The year 2009
Gross operating revenues	**10 842**	9 006	*1 835*	18 539
Net operating revenues	**8 810**	7 502	*1 308*	15 242
EBITDA	**6 816**	5 681	*1 135*	11 114
Operating profit	**6 032**	**4 886**	***1 146***	**9 435**
Share of profit from associates and joint ventures	**11**	-38	*49*	99
Profit before financial items and tax	**6 043**	**4 848**	***1 195***	**9 534**
Urealised changes in value and material non-recurring items	**327**	-1 250	*1 577*	-3 427
Maintenance investments	**293**	216	*77*	594
Investments in new generating capacity	**278**	196	*82*	548
Investments in shareholdings	**-**	-	*-*	-

The Generation and Markets segment is responsible for the operation and maintenance of hydropower plants and gas-fired power plants in Europe, as well as physical and financial trading in energy and energy-related products in Europe The production plants are generally flexible and include 182 full and partly owned hydropower plants, five gas-fired power plants and two biomass plants. The total installed capacity is 12 956 MW. In addition to own power production, the segment is engaged in extensive trading in standardised and structured power contracts, gas, coal, oil and carbon quotas. Statkraft owns two-thirds of a 600 MW subsea cable between Sweden and Germany through the company Baltic Cable.

Highlights in the quarter

The segment entered into two operating agreements related to the Sheringham Shoal offshore wind power project. The agreements include control room monitoring from the power plant in Rheidol in Wales, as well as message handling and wind forecasts from the analysis department in Dusseldorf.

Market coupling for Baltic Cable started on 10 May. The European Market Coupling Company performs market coupling by buying and selling on the German EPEX Spot exchange and the Nordic Nord Pool Spot exchange for and on behalf of Baltic Cable. Baltic Cable retains the spot revenues and associated transmission costs. The power flow and spot revenues are expected to improve somewhat with the new solution.

In the second quarter, Statkraft and Celsa Armeringstål entered into a new energy service agreement, and deliveries started in July. In total, Statkraft now delivers power to 23 factories through such agreements. The total consumption from these agreements is about 16 TWh, and Statkraft is the most important supplier. Through the energy service agreements, Statkraft ensures that the customers' physical power requirements are covered through acting in the market on their behalf.

In the second quarter, a power purchase agreement (PPA) was entered into with Infinergy, a wind farm developer with a project portfolio exceeding 500 MW in the UK.

In April, Statkraft and Norske Skogindustrier agreed to simplify the price provisions in the main agreement from 1998. In June, Norske Skogindustrier entered into an agreement with Elkem relating to the resale of power for the period 2011 to 2020, with an annual volume of about 1.5 TWh. The solution entails that Elkem will take over parts of the contractual volume delivered by Statkraft, and thus become one of Statkraft's largest industrial power customers. Norske Skogindustrier and Statkraft will also continue their cooperation, but with an annual volume of about 2 TWh.

An interim agreement was entered into in the second quarter with Troms Kraft Produksjon AS concerning the temporary extension of the Lease Agreement for the waterfall rights at Bardufossen. Troms Kraft Produksjon built the Bardufoss power plant and has leased the waterfall rights at Bardufossen from Statkraft according to a lease agreement from April 1950. The agreement expired on 30 April 2010. The parties disagree on how to interpret the lease agreement's provisions relating to the right of redemption. Through the interim agreement, the parties have agreed that Troms Kraft Produksjon will operate Bardufoss power plant, and that settlement will take place from 1 May 2010. This will apply until final resolution, through an agreement or a legally binding decision in a court of law or a court of arbitration, as to what will happen after expiry of the agreement.

The Emden IV gas power plant was written down by NOK 199 million in the second quarter of 2010. The plant has a short remaining operational life and expectations of lower operating margins resulted in the value of the plant and property being written down to NOK 33 million. No indications of permanent impairment have been found for the other gas power plants.

Swedish Kraftnät has decided to split Sweden into four price areas for listing on Nord Pool with effect from 1 November 2011. The financial effect for the Swedish power plants is highly uncertain.

Financial performance

The segment posted an underlying profit before financial items and tax of NOK 6043 million in the first half of the year (NOK 4848 million). The improved result is due to high power prices in the Nordic region.

The gas business yielded a negative result before financial items and tax from the underlying production in the first half of the year. The gas power production of 3.9 TWh (1.8 TWh) was relatively high in spite of low or negative operating margin in the period. The reason lies in the fact that Statkraft is tied up in take-or-pay clauses in gas delivery contracts.

Gross operating revenues rose by NOK 1835 million to NOK 10 842 million. High power prices in the Nordic region, high gas power production and high revenues from the power exchange on the Baltic Cable resulted in revenues from net physical spot sales increasing by NOK 2566 million, of which NOK 1488 million were in connection with Nordic hydropower and NOK 1078 million in connection with gas power and Continental assets. Furthermore, the high power prices in the Nordic region resulted in a NOK 775 million reduction in the realised profit from dynamic hedging trading compared with the first half of 2009. Dynamic hedging trading on the Continent was NOK 156 million lower than in the corresponding period in 2009. Income from long-term commercial industry contracts increased by NOK 176 million due to a higher contract volume. Realised income from Trading and origination increased by NOK 99 million as a result of substantial realised gains in the Nordic region. Unrealised gains in the portfolio were thereby reduced. Net operating revenues from trading and origination (realised and change unrealised) were NOK 195 million in the first half of the year.

Operating expenses increased by NOK 162 million to NOK 2778 million. The increase is mainly related to an increased ownership interest in AS Tyssefaldene. The increase in revenues exceeds the increase in costs.

The operating profit for the segment was NOK 6032 million in the first half of the year (NOK 4886 million).

The share of results from associates was NOK 11 million (NOK -38 million).

Operations

The segment achieved stable operations and production in the first half of 2010. Hydropower production amounted to 21.1 TWh (21.5 TWh), while gas power production, including biomass, amounted to 4.0 TWh (1.8 TWh).

The quick change of weather with high temperatures from mid-May in combination with a lot of energy precipitation, caused a major spring flood in Central and Northern Sweden. Kvistforsen power plant overflowed, but the problem was solved in less than 24 hours. Rapid snow melting in the northern region in Norway also resulted in floods that destroyed some bridges and roads.

Following the breakdown earlier this year, a decision has been made not to put Unit 1 at Nedre Leirfoss power plant back in operation. This means that the installed capacity at Nedre Leirfoss has been reduced from 10 MW to 6.45 MW.

The utility-adjusted downtime of Nordic hydropower, production interruptions that are expected to result in lost revenues, was 2.4 per cent in the first quarter. This is better than the target of 5.4 per cent. Actual downtime of hydro and gas power production in Germany and the UK was 2.1 per cent. Knapsack, Emden gas and Emden bio were the main contributors to the downtime.

There were two lost-time injuries and eight injuries without lost time for own employees in the first half of the year. In addition, there were 13 lost-time injuries for contractor employees.

The sickness absence rate was 3 per cent for the first half of the year.

Wind power

KEY FIGURES - UNDERLYING OPERATIONS

Figures in NOK million	Year to date 2010	2009	*Change*	The year 2009
Gross operating revenues	**132**	101	*31*	261
Net operating revenues	**120**	91	*29*	246
EBITDA	**-9**	-18	*9*	29
Operating profit/loss	**-60**	**-62**	***2***	**-64**
Share of profit from associates and joint ventures	**-30**	7	*-37*	-15
Profit before financial items and tax	**-90**	**-55**	***-35***	**-78**
Urealised changes in value and material non-recurring items	**-**	-	*-*	-
Maintenance investments	**1**	28	*-27*	26
Investments in new generating capacity	**32**	12	*20*	348
Investments in shareholdings	**34**	592	*-558*	826

The Wind power segment is responsible for the development, construction, operation and ownership follow-up of onshore and offshore wind farms in Norway and Europe. Development and construction projects are currently being implemented in Norway, Sweden and the UK. Wind power is operating in partnerships in its market areas. The segment has four wind farms in operation; Smøla, Hitra and Kjøllefjord in Norway and Alltwalis in the UK. The combined installed capacity of these wind farms is 268 MW.

Highlights in the quarter

In June, Statkraft Agder Energi Vind DA received two licences from the Norwegian Water Resources and Energy Directorate (NVE). The Storheia and Kvenndalsfjellet projects are planned with an installed capacity totalling 320 MW. The company submitted eight licence applications in May with a planned total installed capacity of 850 MW. One of the applications (50 MW) was turned down by NVE (Norwegian Water Resources and Energy Directorate) in June.

An investment decision has been made for one of the projects in the Södra portfolio. The Em project lies near Mönsterås Bruk in southern Sweden and will have an installed capacity of 9.2 MW. The construction work has started and the project is scheduled to start operations in January 2011. The project is proceeding according to plan, both as regards schedule and costs.

The Sheringham Shoal offshore wind power project in the UK is proceeding according to schedule and within budget. The construction work on the foundations started in June. The project will have an installed capacity of 315 MW, and Statkraft's shareholding is 50 per cent.

Financial performance

The segment posted an underlying loss before financial items and tax of NOK 90 million in the first half of 2010[2] (loss of NOK 55 million). The wind farms in operation show improved results, but increased activity related to wind power projects resulted in a decline in the segment's result.

The wind farms in operation in Norway had lower production compared with the first half of 2009, but higher prices resulted in higher revenues. In addition, the segment has received revenues from the Alltwalis wind farm in the UK, which started production in October 2009.

Gross operating revenues totalled NOK 132 million (NOK 101 million).

The transmission costs amounted to NOK 12 million (NOK 11 million) and the net operating revenues increased by NOK 29 million to NOK 120 million.

The operating expenses amounted to NOK 180 million (NOK 153 million). The increase is mainly due to operating expenses, including depreciation, for the new wind farm in

[2] The result so far in 2010 is negatively impacted by an intra-group revenue correction for the wind farms relating to the fourth quarter of 2009. The correction was implemented in the first quarter of 2010 and entails a reduction in revenues and a profit of NOK 22 million

the UK, more employees and a higher activity level.

The segment posted an operating loss of NOK 60 million (loss of NOK 62 million).

The share of results from associates was a loss of NOK 30 million (NOK 7 million). The decline is due to increased activity related to the Sheringham Shoal offshore wind power project and the company Statkraft Agder Energi Vind DA.

Operations

Total output for the wind farms amounted to 256 GWh in the first half of the year (294 GWh).

Ten dead sea eagles were found in the first half of the year following collisions with turbines. Statkraft is conducting research aiming at preventing such collisions.

No injuries have been reported for own employees year-to-date, but one lost-time injury has been reported by sub-contractors.

The sickness absence rate was 1.2 per cent for the first half of the year.

Emerging markets

KEY FIGURES - UNDERLYING OPERATIONS

Figures in NOK million	Year to date 2010	2009	Change	The year 2009
Gross operating revenues	**344**	401	*-57*	746
Net operating revenues	**321**	389	*-68*	686
EBITDA	**93**	201	*-107*	282
Operating profit	**31**	**113**	***-82***	**181**
Share of profit from associates and joint ventures	**71**	44	*27*	198
Profit before financial items and tax	**102**	**157**	***-55***	**379**
Urealised changes in value and material non-recurring items	**-341**	-	*-341*	-107
Maintenance investments	**120**	38	*82*	150
Investments in new generating capacity	**-**	650	*-650*	599
Investments in shareholdings	**18**	-270	*288*	-271

The Emerging markets segment is responsible for the management and further development of ownership interests outside Europe, and currently consists of the ownership interest in SN Power (60 per cent). Norfund owns the remaining 40 per cent. In addition, Theun Hinboun Power Company (THPC) in Laos (20 per cent shareholding) is managed on behalf of Statkraft SF. THPC is not included in the segment's financial figures. At the end of last year, SN Power had ownership interests in 17 hydropower plants in Latin America and Asia, as well as in one wind farm and one gas power plant in Latin America. The power plants have a combined installed capacity of 1011 MW. In addition, together with its partners, SN Power is also currently constructing and refurbishing 610 MW of capacity. THPC owns one 210 MW hydropower plant which will be upgraded to 220 MW, and has two further hydropower plants with a combined installed capacity of 280 MW under construction in Laos.

Highlights in the quarter

There was a fatal incident in the second quarter at Theun Hinboun in Laos. The incident took place when four children scaled a fence and a boy drowned in the discharge channel from the power plant. To avoid similar incidents in the future, THPC will review existing security measures around the discharge channel and adjacent areas. In addition, residents in the neighbouring villages will be informed of the importance of respecting fences and other physical barriers erected to prevent accidents.

Cost overruns and additional delays in the start-up of the Allain Duhangan project in India (43 per cent shareholding) and the La Confluencia project in Chile (50 per cent shareholding) contribute to a permanent impairment in value, but the projects are still profitable. For Malana in India (49 per cent shareholding), the value has been impaired as a result of new information about Indian tax rules. During the second quarter, excess value in SN Power's associates totalling USD 52 million (NOK 314 million) was written down.

In the second quarter, write-downs were made in the project portfolio in Chile amounting to NOK 27 million as a result of changes in development costs and market price expectations.

On 2 July, SN Power and the International Finance Corporation (IFC), part of the World Bank, entered into a collaboration to look into the opportunities for acquiring or developing new hydropower plants in Vietnam. The power balance in the country is strained after several years of strong economic growth.

Financial performance

The segment posted an underlying profit before financial items and tax of NOK 102 million in the first half of the year (NOK 157 million). The decline is primarily due to recognising NOK 42 million of the previously capitalised project development costs as expenses in the second quarter.

Gross operating revenues totalled NOK 344 million (NOK 401 million). The decline is due to a lower average USD exchange rate in the first half of 2010 as well as lower revenues in Peru.

The revenue reduction in Peru is due to both lower production and lower prices. The Totoral wind farm in Chile (80 per cent shareholding), which came on line at the end of last year, generated revenues of USD 4 million in the first half of 2010.

Operating expenses amounted to NOK 290 million (NOK 277 million). The increase is mainly due to recognising previously capitalised project development costs and increased costs as expenses as a result of the Totoral wind farm starting regular operations.

The segment posted an operating profit of NOK 31 million (NOK 113 million).

The profit share from associates in India (49 per cent shareholding in Malana) and on the Philippines (50 per cent shareholding in Magat and Binga) increased by NOK 27 million to NOK 71 million. The performance improvement is due to an increase in net financial items in the partly-owned companies.

Operations

SN Power’ s pro-rata share of production in full and partly owned power plants was 1.2 TWh in the first half of 2010. Corrected for SN Power's relative share of production from the Totoral wind farm, this constitutes a decline of 9 per cent**.** The reason for the lower production was low water levels at the start of the period for the Magat hydropower plant in the Philippines (50 per cent shareholding), as well as lower inflow in Peru, Nepal and in the Philippines compared with the corresponding period in 2009. The up-time for the power plants in Peru, India, Nepal, Sri Lanka and the Binga power plant in the Philippines has been consistently good.

As previously reported, there are significant delays and cost overruns for the development projects Allain Duhangan (43 per cent shareholding) in India and La Higuera in Chile (45 per cent shareholding). Demanding geological conditions will also result in cost overruns for La Confluencia (50 per cent shareholding). Full or partial operation is scheduled to commence at all three projects in the course of 2010. The Ambuklao hydropower plant (50 per cent shareholding) in the Philippines, which is under rehabilitation and was expected to start operating in late 2010/early 2011, will be delayed by six to nine months as a result of having to build a new intake tunnel. The old intake tunnel could not be repaired as planned.

SN Power experience continued hard competition relating to both development projects and hydropower plant in operation. The company has bid for several projects in cooperation with local partners, but without success.

Two lost-time injuries for own employees have been reported so far in 2010, but none for the sub-contractors.

The sickness absence rate was 1.2 per cent for the first half of the year.

Skagerak Energi

KEY FIGURES - UNDERLYING OPERATIONS

Figures in NOK million	Year to date 2010	2009	*Change*	The year 2009
Gross operating revenues	**1 647**	1 400	*247*	2 726
Net operating revenues	**1 614**	1 377	*237*	2 690
EBITDA	**1 002**	878	*124*	1 609
Operating profit	**777**	**645**	***133***	**1 123**
Share of profit from associates and joint ventures	**-1**	-18	*16*	-21
Profit before financial items and tax	**776**	**627**	***149***	**1 103**
Urealised changes in value and material non-recurring items	**42**	33	*8*	68
Maintenance investments	**41**	120	*-79*	289
Investments in new generating capacity	**154**	130	*24*	401
Investments in shareholdings	**-**	-	*-*	1

This segment comprises the group Skagerak Energi and the activities focus on generation of power, district heating and distribution grid activities. Other activities involve fibre, natural gas distribution and electrical contractor and settlement activities. Skagerak Energi is owned by Statkraft (66.6 per cent shareholding) and the local authorities in Skien (15.2 per cent), Porsgrunn (14.8 per cent) and Bamble (3.4 per cent). The production assets comprise 45 wholly and partly-owned hydropower plants with a total installed capacity of 1315 MW. The company has about 179 000 distribution grid customers.

Highlights in the quarter

In June, Skagerak Energi decided to develop a central district heating grid in Tønsberg. The expected gross investment is NOK 298 million.

In May, Skagerak Naturgass opened a new LNG plant in Skien on the premises of the asphalt producer Lemminkäinen.

Skagerak Nett has reorganised to achieve an even more efficient grid company. The reorganisation has focused on making roles more professional and developing the organisation towards commissioning and execution.

Financial performance

The segment posted an underlying profit before financial items and tax of NOK 776 million in the first half of the year (NOK 627 million).

Gross operating revenues totalled NOK 1647 million (NOK 1400 million). The increase is primarily due to increased power sales revenues (NOK 174 million) as a result of higher prices.

The operating expenses amounted to NOK 837 million (NOK 732 million). The increase is due to the consolidation of Skagerak Naturgass as a subsidiary – until 30 June last year, the company was reported as an associate - higher activity in Skagerak Elektro as well as more employees.

The segment posted an operating profit of NOK 777 million (NOK 645 million).

The share of results from associates was NOK -1 million (NOK -18 million).

Operations

The segment produced 2.6 TWh in the first half of 2010, on the same level as in the corresponding period last year. Operations have mainly been stable during the first half of the year.

For Skagerak Elektro, the second quarter was better than the first quarter, but market conditions are still challenging.

There were four lost-time injuries for own employees and three injuries without lost time during the first six months of the year. No lost-time injuries have been reported for the subcontractors. The injury statistics are unsatisfactory and measures have been implemented to evaluate the implementation rate for HSE actions and adopted measures following investigations. In addition, evaluations and, if relevant, improvements will be implemented for the ongoing awareness-raising efforts.

The sickness absence rate was 4.8 per cent for the first half of the year.

Customers

KEY FIGURES - UNDERLYING OPERATIONS

Figures in NOK million	Year to date 2010	2009	*Change*	The year 2009
Gross operating revenues	**664**	919	*-255*	1 791
Net operating revenues	**414**	412	*2*	802
EBITDA	**201**	166	*36*	297
Operating profit	**104**	**76**	***28***	**103**
Share of profit from associates and joint ventures	**-13**	8	*-21*	6
Profit before financial items and tax	**92**	**84**	***7***	**109**
Urealised changes in value and material non-recurring items	**393**	3	*390*	-23
Maintenance investments	**3**	30	*-27*	143
Investments in new generating capacity	**62**	45	*17*	67
Investments in shareholdings	**-**	-	*-*	-

The Customers segment consists of district heating activities in Norway and Sweden. The district heating system in Trondheim and Klæbu has a total installed capacity of 297 MW, and supplies around 750 business customers and 7000 households with district heating. In Sweden, the segment has an installed district heating capacity of 211 MW which it supplies to about 1450 customers. The segment also covers property management.

Highlights in the quarter

Statkraft has sold Trondheim Energi Nett to TrønderEnergi Nett, recognised in the accounts from 29 June 2010. The sale yielded a recognised gain of NOK 393 million and raised NOK 1261 million for the Group.

A political decision has been made to abolish the final processing tax on waste in Norway, and Trondheim Energi Fjernvarme AS is renegotiating all major waste contracts as a result.

The development of the district heating grid in Harstad has started, and the work of establishing customer contracts have been initiated. A positive dialogue is underway with regional woodchip suppliers to the heating plant.

The business has initiated a process with the City of Trondheim relating to the purchase of a property to build a new heating plant at Ranheim. The heating plant will be a district heating plant producing electricity, steam and district heating. The ongoing process has created controversy in the local community, mainly due to the size of the building. Work is underway on the planning and impact assessment, aiming for a political decision in the autumn.

In Sweden, the construction of a new production facility for biofuel in Trosa, as well as the construction of a new service building, including the installation of a new oil-fired boiler in Åmål are in the start-up phase.

Financial performance

The income statement as of 30 June 2010 includes the result from the grid company. The sales gain of NOK 393 million is not included in the underlying result for the first half of the year.

The segment posted an underlying profit before financial items and tax of NOK 92 million in the first half of the year (NOK 84 million).

Gross operating revenues totalled NOK 664 million (NOK 919 million). The decline is attributed to the sale of the power sales activities to Fjordkraft at the end of 2009. Gross operating revenues for these activities totalled NOK 416 million in the first half of 2009. The district heating business has higher revenues as a result of higher volumes and prices.

Energy purchases and transmission costs fell by NOK 258 million to NOK 250 million. The reduction was attributed to the sale of the power sales activities. The expenses for the district heating business increased by NOK 65 million.

Operating expenses totalled NOK 310 million (NOK 336 million). The district heating operating expenses fell by NOK 13 million. The remaining reduction is related to divested activities.

The segment posted an operating profit of NOK 104 million (NOK 76 million). The power sales activities contributed about NOK 8 million in operating profit during the first six months of 2009.

The share of profit from associates was NOK -13 million (NOK 8 million). The decline is mainly a result of the lower result in Istad Kraft.

Operations

The availability for district heating plants was good in April and May, but lower in June as a result of an unforeseen interruption on production line 3. Comprehensive upgrades are underway on lines 1 and 2 at the heating plant in Heimdal. The upgrade will provide increased capacity when completed in October.

Heating amounting to 513 GWh in total was delivered to customers in Norway and Sweden in the first half of the year.

There were three lost-time injuries and two injuries without lost time for own employees in the first half of the year. In addition, one lost-time injury was reported by a sub-contractor.

The sickness absence rate was 4.7 per cent for the first half of the year.

Industrial ownership

KEY FIGURES - UNDERLYING OPERATIONS

Figures in NOK million	Year to date 2010	2009	*Change*	The year 2009
Gross operating revenues	**3 075**	1 935	*1 140*	3 418
Net operating revenues	**201**	139	*62*	245
EBITDA	**69**	39	*29*	40
Operating profit/loss	**52**	**23**	***29***	**8**
Share of profit from associates and joint ventures	**213**	412	*-199*	796
Profit before financial items and tax	**264**	**435**	***-170***	**803**
Urealised changes in value and material non-recurring items	**93**	282	*-189*	577
Maintenance investments	**-**	-	-	-
Investments in new generating capacity	**7**	4	*3*	8
Investments in shareholdings	**-**	-	-	5

The Industrial ownership segment is responsible for managing and developing Norwegian shareholdings where Statkraft has industrial ambitions. The segment comprises the companies Fjordkraft[3], BKK (49.9% shareholding) and Agder Energi (45.5% shareholding). The first company is included in the consolidated financial statements, while the other two companies are reported as associates.

Statkraft shall be a good owner and exercise active and industrial ownership.

Highlights in the first half of 2010

In July, there was a fatal incident in Agder Energi, where unauthorised persons entered a restricted area at a closed-down power station and a man fell down into a turbine pipe and died. Fences and security measures will be reviewed to prevent similar incidents in the future.

The dividend for 2009 from BKK and Agder Energi has been set at NOK 1300 million and NOK 800 million, respectively. Statkraft's share of the dividend amounts to NOK 649 million and NOK 364 million, respectively.

Talks are currently underway with the other owners, which may result in Statkraft reducing its ownership in BKK.

Financial performance

The segment posted an underlying profit before financial items and tax, adjusted for unrealised changes in value, of NOK 264 million in the first half of the year (NOK 435 million). The decline from the same period in 2009 was primarily caused by a reduction in BKK's underlying profit due to low production and a loss in the hedge portfolio for energy contracts. However, underlying profits were somewhat lower also for Agder Energi. Fjordkraft has improved its result compared with the corresponding period last year.

Operations

BKK's production was substantially lower than normal due to less precipitation. Agder Energi's production also dropped slightly in the first half of 2009. During the second quarter, the situation improved somewhat as precipitation levels normalised, but the resource situation remains weak.

The power prices in the Bergen and Kristiansand regions were lower than the system price during the first quarter. The price conditions normalised in the second quarter.

Fjordkraft reported no injuries in the first half of the year, while the associates BKK and Agder Energi experienced eleven and four lost-time injuries respectively. The segment's sickness absence rate in the period was 5.6 per cent.

[3] *Fjordkraft is owned by Statkraft (3.15 per cent), Skagerak Energi (48.0 per cent) and BKK (48.85 per cent).*

Other

Other includes the business units Southeast Europe Hydro, Solar Power, Small-Scale Hydro, Innovation and Growth, along with the 4.17 per cent shareholding in E.ON AG, and Group functions and eliminations.

Southeast Europe Hydro

The business unit is responsible for all hydropower activities in Southeast Europe. This includes acquisition and rehabilitation of existing assets, as well as development and construction of new hydropower projects. The main focus is directed at further development of Statkraft's existing project portfolio in Albania and Turkey.

The Cakit hydropower plant in Turkey came on line in early June. The power plant is Statkraft's first in Turkey, and was one of several projects in the company Yesil Enerji, which Statkraft acquired for about NOK 640 million in June last year. The development of Cakit was already in process, and Statkraft has completed the plant and started operations during the last 12 months. Cakit is a run-of-river hydro power plant with an installed capacity of 20 MW, and will on average produce 95 GWh annually. This corresponds to the power consumption of about 32 000 Turkish households.

In the second quarter, Statkraft acquired the remaining 5 per cent of the shares in Yesil Enerji for NOK 43 million, and Statkraft is now the sole owner of the company.

Solar power

Statkraft has held a strategic review, resulting in a decision to focus the strategy and scale down the Group's investment plans. The solar power market has great growth potential, but the business requires major investments. Following a comprehensive assessment, a decision has therefore been made to divest the Group's solar power business.

Small-scale hydro

The business unit is responsible for ownership follow-up of shareholdings and developments within the area of small-scale hydropower (hydropower plants with an installed capacity of between 1 and 10 MW). The activity in Norway is organised in the company Småkraft AS.

At the end of the second quarter, Småkraft AS owned 23 operating power plants with an overall annual production of about 278 GWh. Also at the end of the quarter, the company had nine power plants with an expected production totalling 106 GWh under construction. In addition, Small-scale power has 16 projects which have received a licence, but their realisation depends on the construction of the Ørskog-Fardal transmission line. In addition, four projects with a licence have been appealed to the Ministry of Petroleum and Energy, which is responsible for assessing such projects. At the end of the first six months of the year, Småkraft has 77 licence applications with a potential combined output of about 780 GWh under processing by the Norwegian Water Resources and Energy Directorate (NVE). An additional 57 projects totalling 580 GWh are being prepared for processing by the NVE.

Innovation and growth

The business unit is responsible for developing new business areas, products and services, and coordinating and initiating research and development activities.

The shareholding of 51 per cent in the project company Thetis Energy in the UK has been sold back to the other owners. The shares in Hydra Tidal Energy in Harstad have been sold to Energy Future Invest, where Statkraft has a shareholding of 34 per cent and Eidsiva 66 per cent.

Shares in E.ON AG

The Group owns 4.17 per cent of E.ON AG. The dividend from the shares for 2009 amounted to NOK 974 million, and was recognised as income in the second quarter of 2010. The shares have been classified as a financial asset.

Financial performance

Other posted an underlying loss before financial items and tax, including Group functions and eliminations, of NOK 340 million for the first half of the year (loss of NOK 320 million). The decline in the result can mainly be attributed to technical insurance provisions.

Outlook

Statkraft is a leader in environmentally friendly energy in Europe, with production and trading both in the Nordic region and on the Continent. Through SN Power, the Group has established a solid foothold within renewable energy in South America and Asia.

Expectations for the year's operations

High production at the start of 2010, combined with lower than average reservoir levels, indicate somewhat lower production in the second half of 2010. Forward prices for 2010 indicate a somewhat higher price level than in 2009 for the coming months. The underlying annual result is therefore expected to be on a par with the 2009 result. However, there is great uncertainty attached to the further development of the hydrological resource situation. Moreover, substantial uncertainty remains as regards the industrial activity level, both in the Nordic region and on the Continent. This may influence the demand for power and, as a result, the prices.

Focused growth strategy

The work to further develop Statkraft's growth strategy will continue in the second half of 2010. Statkraft maintains its ambition to be the leading renewable company in Europe, and a driving force for renewable energy in Norway. However, Statkraft's financial basis makes it necessary to adapt existing plans. A decision has been made to focus the strategy, and the following growth areas will be given priority based on an overall evaluation of Statkraft's competitive advantages, market opportunities and synergies between businesses:

- Flexible energy production and market operations in Norway and the rest of Western Europe.
- International hydropower.
- Wind power in Norway, Sweden and the UK.
- District heating.
- Ownership in regional companies.

The priority areas are based on the Statkraft's core competence within environmentally friendly and flexible power production. In Western Europe, Statkraft will continue its focus on flexible energy production through hydropower and gas power. The international hydropower development will still be directed towards emerging markets, with an increasing need for clean energy and a major potential for development of new hydropower, partly in Southeast Europe and partly in markets outside of Europe through SN Power. Continued wind power development will be directed towards land-based wind power in Norway and Sweden, and offshore wind power in the UK. Growth within district heating will mainly be concentrated in Norway. Statkraft will continue to develop as a main supplier to Norwegian industry.

The prioritisation entails that the Group will seek to divest its solar power business and reduce its investment plans in wind power and district heating compared with previous plans. Talks are currently underway with the other owners, which may result in Statkraft reducing its ownership in BKK. The sale of the grid activities in Trondheim has taken place as planned.

Statkraft seeks a positive clarification from the owner as regards the future capital and dividend policy.

Statkraft has adopted binding investments totalling NOK 12 billion[4] for the period 2010-2012. Investments beyond this will have to be considered against the future dividend level, injection of new equity and sale of assets.

Changes will be made to the organisational structure in the second half of 2010, in connection with the new strategy. The new structure will be incorporated in the segment reporting from the first quarter of 2011.

[4] *Excluding the Norfund option to sell the remaining 40 per cent shareholding in SN Power to Statkraft within 2015.*

Responsibility statement

We hereby declare to the best of our knowledge that the six-month interim financial statements for the period 1 January to 30 June 2010 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, 18 August 2010
The Board of Directors of Statkraft AS

Svein Aaser chair of the board	Ellen Stensrud deputy chair	Halvor Stenstadvold board member	Silvija Seres board member	Berit Rødseth board member
Inge Ryan board member	Odd Vanvik board member	Lena Halvari board member	Thorbjørn Holøs board member	Christian Rynning-Tønnesen President and CEO

Statkraft AS Group Interim Financial Statements

CONSOLIDATED INCOME STATEMENT

Figures in NOK million	2nd Quarter 2010	2nd Quarter 2009	Year to date 2010	Year to date 2009	The year 2009
Sales revenues	**4 801**	4 708	**15 054**	12 622	24 715
Other operating revenues	**642**	190	**896**	308	960
Gross operating revenues	**5 443**	4 898	**15 950**	12 929	25 675
Energy purchase	**-1 271**	-934	**-3 225**	-2 360	-4 825
Transmission costs	**-301**	-282	**-820**	-655	-1 054
Unrealised changes in the value of energy contracts	**657**	-633	**446**	-1 146	-2 813
Net operating revenues	**4 528**	3 049	**12 350**	8 769	16 983
Salaries and payroll costs	**-540**	-519	**-1 218**	-1 155	-2 517
Depreciation, amortisation and impairments	**-858**	-628	**-1 498**	-1 291	-2 743
Property tax and licence fees	**-295**	-301	**-617**	-564	-1 166
Other operating expenses	**-892**	-814	**-1 792**	-1 541	-3 530
Operating expenses	**-2 585**	-2 262	**-5 126**	-4 552	-9 956
Operating profit	**1 943**	787	**7 225**	4 217	7 027
Share of profit from associates and joint ventures	**-436**	383	**207**	652	1 179
Financial income	**1 595**	1 014	**1 672**	1 465	2 060
Financial expenses	**-399**	-1 849	**-833**	-2 828	-3 756
Unrealised changes in financial items	**-436**	611	**1 488**	1 788	5 977
Net financial items	**760**	-224	**2 327**	424	4 281
Profit before tax	**2 267**	946	**9 759**	5 294	12 487
Tax expense	**-1 203**	-376	**-4 163**	-2 001	-4 771
Net profit	**1 064**	570	**5 596**	3 293	7 716
Of which minority interest	**-112**	4	**94**	124	184
Of which majority interest	**1 176**	566	**5 502**	3 169	7 532

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Figures in NOK million	30.06.10	30.06.09	31.12.09
ASSETS			
Intangible assets	**1 925**	3 467	2 277
Property, plant and equipment	**77 998**	80 667	78 239
Investments in associates and joint ventures	**16 455**	13 921	16 509
Other non-current financial assets	**16 574**	20 744	21 939
Derivatives	**4 076**	3 670	3 358
Non-current assets	**117 028**	122 469	122 322
Inventories	**690**	676	1 247
Receivables	**7 818**	6 303	8 707
Short-term financial investments	**429**	362	421
Derivatives	**4 667**	7 564	4 645
Cash and cash equivalents	**10 886**	19 262	6 663
Current assets	**24 490**	34 167	21 683
Assets	**141 518**	156 636	144 005
EQUITY AND LIABILITIES			
Paid-in capital	**31 569**	31 569	31 569
Retained earnings	**18 656**	22 439	26 065
Minority interests	**7 827**	7 161	7 267
Equity	**58 052**	61 169	64 901
Provisions	**13 974**	16 526	13 653
Long-term interest-bearing liabilities	**35 769**	40 249	36 342
Derivatives	**2 884**	3 110	4 016
Long-term liabilities	**52 627**	59 885	54 011
Short-term interest-bearing liabilities	**6 406**	10 354	9 318
Taxes payable	**3 120**	3 331	2 372
Other interest-free liabilities	**16 320**	15 306	9 336
Derivatives	**4 994**	6 591	4 067
Current liabilities	**30 840**	35 582	25 093
Equity and liabilities	**141 518**	156 636	144 005

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Figures in NOK million	Year to date 2010	2009	The Year 2009
Net profit	**5 596**	3 294	7 716
Change in the fair value of financial instruments	**-4 548**	-2 413	463
Estimate deviation pensions	**5**	-	81
Translation differences	**-521**	-2 686	-8 304
Total comprehensive income	**532**	-1 805	-44
Total comprehensive income attributable to:			
Shareholders of the parent	**-1**	-2 075	647
Minority interest	**533**	270	-691

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Figures in NOK million	Paid-in capital	Other equity	Accumulated translation differences	Retained earnings	Total majority	Minority interest	Total equity
Balance as of 01.01.2009	**31 569**	35 608	2 375	37 983	**69 552**	**2 772**	**72 324**
Total comprehensive income for the period	**-**	757	-2 832	-2 075	**-2 075**	270	**-1 805**
Dividend and Group contribution paid	**-**	-10 000	-	-10 000	**-10 000**	-225	**-10 225**
Business combinations including the liability of the option to increase shareholding in subsidiary	**-**	-3 469	-	-3 469	**-3 469**	3 544	**75**
Capital increase	**-**	-	-	-	**-**	800	**800**
Balance as of 30.06.2009	**31 569**	22 896	-457	22 439	**54 008**	7 161	**61 169**
Balance as of 01.01.2009	**31 569**	35 608	2 375	37 983	**69 552**	2 772	**72 324**
Total comprehensive income for the period	**-**	8 048	-7 401	647	**647**	- 691	**-44**
Dividend and group contribution	**-**	-10 000	-	-10 000	**-10 000**	-260	**-10 260**
Business combinations including the liability of the option to increase shareholding in subsidiary	**-**	-2 561	-	-2 561	**-2 561**	4 475	**1 914**
Equity holdings to associates and joint ventures	**-**	- 4	-	-4	**-4**	-	**-4**
Capital increase	**-**	-	-	-	**-**	971	**971**
Balance as of 31.12.2009	**31 569**	**31 091**	**-5 026**	**26 065**	**57 634**	**7 267**	**64 901**
Total comprehensive income for the period	**-**	957	- 958	- 1	**-1**	533	**532**
Dividend and Group contribution paid	**-**	-7 420	-	-7 420	**-7 420**	-101	**-7 521**
Changes in equity relating to associates and joint ventures	**-**	- 74	-	-74	**-74**	-	**-74**
Transactions with minority interests	**-**	85	-	85	**85**	-112	**-27**
Capital increase	**-**	-	-	-	**-**	241	**241**
Balance as of 30.06.2010	**31 569**	**24 640**	**-5 984**	**18 656**	**50 225**	**7 828**	**58 052**

CONSOLIDATED CASH FLOW STATEMENT

Figures in NOK million	Year to date 2010	Year to date 2009	The Year 2009
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax	**9 759**	5 295	12 487
Profit/loss on sales of non-current assets	**12**	13	13
Depreciation, amortisation and impairments	**1 498**	1 291	2 743
Profit from sale of business	**-393**	-	-
Share of profit from associates and joint ventures	**-207**	-652	-1 179
Unrealised changes in value	**-1 934**	-642	-3 164
Taxes	**-2 597**	-1 969	-3 119
Cash flow from operating activitites	**6 138**	3 336	7 781
Changes in long-term items	**481**	21	-305
Changes in short-term items *	**-303**	6 354	4 155
Dividend from associates	**822**	926	1 083
Net cash flow from operating activities	**7 138**	10 637	12 714
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in property, plant and equipment - maintenance	**-475**	-432	-1 308
Investments in property, plant and equipment - new capacity	**-625**	-1 153	-2 447
Proceeds from sales of non-current assets	**66**	7	158
Capital reduction in associates and joint ventures	**-**	-	1 320
Sale of business, net liquidity accruing to the group	**1 261**	-	-
Business combinations, net liquidity accruing to the Group	**-**	211	-417
Loans to third parties	**-55**	-152	-1 410
Repayment of loans	**32**	-	161
Investments in other companies	**-66**	-1 166	-735
Net cash flow from investing activities	**138**	-2 685	-4 678
CASH FLOW FROM FINANCING ACTIVITIES			
New debt	**2 171**	15 038	15 377
Repayment of debt	**-5 530**	-6 319	-9 378
Dividend and Group contribution paid	**-**	-226	-10 260
Share issue to minority	**241**	800	928
Net cash flow from financing activities	**-3 118**	9 293	-3 333
Net change in cash and cash equivalents	**4 158**	17 246	4 703
Currency effect on cash flows	**65**	-194	-249
Cash and cash equivalents 01.01	**6 663**	2 209	2 209
Cash and cash equivalents 30.06 / 31.12	**10 886**	19 262	6 663
Unused committed credit lines	**8 027**	8 000	8 054
Unused overdraft facilities	**1 460**	400	731

*Changes in short term items are mainly related to change i working capital (NOK 312 million), changes in receivables and liabilities regarding cash collateral (NOK 368 million) in addition to currency effects (NOK - 573 million).

SEGMENTS

Figures in NOK million	Statkraft AS Group	Generation & markets	Wind power	Emerging markets	Skagerak Energi	Customers	Industrial ownership	Other
2nd Quarter 2010								
Operating revenue external	**5 443**	3 109	2	163	439	651	1 004	76
Operating revenue internal	**-**	176	55	-	91	2	2	-327
Gross operating revenues	**5 443**	3 285	57	163	530	653	1 006	-250
Operating profit/loss	**1 943**	1 532	-40	-24	142	426	17	-110
Share of profit from associates and joint ventures	**-436**	-93	-25	-309	-0	-7	6	-8
Profit before financial items and tax	**1 507**	1 439	-65	-333	141	419	23	-118
Year to date 2009								
Operating revenue external	**15 950**	10 250	-3	344	1 041	1 049	3 073	197
Operating revenue internal	**-**	592	135	-	606	8	2	-1 344
Gross operating revenues	**15 950**	10 842	132	344	1 647	1 057	3 075	-1 146
Operating profit/loss	**7 225**	6 190	-60	4	819	498	26	-251
Share of profit from associates and joint ventures	**207**	180	-30	-243	-1	-13	331	-17
Profit before financial items and tax	**7 432**	6 371	-90	-239	817	485	357	-269
Balance sheet 30.06.10								
Investment in associates and joint ventures	**16 455**	474	608	5 766	101	238	9 171	96
Other assets	**125 063**	69 290	2 241	7 705	14 962	3 697	3 217	23 952
Total assets	**141 518**	69 764	2 848	13 471	15 063	3 935	12 388	24 048
Depreciations, amortisation and impairments	**-1 498**	-984	-51	-89	-224	-97	-17	-36
Maintenance investments	**475**	293	1	120	41	3	-	17
Investments in new generating capacity	**625**	278	32	-	154	62	7	93
Investments in shares	**66**	-	34	18	-	-	-	14
2nd Quarter 2009								
Operating revenue external	**4 898**	3 205	-5	193	377	363	657	109
Operating revenue internal	**-**	170	34	-	157	-22	-	-338
Gross operating revenues	**4 898**	3 375	29	193	534	341	657	-230
Operating profit/loss	**787**	704	-35	47	159	8	2	-98
Share of profit from associates and joint ventures	**383**	505	9	57	-2	6	-190	-2
Profit before financial items and tax	**1 170**	1 209	-25	104	157	14	-187	-99
Year to date 2009								
Operating revenue external	**12 929**	8 595	3	401	932	934	1 935	130
Operating revenue internal	**-**	411	98	-	468	-15	-	-962
Gross operating revenues	**12 930**	9 006	101	401	1 400	919	1 935	-832
Operating profit/loss	**4 217**	3 628	-62	113	678	79	74	-292
Share of profit from associates and joint ventures	**652**	-30	7	44	-18	8	643	-2
Profit before financial items and tax	**4 870**	3 598	-55	157	660	87	717	-294
Balance sheet 30.06.09								
Investment in associates and joint ventures	**13 921**	1 042	615	2 246	134	260	9 623	1
Other assets	**142 715**	67 934	1 752	8 585	14 852	4 285	2 905	42 402
Total assets	**156 636**	68 976	2 367	10 831	14 986	4 544	12 528	42 402
Depreciations, amortisation and impairments	**-1 291**	-794	-44	-88	-233	-89	-16	-27
Maintenance investments	**432**	216	28	38	120	30	-	-
Investments in new generating capacity	**1 153**	196	12	650	130	45	4	116
Investments in shares	**955**	-	592	-270	-	-	-	633
The year 2009								
Operating revenue external	**25 675**	17 539	64	746	1 928	1 823	3 418	157
Operating revenue internal	**-**	1 000	197	1	798	-32	-	-1 965
Gross operating revenues	**25 675**	18 539	261	746	2 726	1 791	3 418	-1 808
Operating profit/loss	**7 027**	6 242	-64	181	1 191	80	97	-700
Share of profit from associates and joint ventures	**1 179**	-136	-15	91	-21	6	1 284	-30
Profit before financial items and tax	**8 206**	6 107	-78	272	1 170	86	1 380	-731
Balance sheet 31.12.09								
Investment in associates and joint ventures	**16 508**	393	566	5 192	82	292	9 938	46
Other assets	**127 497**	70 218	2 177	7 344	15 136	3 913	2 767	25 941
Total assets	**144 005**	70 611	2 743	12 536	15 218	4 205	12 705	25 987
Depreciations, amortisation and impairments	**-2 743**	-1 758	-93	-101	-486	-223	-33	-49
Maintenance investments	**1 308**	594	26	150	289	143	-	106
Investments in new generating capacity	**2 447**	548	348	599	401	67	8	476
Investments in shares	**1 152**	-	826	-271	1	-	5	591

Comments on the financial statements

1. Framework and material accounting policies

The consolidated interim financial statements for the second quarter of 2010, ending 30 June, have been prepared in accordance with International Financial Reporting Standards (IFRS) and include Statkraft AS, its subsidiaries and associates. The interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting. As the information provided in the interim financial statements is less comprehensive than that contained in the annual financial statements, these statements should therefore be read in conjunction with the consolidated financial statements for 2009. The accounting policies applied in the interim financial statements are the same as those used for the annual financial statements.

2. Presentation of the financial statements

The presentation of the interim financial statements is in line with the requirements in IAS 34. The presentation format is in line 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, management has exercised its judgement 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, and which may involve a significant risk of material changes to the amounts recognised in future financial periods, are discussed in the annual financial statements for 2009.

In preparing the consolidated interim 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 is discussed in the annual financial statements for 2009.

4. Segment reporting

Statkraft's segment reporting is prepared in accordance with IFRS 8. 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 management and used for resource allocation and key performance review.

The division into segments is intended to meet the changes resulting from increased growth and internationalisation. The aim is to achieve a more flexible and dynamic organisation where new prioritisations and growth areas can be highlighted and emerge as separate business units with clear performance targets. At the same time, the organisation model creates a foundation for an effective management and control structure.

The Generation and Markets segment is the largest segment, responsible for the operation and maintenance of hydropower plants and gas power plants in Europe, and physical and financial trading in energy and energy-related products in Europe. These business units are organised into one segment due to the close integration between operations, maintenance and energy optimisation.

Wind Power is responsible for developing, constructing, operating and following up the ownership of onshore and offshore wind farms in Norway and the rest of Europe, as well as developing and commercialising offshore wind power technology.

Emerging Markets is responsible for managing and further developing ownership positions outside Europe, and mainly comprises the investment in SN Power. In addition, Theun Hinboun Power Company (THPC) is managed on behalf of Statkraft SF. THPC is not included in the segment’s financial figures.

Activities in Skagerak Energi are followed up as a joint activity by management and reported as a separate segment.

After the sale of the grid activities, the Customer segment operates district heating activities in Norway and Sweden.

Industrial Ownership includes the shareholdings in BKK, Agder Energi and

Fjordkraft, and is responsible for managing and developing Norwegian shareholdings where Statkraft has industrial ambitions.

5. Other financial assets

Other financial assets in the balance sheet include the shareholding in E.ON AG which is recognised in the amount of NOK 14 776 million. The shares are designated as available-for-sale assets and recognised at fair value with changes in value being recognised against equity. Any part of the change in value that can be attributed to changes in currency and that falls within corresponding changes in currency for loans in EUR, is presented in the income statement under financial items. The change in value at the end of the second quarter was NOK -5373 million, of which NOK -790 million is due to a lower exchange rate for EUR.

6. Currency effects on internal loans

Currency gains on internal loans amounted to NOK 2146 million of the unrealised changes in value for financial items. 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, primarily in the companies' local currency, STC prepares its accounts in EUR and reports significant currency effects as a result of lending in its income statement. Subsidiaries with borrowings in EUR but with another reporting currency, report currency effects in their 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 offsets currency gains and losses added to equity in the income statement.

7 Hedge accounting

Statkraft has used hedge accounting in 2010 to reduce the volatility in the income statement. A larger share of the debt in EUR has been hedged against market rate changes.

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