

**STATKRAFT AS
INTERIM REPORT Q2/11**

Q2

Key figures

Q2			Year to date		The year
2011	2010		2011	2010	2010
From income statement (NOK mill.)					
4 650	5 443	Gross operating revenues	12 203	15 950	29 252
1 978	4 528	Net operating revenues	9 639	12 350	23 176
266	2 801	EBITDA	6 097	8 723	15 955
-334	1 943	Operating profit	4 917	7 225	12 750
		Share of profit from associated companies and joint ventures			
-81	-436		314	207	766
-511	760	Net financial items	-1 271	2 327	-917
-926	2 267	Profit before tax	3 959	9 759	12 599
-929	1 064	Profit after tax	1 880	5 596	7 451
Underlying result (NOK mill.)					
4 663	5 032	Gross operating revenues, underlying	12 079	15 318	28 990
3 533	3 460	Net operating revenues, underlying	9 613	11 273	22 721
1 822	1 733	EBITDA, underlying	6 072	7 645	15 161
1 222	1 100	Operating profit, underlying	4 892	6 373	12 618
39.1 %	34.4 %	EBITDA margin, underlying (%)	50.3 %	49.9 %	52.3 %
		ROACE - last 12 months (%)	17.8 %	15.9 %	19.7 %
Items excluded from underlying result (NOK mill.)					
-1 682	675	Unrealised changes in the value of energy contracts	-100	685	62
126	167	Non-recurring items	126	167	70
Balance sheet and investments (NOK mill.)					
		Total assets, consolidated operations	153 017	141 518	155 967
164	244	Maintenance investments	291	475	1 000
897	404	Investments in new capacity	1 209	625	1 852
664	15	Investments in shareholdings	1 531	66	888
Cash Flow (NOK mill.)					
1 580	916	Net changes in cash flow from operating activities	5 178	7 138	13 577
		Cash and cash equivalents	21 946	10 886	20 052
Production (TWh)					
10.1	10.5	Total volume sold	24.8	28.8	57.3
8.3	8.7	- of which hydropower	21.4	24.6	50.0
0.2	0.1	- of which wind power	0.4	0.3	0.6
1.6	1.7	- of which gas power	2.9	3.9	6.6
0.0	0.0	- of which bio power	0.1	0.0	0.1
Price (EUR/MWh)					
52.2	44.9	Average systemprice, Nord Pool	59.2	52.3	53.1
53.6	41.9	Average spotprice (base), EEX	52.7	41.5	44.6
62.4	51.9	Average spotprice (peak), EEX	62.2	51.4	55.0
21.4	16.5	Average gasprice, TTF	21.8	15.0	17.4
Staff (no.)					
		Full-time equivalents	3 316	3 246	3 301
Net operating revenues, segment underlying (NOK mill.)					
2 247	2 083	Nordic hydropower	6 391	7 599	15 662
361	375	Continental energy and trading	598	1 002	1 957
209	194	International hydropower	400	351	679
74	51	Wind power	187	120	261
78	80	District heating	193	176	359
557	632	Industrial ownership	1 726	1 795	3 550
283	258	Other activities	453	572	842
-276	-214	Eliminations	-336	-341	-589
3 533	3 460	Statkraft Group	9 613	11 273	22 721
EBITDA, segment underlying (NOK mill.)					
1 547	1 365	Nordic hydropower	4 987	6 112	12 665
43	86	Continental energy and trading	31	459	610
56	58	International hydropower	117	75	120
9	-15	Wind power	35	-9	-66
34	30	District heating	102	73	154
218	297	Industrial ownership	1 010	1 082	2 055
-1	-81	Other activities	-112	-163	-430
-84	-7	Eliminations	-98	18	52
1 822	1 733	Statkraft Group	6 072	7 645	15 161

Comparable figures for 2010 for the underlying income statement items have been converted to the principles applied in the calculation of the underlying result from and including 2011.

Table of Contents

Highlights	1
First half of 2011	1
The second quarter	1
Important events in the quarter	1
Financial performance	3
First half of 2011	3
The second quarter	3
EBITDA and operating result - underlying	3
Operating revenues - underlying	3
Operating expenses - underlying	4
Items excluded from the underlying result	5
Share of profit from associates	5
Financial items	5
Taxes	6
Return	6
Cash flow and capital structure	6
The power market.....	8
The Nordic power market	8
The German power market	9
Commodity prices	9
Staff and HSE.....	10
Full-time equivalents	10
HSE	10
Environment	10
Segments	11
Nordic hydropower	13
Continental energy and trading	14
International hydropower	15
Wind power	17
District heating	18
Industrial ownership	19
Other activities	20
Outlook	21
Declaration from the board and CEO	22
Statkraft AS Group Interim Financial Statements.....	23
Comments to the financial statements	28

Highlights

Q2 2011

	<i>NOK million</i>	<i>Against 2010</i>
▪ Gross operating revenues, underlying	4 663	-7%
▪ EBITDA, underlying	1 822	+5%
▪ Pre-tax loss	926	-141%
▪ Net loss	929	-187%

In the second quarter, Statkraft achieved good results from underlying operations, but unrealised changes in value on energy contracts and write-down of the share portfolio in E.ON AG caused a negative posted result before and after tax for the quarter.

First half of 2011

The result for the first half of 2011 was characterised by lower Nordic hydropower production as a result of the tight resource situation. Higher Nordic power prices and lower contract volumes at statutory prices offset some of the production decline.

The second quarter

Higher power prices and lower contract volumes at statutory prices compensated for lower production in the quarter. Combined with somewhat lower operating expenses, this improved the result for the underlying operation in the second quarter.

In total, the Group produced 10.1 TWh, 0.5 TWh less than in the same quarter last year. The decline has primarily affected the volume sold in the spot market, and the Group has therefore not been able to fully realise the effect of higher spot prices.

Important events in the quarter

HSE

On 7 June, a serious accident took place involving a local sub-contractor in a construction project in the Theun Hinboun Power Company in Laos, where Statkraft SF owns 20 per cent. The operator of an excavator was severely injured when the excavator overturned. The incident was investigated, and corrective measures have been implemented by the main contractor.

Hydropower

The water level in the Nordic water reservoirs is back to normal following high inflow in the quarter. Quickly melting snow in April and a lot

Year to date 2011

	<i>NOK million</i>	<i>Against 2010</i>
▪ Gross operating revenues, underlying	12 079	-21%
▪ EBITDA, underlying	6 072	-21%
▪ Pre-tax profit	3 959	-59%
▪ Net profit	1 880	-66%

of precipitation in May and June improved the hydrological balance.

On 25 May, SN Power acquired 100 per cent of the shares in the Brazilian company Enerpar S.A. from Norske Skog. This marks the entry of SN Power into the Brazilian market, one of the world's largest power markets with the better part of the power production based on hydropower.

The existing generator at Svartisen power plant returned to operation on 13 July. The test operation of the new generator, which will provide another 250 MW in installed capacity, has been postponed until September.

Wind power

Statkraft has decided to build Baillie Wind Farm in Scotland (52.5 MW) and Mörtjärnberget wind farm Sweden (85 MW). The commissioning is scheduled for 2012 and 2013, respectively. Both wind farms have been established in cooperation with local partners. Statkraft's investment limit for the projects is around NOK 2 billion.

SN Power acquired the remaining 20 per cent of the shares in Norvind S.A. and now owns 100 per cent of a 46 MW wind farm in Chile. The acquisition took place in combination with SN Power divesting itself of the Trayenko projects in Chile.

Gas power

Building and operating permits for the planned gas power plant Knapsack II in Germany (430 MW) were granted by the regional authorities in late June.

District heating

Statkraft has been granted a licence for district heating in Ås. The initial heating delivery has been scheduled for 2012.

Statkraft has established cooperation with Narvik Fjernvarme to build, own and operate a

district heating system in Narvik with biofuel as base load. A letter of intent has been signed in which the parties agree that the cooperation should be formalised through the establishment of the company Statkraft Narvik Fjernvarme AS.

Power agreements

Statkraft has decided to increase the volume of long-term power contracts, and five new contracts were entered into during the second quarter. The power agreements starting delivery in 2011 amount to a total annual volume of 6 TWh, and the Group's long-term contract volume is now about 20.8 TWh per year. These are agreements entered into with mainly Norwegian companies. The major part of this volume involves agreements that are entered into by the Statkraft AS Group, but the volume also includes lease agreements that Statkraft SF has with power-intensive industry. A considerable part of this volume replaces the expired contracts with statutory prices.

The green certificate market

In June, the Norwegian parliament decided to establish a market for electricity certificates together with Sweden, starting 1 January 2012. This will stimulate development of 26.4 TWh of new renewable energy in the two countries combined. In July, Norway agreed with the EU to endorse the EU's renewable energy directive. This means that Norway will assume an obligation to increase the share of renewable energy in Norway from about 58 per cent to 67.5 per cent in the period leading up to 2020.

Sale of property company

With effect from 31 May 2011, Statkraft has sold the property company Sluppen Eiendom to Trondheim Næringspark. The accounting gain for the Group was NOK 126 million.

Other

Statkraft Energi AS was fined NOK 400 000 by Nord Pool Spot AS and NASDAQ OMX Oslo ASA for breach of the Market Conduct Rules related to erroneous Elspot nominations and financial trades on October 27, 2010. Statkraft has chosen to accept the fine and has thoroughly reviewed the declaration and control routines and updated its procedures.

Events since the balance sheet date

On 15 August, SN Power (60 per cent shareholding) acquired 40.65% of the shares in the Brazilian company Desenvix for USD 445 million. The company is engaged in renewable energy operation and development in Brazil.

Financial performance¹

First half of 2011

The Group posted a profit before tax of NOK 3959 million in the first half of 2011 (NOK 9759 million) and a profit after tax of NOK 1880 million (NOK 5596 million). A strained resource situation in the first part of the six-month period caused lower Nordic hydropower production. Gross operating revenues were therefore reduced by NOK 3748 million compared with the first half of 2010. Lower energy purchase, transmission and operating expenses offset the lower revenues somewhat, resulting in a reduction in the operating result of NOK 2308 million.

Share of profit from associates were NOK 106 million higher, while net financial items were NOK 3598 million lower than in the first half of 2010. The decline in financial items relates primarily to write-down of the Group's shares in E.ON AG of NOK 2145 million and realised currency gains in 2010. In 2010, the drop in value for the E.ON shares was not recognised in the income statement until the fourth quarter, until then it was recognised under the comprehensive income. The tax expense was NOK 2084 million lower, mainly as a result of lower pre-tax result.

The second quarter

The Group posted a loss before tax of NOK 926 million in the second quarter (profit of NOK 2267 million) and a loss after tax of NOK 929 million (profit of NOK 1064 million). The decline is due to unrealised changes in value.

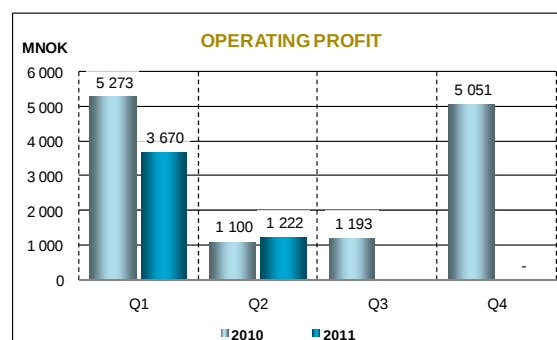
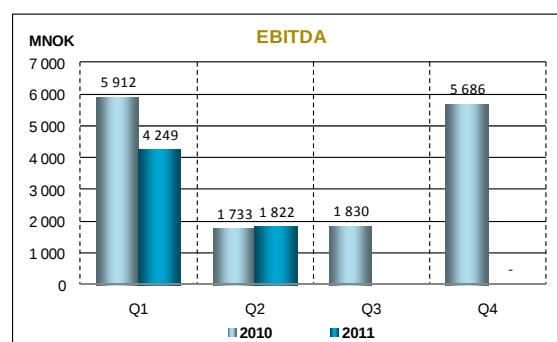
A strained resource situation in April explains why the hydropower production in the second quarter was 6.9 per cent lower than in the same quarter in 2010. In combination with lower gains from sale of activities, this reduced the gross operating revenues by 15 per cent to NOK 4650 million. Lower energy purchases and transmission costs partly offset this, but a negative development in unrealised changes in value for energy contracts resulted in net operating revenues being reduced by NOK 2550 million to NOK 1978 million. In spite of 11 per cent lower operating expenses, the posted operating loss was NOK 334 million.

Net financial items were reduced by NOK 1271 million to NOK -511 million. This was partly a result of the write-down of the

Group's shareholding in E.ON AG and partly a result of realised currency gains in the second quarter of 2010. A dividend of NOK 992 million from E.ON AG was recognised as income in the quarter.

EBITDA and operating result - underlying

In the second quarter, the underlying operations were 5 per cent higher as regards EBITDA and 11 per cent higher as regards operating result compared with the same period in 2010, mainly as a result of higher Nordic power prices, combined with expired industrial contracts at statutory prices.



Operating revenues - underlying

The Group's gross operating revenues were NOK 4663 million in the second quarter (NOK 5032 million), a decline of 7 per cent.

The Group has been less able to exploit higher spot prices as the contract volumes' share of the total production was higher than in the second quarter of 2010.

The Group produced a total of 10.1 TWh in the quarter (10.5 TWh). The decline is primarily related to lower hydropower production.

¹ The report shows comparable figures for the corresponding period in 2010 in parentheses.

NET OPERATING REVENUE					
Q2			Year to date		Year
2011	2010	MNOK	2011	2010	2010
1 431	2 094	Net physical sales	4 652	7 879	13 887
		Concessionary sales at statutory prices			
124	99		217	188	308
50	346	Industrial sales at statutory prices	125	751	1 535
1 291	551	Long-term commercial contracts	2 354	1 354	3 054
		Dynamic Asset Management			
-1	189	Portfolio	-189	112	308
219	-8	Trading and Origination	425	246	732
206	335	Distribution grid	566	869	1 421
1 039	1 005	End user	3 229	3 065	5 986
109	111	District heating, energy sales	338	324	634
3	61	Other sales revenues	-9	28	45
4 476	4 783	Sales revenues	11 712	14 815	27 911
187	249	Other operating revenues	367	503	1 080
4 663	5 032	Gross operating revenues	12 079	15 318	28 990
-879	-1 271	Energy purchase	-1 861	-3 225	-4 674
-251	-301	Transmission costs	-606	-820	-1 595
3 533	3 460	Net operating revenue	9 613	11 273	22 721

Lower production in the Nordic region resulted in lower revenues from net physical spot sales compared to the second quarter of 2010. Fjordkraft started buying power internally in the Group in the second quarter of 2010. This is eliminated in the group's overall revenues and explains some of the decline in physical spot sales.

The decline in industrial power at statutory prices is due to the fact that many of these contracts expired at the end of 2010. The volume delivered under long commercial industry contracts has, however, increased, resulting in higher revenues from these contracts.

The Nordic and Continental portfolio management was reduced by NOK 190 million. The decline was most substantial for the Continental portfolio, but it yielded a positive contribution in the second quarter of 2010.

Realised and unrealised gains from trading and origination were higher compared with same period in 2010. With the exception of Nordic trading, the other activities have shown progress.

Grid revenues fell as a result of the sale of Trondheim Energi Nett being at the end of the second quarter of 2010.

Energy purchases amounted to NOK 879 million in the quarter (NOK 1271 million). The decline is related to higher internal energy purchases in Fjordkraft.

Transmission costs in connection with transport of power totalled NOK 251 million (NOK 301 million). The decline is mainly due to the fact that the lease fees for Baltic Cable were recognised as transmission costs until May 2010.

Net operating revenues amounted to NOK 3533 million (NOK 3460 million).

Operating expenses - underlying

Operating expenses amounted to NOK 2312 million in the second quarter (NOK 2360 million).

OPERATING EXPENSES					
Q2			Year to date		The year
2011	2010	MNOK	2011	2010	2010
-578	-540	Salaries and payroll costs	-1 271	-1 218	-2 726
-600	-633	Depreciations	-1 180	-1 272	-2 544
		Property tax and license fees			
-309	-295		-605	-617	-1 236
-824	-892	Other operating expenses	-1 665	-1 792	-3 598
-2 312	-2 360	Operating expenses	-4 721	-4 899	-10 104

Salaries and payroll costs increased by NOK 38 million to NOK 578 million compared with the second quarter of 2010. The increase relates to increased activity in connection with development, insourcing in the operation of the Swedish hydropower plants that were taken over in connection with the swap trade with E.ON at the end of 2008 and general wage growth. At the end of the second quarter the Group employed 3316 full-time equivalents, 70 more than in the same period in 2010. The increase is offset somewhat by the fact that the 2010 figures include costs related to Trondheim Energi Nett, which was sold at the end of the second quarter last year.

The decline in depreciation of NOK 33 million is due to lower basis of depreciation as a result of write-downs in 2010. In addition, depreciation was lower as a result of the sale of the grid activities.

Property tax and licence fees increased by NOK 14 million to NOK 309 million.

Other operating expenses fell by NOK 67 million to NOK 824 million, primarily as a result of the sale of the grid activities and Skagerak Fibernett in 2010. The latter was sold at the end of last year. Repair costs in connection with Baltic Cable increased the costs.

Items excluded from the underlying result

ITEMS EXCLUDED FROM UNDERLYING RESULT					
Q2		Year to date		The year	
2011	2010	2011	2010	2010	
Unrealised value changes energy contracts					
-1 682	675 (excl. Trading and origination)	-101	685	62	
126	167 Non-recurring items	126	167	70	
126	- gain on sale of Sluppen Eiendom	126	-	-	
-	393 - gain on sale of Trondheim Energi Nett	-	393	393	
-	- pension commitment	-	-	339	
-	-226 - impairments	-	-226	-662	

Total unrealised changes in value for energy contracts and material non-recurring items amounted to NOK -1556 million in the second quarter (NOK 842 million).

Unrealised changes in value on energy contracts

Unrealised changes in value on energy contracts were NOK -1682 million in the second quarter (NOK 675 million). This is mainly due to Statkraft having long-term power sales agreements with Norwegian companies where prices and settlements are agreed in EUR.

Changes in value recognised in the income statement related to embedded derivatives in power sales agreements amounted to NOK -1338 million in the second quarter. The change in value mainly derives from agreements entered into in 2009 when the EUR exchange rate was slightly above NOK 9.

The Group's strategy to reduce currency risk is to hedge future net cash flows in currency. The cash flow in EUR from the mentioned power sales agreements is included in the continuous hedging activity in line with this strategy, see financial items for more details.

Non-recurring items

Effective from 31 May 2011, Statkraft sold the property company Sluppen Eiendom to Trondheim Næringspark with a posted gain of NOK 126 million in the second quarter.

Share of profit from associates

Share of profit from associates amounted to NOK -81 million in the second quarter (NOK -436 million). The improvement is mainly from the Philippines where increased production and delivery of supplementary services improved the result. Furthermore, contributions from BKK increased (NOK 103 million) and Agder (NOK 96 million), related to production increase and unrealised gains from energy contracts, respectively. The increase was somewhat offset by unrealised losses from a power sales agreement for Herdecke

(NOK -382 million) related to an increase in forward prices. Write-downs of NOK 314 million were made in the second quarter of 2010 in the International hydropower segment.

Financial items

Net financial items amounted to NOK -511 million in the second quarter (NOK 760 million).

Financial income amounted to NOK 1226 million in the second quarter (NOK 1595 million). The decline is mainly due to realised currency gains for external debt of NOK 490 million in the second quarter of 2010.

Statkraft places significant amounts in banks and securities at times, particularly ahead of major payments. The return on the investments was NOK 94 million higher in the second quarter compared with the corresponding period last year. The increase is due to both higher market interest rates and higher average placed amounts.

Financial expenses amounted to NOK 375 million in the second quarter (NOK 399 million), mainly caused by a reduction in other financial expenses. Interest costs rose marginally, as rising market interest rates are offset by lower average debt.

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 62 per cent. So far in 2011, the average floating interest rate has been 4.6 per cent for loans in NOK, 2.7 per cent for loans in SEK, 3.7 per cent for loans in EUR and 3.6 per cent for loans in USD. Debt in USD is in relation to project financing in SN Power.

Hedging contracts and relatively stable currency exchange rates resulted in unrealised currency items only amounting to NOK 170 million in the second quarter.

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

Unrealised changes in value for financial items amounted to NOK -1362 million in the second quarter of 2011, mainly due to the write-down of the E.ON shares by NOK -1351 million,

which has been recognised in the income statement as an unrealised loss in the quarter. The E.ON AG share price fell from EUR 21.55 to EUR 19.59 in the second quarter. The dividend of NOK 992 million (NOK 974 million) from E.ON AG was recognised as financial income in the quarter. In the period following the closing of the accounts, the value of the E.ON share has suffered a further decline.

Taxes

The accounting tax expense was only NOK 3 million in the second quarter (NOK 1203 million). The reduction was mainly related to lower pre-tax result, where the tax effect amounts to NOK 894 million. Other decline in tax expenses is due primarily to calculated resource rent tax for unrealised reduction in value for embedded derivatives.

Resource rent tax for power production resulted in a tax expense in the second quarter in spite of a posted deficit before tax.

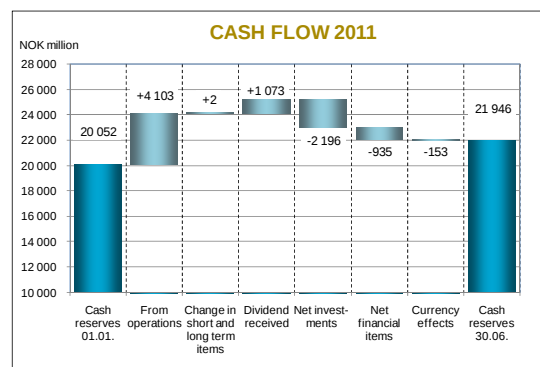
Return

Measured by ROACE – return on average capital employed - the Group achieved a return of 17.8 per cent over the last 12 months, compared with 19.7 per cent for the year 2010. The decline of 1.9 percentage points is due to a lower operating result. Average capital employed is marginally lower.

Based on posted result, the return on equity was 5.5 per cent after tax, compared with 11.8 per cent for the year 2010 and the return on total assets after tax of 3.3 per cent, compared with 6.0 per cent for the year 2010. The decline is due to the lower result. Average equity and total assets increased somewhat as a result of the equity injection from the owner in December 2010.

Cash flow and capital structure

The operational activities yielded a cash flow of NOK 4103 million in the first half of 2011 (NOK 6138 million). Long-term and short-term items had a net positive change of NOK 2 million (NOK 178 million). Dividend received from associates amounted to NOK 1073 million (NOK 822 million). Net liquidity change from operating activities amounted to NOK 5178 million (NOK 7138 million).

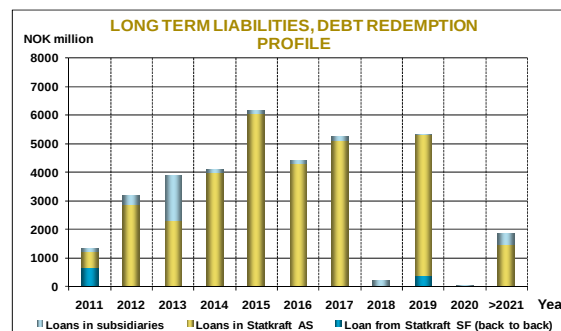


The net investment in the first half of 2011 was NOK 2196 million. In addition to maintenance investments, the largest investments were in connection with increased capacity for hydro-power in Norway, Turkey and Peru, land-based wind power in the UK as well as an increased shareholding in Baltic Cable AB.

New borrowing amounted to NOK 1755 million and primarily consisted of short-term external debt in partly-owned subsidiaries. Total repayment of debt amounted to NOK 2968 million.

CASH FLOW			
Figures in NOK million	Year to date		Year
	2011	2010	2010
Net cash flow from operating activities	5 178	7 138	13 577
Net cash flow from investing activities	-2 196	138	-2 297
Net cash flow from financing activities	-935	-3 118	2 092
Net change in cash and cash equivalents	2 047	4 158	13 372
Currency effect on cash flows	-153	65	17
Cash and cash equivalents 01.01.	20 052	6 663	6 663
Cash and cash equivalents 30.06.	21 946	10 886	20 052

The net change in liquidity in the first half of 2011 amounted to NOK 2047 million (NOK 4158 million). Statkraft's cash and cash equivalents totalled NOK 21 946 million, compared with NOK 20 052 million at the beginning of the year.



Interest-bearing debt was NOK 39 107 million at the end of the first half of 2011, compared

with NOK 40 486 million at the start of the year. The interest-bearing debt-to-equity ratio was 36.5 per cent, compared with 35.0 per cent at year-end 2010. The increase is due primarily to lower equity.

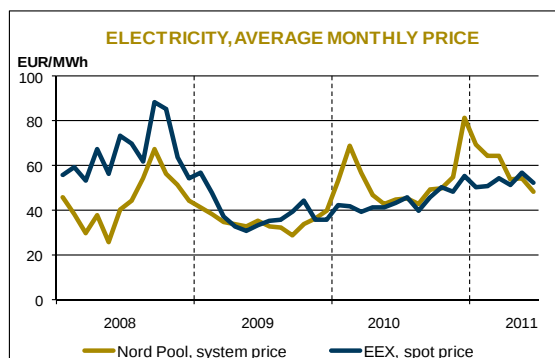
Loans from Statkraft SF to Statkraft AS amounted to NOK 1.1 billion at the end of first half of 2011.

The financial situation was improved by the equity injection in 2010, which reduced the need for new borrowing in the short term. Statkraft seeks to achieve a steady maturity profile when borrowing.

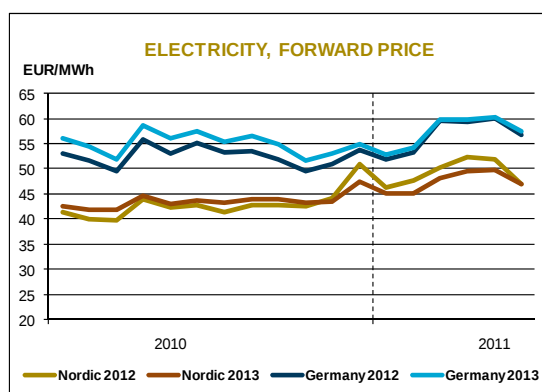
At the end of the quarter, current assets, except cash and cash equivalents, totalled NOK 16 804 million and short-term interest-free debt amounted to NOK 24 455 million. Energy and financial derivatives amounted to NOK 4430 million of the current assets and NOK 4229 million of the short-term interest-free debt, respectively.

At the end of the second quarter, Statkraft's equity totalled NOK 68 024 million, compared with NOK 75 302 million at the start of the year. The reduction is basically due to Group contributions to Statkraft SF for 2010 being transferred from equity to short-term debt.

The power market



The majority of Statkraft's European production is generated in the Nordic region and Germany. The Group also participates in markets outside Europe through its subsidiary SN Power. Power prices are influenced by hydrological conditions and the commodity prices for thermal power plants. Gas is also an input factor in Statkraft's own power production.

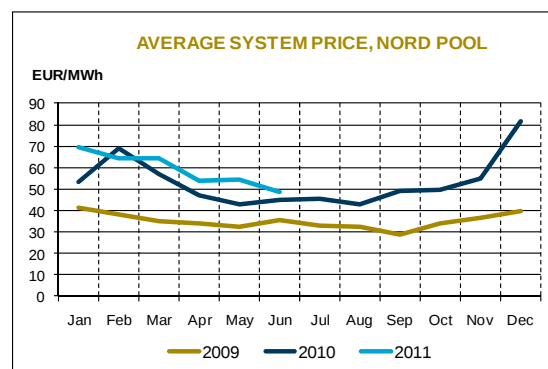


Forward prices in the Nordic region increased somewhat at the beginning of the second quarter, but fell again in May as a result of increased precipitation, higher temperatures and reduced consumption.

Forward prices in Germany remained relatively stable from the end of March and through the quarter. The price level in Germany was primarily driven by the political decision to close nuclear power plants.

The Nordic power market

The Nordic power prices remained relatively high also in the second quarter, and the average system price ended at 52.2 EUR/MWh in the quarter (44.9 EUR/MWh), an increase of 16 per cent compared with the same period in 2010.



Source: Nord Pool

Power prices were primarily influenced by high spot prices in the German market, somewhat offset by volumes of precipitation.

POWER CONSUMPTION AND OUTPUT IN THE NORDIC AREA

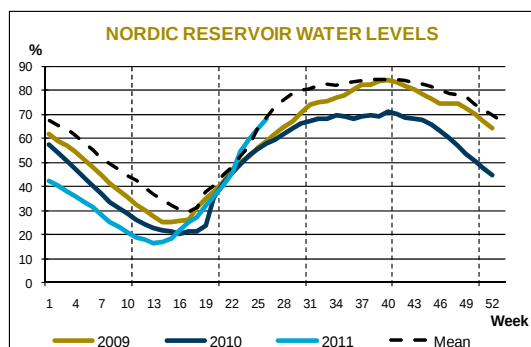
Q2		TWh	Year to date	
2011	2010		2011	2010
83.0	84.8	Nordic consumption	197.3	202.7
80.8	81.7	Nordic output	188.1	192.9
2.3	3.2	Net Nordic import (+)/export (-)	9.3	9.9
26.0	26.9	Norwegian consumption	64.2	66.9
25.7	22.3	Norwegian output	57.5	60.2
0.3	4.6	Net Norwegian import (+)/export (-)	6.7	6.7

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

The Nordic power production was 1.1 per cent lower in the second quarter than in same period in 2010. Net imports to the Nordic region in the quarter were 2.3 TWh (3.2 TWh).

Consumption in the Nordic region was 2.1 per cent lower in the second quarter compared with the same quarter in the last year. Consumption in Norway fell by 3.4 per cent.

The Norwegian power production was 15 per cent higher in the second quarter compared with same quarter in 2010. Net imports to Norway were 0.3 TWh in the quarter, compared to net imports of 4.6 TWh in the second quarter of 2010. Net imports to Norway in the first half of both 2010 and 2011 were 6.7 TWh.

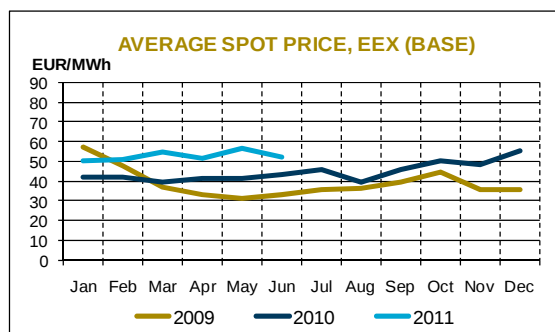


As a result of considerable precipitation, the overall reservoir water level in the Nordic region at the end of June was 96.5 per cent of the normal level, corresponding to 82.7 TWh. The water level was 68.3 per cent of maximum capacity, which is 121.2 TWh (57.9 per cent).

The German power market

The average spot price in the German market was 27.7 per cent higher in the second quarter than in the corresponding period in 2010, and ended at 53.6 EUR/MWh (41.9 EUR/MWh).

The prices remained relatively stable in the second quarter following an increase in March as a result of the political decision to shut down nuclear power plants in Germany, somewhat offset by economic unrest in Europe.

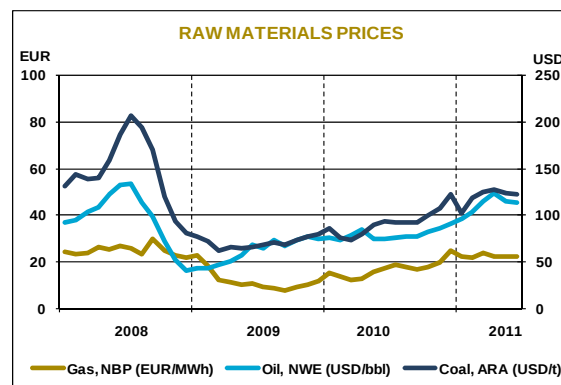


Source: European Energy Exchange (EEX)

Commodity prices

Commodity prices affect Statkraft directly as input factors in own production (gas), through

financial trading with the products and as a result of the Group's contracts being indexed against various commodities. In addition, Statkraft is influenced indirectly as a result of the commodities' influence on power prices.



Oil prices were volatile in the second quarter, but remained high, supported by increasing demand, mainly from Asia. At the end of the quarter, the spot price for oil (Brent) was fluctuating around USD 110 per barrel.

High gas prices were to a certain extent offset by record imports of LNG to Europe. At the end of the quarter, European spot gas prices were seen around 22 EUR/MWh.

Coal prices were relatively stable in the second quarter, supported by high demand from China and India. At the end of the quarter, the European spot (index) price was USD 123 per tonne.

CO₂ prices remained stable at around EUR 17 per tonne until the price dropped to around EUR 13 per tonne in the middle of June.

Staff and HSE

Full-time equivalents

At the end of the second quarter, the Group employed 3316 full-time equivalents, 24 more than at the end of the first quarter.

HSE

KEY FIGURES, HSE			
	Q2	Year to date	The year
	2011	2011	2010
LTI* (lost-time injuries per million hours)	5.2	5.0	3.4
TRIP* (total recordable injuries per million hours)	10.2	10.2	6.8
F* (days lost through injury per million hours)	42	50	32
Absence due to illness (%)	2.8	3.3	3.4

* Data for 2011 include employees in all businesses where Statkraft owns 20 per cent or more. Earlier data include only consolidated businesses. Too high values were reported for LTI and TRI in the first quarter of 2011. This has been corrected in figures for "Year to date".

On 7 June, a serious accident took place involving a local sub-contractor in a construction project in the Theun Hinboun Power Company in Laos, where Statkraft SF owns 20 per cent. The operator of an excavator was severely injured when the excavator overturned. The incident was investigated and corrective measures have been implemented by the main contractor.

In the second quarter, a total of 39 injuries, of which 20 were lost-time injuries, and 161 days absent were recorded for the Group's employees. This gives an LTI rate of 5.2, a TRI value of 10.2 and an F rate of 42. Statkraft's goal is a TRI rate of less than 5.

Eight injuries were recorded among contractors in operational activities in the second quarter, of which six were lost-time injuries. 16 injuries were recorded among contractors in project-related activities, of which six were lost-time injuries.

The injury frequency in the Group's wholly owned operations has been analysed. On this background, an action plan was adopted in the second quarter and this is followed up in the respective regions.

In associated activities, Statkraft follows up the health and safety work through the respective boards of directors. Agder Energi has had a negative development in the injury rate frequency, and the board of Agder Energi is focusing on measures to reverse the negative trend.

Statkraft also works actively and continuously to achieve increased understanding for and compliance with established safety requirements in all development projects the Group is involved in.

Absence due to illness in the second quarter was 2.8 per cent, which is below Statkraft's 4 per cent target. However, parts of the organisation have an absence rate that exceeds 4 per cent. This is primarily due to long-term absence due to chronic illness that are not job-related. Work is underway to provide the employee sick leave with closer follow up in cooperation with the occupational health service and the Inclusive Working Life scheme in order to reduce absence due to illness. In addition, individual plans have been made to help employees on long-term sick leave to return to work.

Environment

The Group has not had any serious environmental incidents in the second quarter, but 41 less serious environmental incidents and 74 undesirable environmental conditions were recorded. Most of the less serious environmental incidents were minor and short-term breaches of the river management regulations or minor chemical discharges, and are considered to have little or no negative effect on the environment. However, two of the incidents are considered to have a high environmental or reputational risk:

- In connection with completion of drainage and construction work at the Alltwalis wind farm, parts of a hedgerow covered by the Planning Permission were damaged. The damage will be restored, but a potential breach of the Planning Permission may result in a fine.
- About 15 000 fry died due to a power outage at Eresfjord restocking fish plant. The matter can be rectified by increased restocking in the coming years, or buying new fish from a different plant.

Segments

As a result of a change in the Group's strategy, Statkraft was reorganised in 2010. This reorganisation will be finalised with implementation of new segments effective as of 1 January 2011. The segment structure is presented on the basis of the internal management information which the management systematically reviews and uses for resource allocation and goal attainment. The segments that are implemented and effective as of 1 January 2011 are Nordic hydropower, Continental energy and trading, International hydropower, Wind power, District heating and Industrial ownership. Areas not shown as separate segments are presented under the heading Other activities.

Nordic hydropower is the largest segment and includes hydropower plants in the Nordic region. The production assets are mainly flexible and include 169 hydropower plants in Norway (106), Sweden (59) and Finland (4), with a total installed capacity of more than 10 500 MW. The segment's revenues come mainly from sale of power in the spot market as well as long-term contracts, the latter mostly with power-intensive industry in Norway. In Norway, Statkraft also delivers concessionary power. Multiple-year reservoirs and the flexibility of the power plants enable optimisation of power production in relation to the hydrological situation and price situation. Nordic hydropower is therefore optimised over longer time periods than one year.

Continental energy and trading includes gas power plants in Germany and Norway, hydropower plants in Germany and the UK and bio-based power plants in Germany, as well as Baltic Cable AB, the subsea cable between Sweden and Germany. Total installed capacity for the segment's 21 power plants is slightly less than 2500 MW, while Baltic Cable AB has a capacity of 600 MW. The power production is optimised in relation to the prices on input factors (fuel, CO₂ and hydrology) and the sales prices (power and green certificates). The segment includes trading and origination, as well as revenue optimisation and risk mitigation related to both the Continental and Nordic production. In this manner, the Group can exploit its overall market expertise in the best possible manner. The trading involves extensive use of standardised and structured power contracts, gas, coal, oil and CO₂.

International hydropower operates in emerging economies with expected high growth and substantial need for energy. Statkraft focuses on selected markets where the Group's hydro-

power expertise can be applied. The activities include the shareholding of 60 per cent in SN Power as well as the Group's hydropower activities in Southeast Europe with emphasis on Turkey and Albania. SN Power owns 18 hydropower plants in South America and Asia, as well as one wind farm and one thermal power plant in South America. These power plants have a total installed capacity of 842 MW (SN Power's share). In addition, SN Power owns three power plants totalling 280 MW (SN Power's percentage) under construction and rehabilitation. In Turkey, a 20 MW hydropower plant has started operating, while a 102 MW hydropower plant is under construction. Investments are often made in partnership with local players or international investors. The project development costs are relatively high, and will continue to limit the segment's profitability.

Wind power includes Statkraft's investments in land-based and offshore wind power. The segment has five land-based wind farms in operation in Norway, Sweden and the UK, with a total installed capacity of 277 MW. The revenues mainly derive from sale of power at spot prices as well as green certificates. In Norway and Sweden, the segment has a large project portfolio within land-based wind, where the priority is to achieve final licences so that construction can start. Offshore wind concentrates on the UK market. Statkraft and Statoil own the offshore wind farm Sheringham Shoal 50-50. The wind farm will have an installed capacity of 317 MW and is scheduled for completion in 2012. Together with their three partners, projects at Dogger Bank are being developed towards the licence application stage. The project development costs are relatively high and will for a period continue to reduce the segment's profitability.

District heating operates in Norway and Sweden. Further growth will primarily take place in Norway where Statkraft is one of the two largest suppliers of district heating. The total installed capacity is 297 MW in Norway and 211 MW in Sweden. In Norway, about 640 commercial customers and about 8000 households are supplied with district heating, while about 1500 customers in Sweden receive district heating. The revenues are influenced by power prices, grid tariffs and taxes, and the price to customers is adjusted monthly or quarterly. Waste, biomass, oil and gas are important input factors in the production of district heating. In Norway, the customer basis is be-

ing strengthened through mandatory connection.

Industrial ownership includes management and development of Norwegian shareholdings. The segment comprises the companies Skagerak Energi, Fjordkraft, BKK (49.9 per cent shareholding), Istad (49 per cent) and Agder Energi (45.5 per cent). The two former companies are included in the consolidated financial statements, while the other three companies are reported as associates. Skagerak Energi's activities are concentrated around the production of power, district heating operations, distribution grid operations, electrical entrepreneur activities and natural gas distribution. The pro-

duction assets comprise 45 wholly and partly-owned hydropower plants with a total installed capacity of 1314 MW, and the company has about 181 000 grid customers. Fjordkraft's activities are concentrated around the sale of electricity to households and companies, and the company had about 400 000 customers at the end of 2010.

Other activities include Small-scale hydropower, the shareholding of 4.17 per cent in E.ON AG, real estate management in Trondheim, Innovation, group functions and eliminations. The pro forma figures for 2010 also include Trondheim Energi Nett and the solar energy activities, which were divested in 2010.

Nordic hydropower

KEY FIGURES							
	Q2				Year to date		
	2011	2 010	Change	NOK mill.	2011	2 010	Change
	2 363	2 222	141	Gross operating revenues, underlying	6 677	8 088	-1 411
	2 247	2 083	163	Net operating revenue, underlying	6 391	7 599	-1 208
	1 547	1 365	182	EBITDA, underlying	4 987	6 112	-1 125
	1 266	1 091	174	Operating profit, underlying	4 427	5 568	-1 141
				Unrealised changes in the value of energy			
	-1 512	172	-1 684	contracts	-1 011	485	-1 495
	-	-	-	Non-recurring items	-	-	-
	-246	1 263	-1 509	Operating profit	3 416	6 053	-2 637
	131	108	23	Maintenance investments	179	160	20
	427	151	276	Investments in new capacity	553	225	328

Highlights in the quarter

The water level in the Nordic water reservoirs is back to normal following high inflow in the quarter. Rapid snow melting in April and increased precipitation in May and June improved the hydrological balance.

Five new long-term power contracts were entered into during the quarter. The power agreements with delivery starting in 2011 amount to a total annual volume of 6 TWh. Including these agreements, the segment's long-term contract volume is around 19 TWh per year.

Legal proceedings in the Court of Arbitration between Troms Kraft Produksjon and Statkraft took place in May. The parties disagree on rights and obligations as regards the lease agreement for waterfall rights in Bardufoss that expired on 1 May 2011. A ruling is expected at the end of August. The Bardufoss power plant has an annual generation of about 225 GWh.

Statkraft Energi AS was fined NOK 400 000 by Nord Pool Spot AS and NASDAQ OMX Oslo ASA for breach of the Market Conduct Rules related to erroneous Elspot nominations and financial trades on October 27, 2010. Statkraft has chosen to accept the fine and has thoroughly reviewed the declaration and control routines and updated its procedures.

Financial performance

The segment's underlying operating profit was NOK 1266 million in the quarter. This is an increase of NOK 174 million from the second quarter of 2010, and underlying EBITDA was NOK 182 million higher. The increase is primarily due to higher net operating revenues. The cost level in the segment remained stable.

Net operating revenues rose by NOK 163 million to NOK 2247 million. Higher Nordic power prices and an improved contract

portfolio more than compensated for lower production in the quarter. The contract portfolio in the second quarter of 2011 consists of lower volumes of contracts with statutory prices and higher volumes of commercial long-term contracts compared with the same period last year.

The production fell by 0.6 TWh to 6.8 TWh. 2.0 TWh was delivered to spot sales (3.0 TWh), a decline of 32 per cent. The total contract volume rose 7 per cent to 4.7 TWh.

Unrealised changes in value of energy contracts include EUR derivatives from the second quarter of 2011. Embedded EUR derivatives give an accumulated negative result effect of NOK 1338 million in the quarter. Changes in value were particularly influenced by contracts entered into in 2009 when EUR was considerably stronger compared with NOK.

Operations

Operations and production were stable in the second quarter. The power plants had generally high availability with the exception of Svartisen power plant.

Both the existing and the new generator at Svartisen power plant were out of operations in the second quarter. The existing 350 MW generator resumed normal operation on 13 July. Test operation of the new 250 MW unit was postponed from December 2010 to 1 June due to problems during the test runs and need for structural reinforcement. The test operation was further postponed to 9 September due to problems with the oil circulation on the lower held bearing.

Investments

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

Continental energy and trading

KEY FIGURES							
2011	Q2		NOK mill.	Year to date			Year 2 010
	2 010	Change		2011	2 010	Change	
1 241	1 080	161	Gross operating revenues, underlying	2 463	2 780	-317	5 530
361	375	-14	Net operating revenue, underlying	598	1 002	-403	1 957
43	86	-43	EBITDA, underlying	31	459	-428	610
-48	-32	-16	Operating profit, underlying	-158	217	-375	159
			Unrealised changes in the value of energy				
-39	495	-533	contracts	1 025	112	913	-60
-	-199	199	Non-recurring items	-	-199	199	-367
-87	264	-351	Operating profit	867	130	737	-273
			Share of profit from associates and joint				
-365	-92	-272	ventures	-240	180	-420	196
21	62	-41	Maintenance investments	28	134	-106	161
35	-1	36	Investments in new capacity	47	-	47	119
-	-	-	Investments in shareholdings	579	-	579	-

Highlights in the quarter

Building and operating permits for the decided expansion of the German gas power plant Knapsack II (430 MW) were granted by the regional authorities in late June. Final notice to proceed with the construction has been given to the main supplier Siemens.

Financial performance

Underlying EBITDA was NOK 43 million in the second quarter, NOK 43 million less than in the same period last year. Trading and origination showed a solid increase in net operating revenues compared with the second quarter of 2010, but the asset management portfolio offset this to some extent. The EBITDA for the gas power plant Knapsack and the hydropower plants was positive in the quarter.

The underlying operating loss was NOK 48 million, a reduction of NOK 16 million, mainly due to lower net operating revenues. The operating expenses of NOK 408 million in the second quarter were on a par with the second quarter of 2010, but there has been a shift in the relationship between lower depreciation following write-downs in 2010 and increased maintenance costs as a result of repairs on the Baltic Cable.

The gas power production of 1.3 TWh in Germany was on a par with the second quarter of 2010, but yielded higher net operating revenues as a result of improved margins (between the prices for gas and power) as well as higher revenues from regulating power. For the gas power plant Kårstø, the margin was negative in the quarter and significantly lower than in the

same period last year due to high oil prices. Net operating revenues and production therefore showed a decline from the second quarter of 2010. Kårstø was taken out of production on 21 June due to low margins.

Share of profit from associates and joint ventures shows a deficit of NOK 365 million, a reduction of NOK 272 million from the same period last year. The main reason for the decline is the unrealised change in value for the power sales agreement for Herdecke gas power plant of NOK -382 million in the second quarter 2011, as a result of higher forward prices in the German power market.

Operations

The production was 1.6 TWh in the quarter, down 0.2 TWh. The availability of the power plants has been good in the quarter.

Erzhausen pumped-storage hydropower plant was out of operation from 1 March for unscheduled inspection. Two of the four generators were back in operation by mid-June. The two other generators must be refurbished and are expected back in operation in February 2012.

The Baltic Cable was back in operation on 27 May as expected. The cable went down on 10 April due to a fault on the cable.

Investments

The incurred costs are so far low and the progress according to schedule for the new Knapsack II gas power plant.

International hydropower

KEY FIGURES								
Q2				Year to date			Year	
2011	2 010	Change	NOK mill.	2011	2 010	Change	2 010	
246	207	39	Gross operating revenues, underlying	449	373	75	727	
209	194	15	Net operating revenue, underlying	400	351	50	679	
56	58	-2	EBITDA, underlying	117	75	42	120	
-2	22	-24	Operating profit, underlying	38	8	30	-41	
-	-27	27	Non-recurring items	-	-27	27	-143	
-2	-5	3	Operating profit	38	-20	58	-184	
104	-313	416	Share of profit from associates and joint ventures	136	-249	384	185	
8	74	-66	Maintenance investments	13	120	-106	103	
171	27	144	Investments in new capacity	241	53	188	272	
773	3	770	Investments in shareholdings	773	18	755	325	

Highlights in the quarter

On 25 May, SN Power acquired 100 per cent of the shares in the Brazilian company Enerpar S.A. from Norske Skog. This makes SN Power a player in the Brazilian market, one of the world's largest power markets with the better part of the power production based on hydropower.

SN Power AfriCA has changed its name to Agua Imara. With accounting effect from 1 April, the company acquired 51 per cent of Lunsemfwa Hydro Power Company Ltd. Lunsemfwa owns two power plants in Zambia (Lunsemfwa and Mulungushi), totalling 46.5 MW. The power plants have their own reservoirs, and there are good opportunities for expanding the existing plants and building new power plants.

In the second quarter, SN Power acquired the remaining 20 per cent of the shares in Norvind S.A. and now owns all of a 46 MW wind farm in Chile. The acquisition took place in combination with SN Power divesting itself of the Trayenko projects in Chile.

Financial performance

In the second quarter, the underlying EBITDA was on a par with both the first quarter of 2011 and the second quarter of 2010. The operating result was NOK 24 million lower than during the corresponding period in 2010, mainly due to write-downs in Chile as a result of the sale of the Trayenko projects.

Gross operating revenues increased by NOK 39 million compared with the second quarter of last year as a result of new activities in Turkey, acquisitions in Zambia and Brazil, higher production at the facilities in Peru and higher power prices in Chile and Peru. Follow-

ing power purchases of NOK 28 million, of which NOK 26 million was related to Enerpar in Brazil, and transmission costs of NOK 9 million, the increase in net operating revenues was NOK 15 million.

Operating expenses amounted to NOK 212 million in the second quarter (NOK 172 million). The increase is due to write-down of the Trayenko projects in Chile, operating expenses related to the operation of Cakit power plant in Turkey as well as acquisition of activities in Zambia and Brazil. In addition, there were increased costs related to project development and organisation building in Agua Imara.

Share of profit from associates and joint ventures, which constitute a significant part of SN Power's activities, increased considerably compared with the second quarter of last year, and are due to higher revenues from the plants in the Philippines. A write-down in the second quarter of 2010 of excess value in associates in SN Power, totalling NOK 314 million contributed to a loss of NOK 313 million. Share of profit from the Indian and Chilean companies were somewhat lower as a result of lower prices and unusually low production due to the drought in Chile.

Operations

International hydropower's operation in Turkey and SN Power's relative share of the production in wholly and partially owned power plants was 0.7 TWh (0.5 TWh) in the second quarter. The increase relates to introduction of new capacity in Chile, India and Turkey as well as higher production in Peru. The availability of the power plants in Peru, India, Nepal, Sri Lanka and on the Philippines was generally

good, while production were low at the plants in Chile due to drought.

The development projects in Turkey (Kargi, 102 MW), Peru (Cheves, 168 MW) and Laos (Theun Hinboun, 280 MW expansion) are progressing according to plan, and impoundment of the reservoir commenced in early July. An uncommonly long winter in the Himalayas resulted in very limited access to the construction area, making the completion of the Duhangan part of Indian Allain Duhangan plant (192 MW) in 2011 demanding. In Chile, some work remains on La Confluencia (156 MW), and the work is expected to be completed in 2011. La Higuera (155 MW) was taken over and started production in June. There is uncertainty as regards the final settlement with the main con-

tractor for both for La Higuera and La Confluencia.

Investments

Maintenance investments in the quarter are mainly related to the plants in Peru and Nepal.

Investments in new capacity are related to the construction of the Kargi power plant in Turkey (102 MW) and Cheves in Peru (168 MW), both wholly owned by Statkraft and SN Power, respectively.

Investments in shareholdings relate to the acquisition of Enerpar in Brazil (wholly owned), Lunsemfwa in Zambia (51 per cent shareholding through Agua Imara) as well as Norvind in Chile.

Wind power

KEY FIGURES								
Q2				Year to date			Year	
2011	2 010	Change	NOK mill.	2011	2 010	Change	2 010	
79	56	23	Gross operating revenues, underlying	205	132	73	289	
74	51	22	Net operating revenue, underlying	187	120	67	261	
9	-15	24	EBITDA, underlying	35	-9	44	-66	
-16	-40	25	Operating profit, underlying	-16	-60	44	-173	
-	-	-	Non-recurring items	-	-	-	-106	
-16	-40	25	Operating profit	-16	-60	44	-280	
-21	-25	4	Share of profit from associates and joint ventures	-43	-30	-13	-35	
1	-	1	Maintenance investments	1	1	-0	3	
20	17	4	Investments in new capacity	20	32	-11	130	
-112	19	-131	Investments in shareholdings	158	34	124	559	

Highlights in the quarter

Statkraft decided to build Mörttjärnberget wind farm and Baillie Wind Farm. Both wind farms will be established in cooperation with local partners. Statkraft's investment limit for the projects is around NOK 2 billion.

Mörttjärnberget will be built in Bräcke municipality in Jämtland County, southeast of Östersund in Central Sweden. The overall installed capacity is 85 MW. Commissioning is scheduled for 2013. The wind farm will be built by Statkraft SCA Vind, and is the first project in the company's portfolio to be built. The company is owned 60 per cent by Statkraft and 40 per cent by SCA Forest Products.

Baillie will be built in Caithness in northern Scotland by the company Baillie Wind Farm. The overall installed capacity is 52.5 MW. Commissioning is scheduled for 2012. Statkraft increased its shareholding in the company from 33.9 per cent to 80 per cent earlier this year.

In July, the first wind turbine was installed in the Sheringham Shoal offshore wind power project in the UK. The total installed capacity will be 317 MW. The project will be completed in 2012.

Financial performance⁴

The underlying operating profit before depreciation was NOK 9 million (loss of NOK 15 million) in the second quarter. The underlying operating loss was NOK 16 million (NOK 40 million).

The underlying EBITDA for wind farms in operation was NOK 41 million (NOK 6 million), and NOK 16 million (NOK -20 million) following depreciation. The activities related to business development and projects charged the operations with NOK 32 million in the quarter (NOK 21 million).

Gross operating revenues amounted to NOK 79 million in the quarter (NOK 56 million). Higher production in April and May resulted in an increase in revenues from the Norwegian wind farms. In addition, the segment has received operating revenues from the Em wind farm in Sweden.

The transmission costs follow the production revenues and amounted to NOK 6 million (NOK 5 million). Net operating revenues rose by NOK 22 million to NOK 74 million.

The operating expenses were on a par with the second quarter of 2010.

Share of profit from associates and joint ventures was NOK -21 million (NOK -25 million).

Operations

Total production for the wind farms was 149 GWh in the quarter (106 GWh). April in particular had good production figures for the Norwegian wind farms.

Investments

NOK 21 million was invested in land-based wind power in Sweden and Norway in the quarter. Net investments in shareholdings were NOK -112 million in the quarter, as a result of the investment in land-based wind power in the first quarter being adjusted in the second quarter.

⁴ The revenues and the result for the wind farms were too high in the fourth quarter of 2009. A Group revenue correction was made in the first quarter of 2010 that resulted in a revenue and result reduction totalling NOK 22 million.

District heating

KEY FIGURES							
Q2				Year to date			Year
2011	2 010	Change	NOK mill.	2011	2 010	Change	2 010
103	107	-4	Gross operating revenues, underlying	320	312	8	612
78	80	-2	Net operating revenue, underlying	193	176	17	359
34	30	4	EBITDA, underlying	102	73	29	154
11	7	4	Operating profit, underlying	55	26	29	59
-	-	-	- Non-recurring items	-	-	-	-6
11	7	4	Operating profit	55	26	29	54
-	-1	1	Share of profit from associates and joint ventures	-	-1	1	-2
1	-	1	Maintenance investments	1	-	1	3
110	48	62	Investments in new capacity	177	62	116	191

Highlights in the quarter

Statkraft Varme has prepared a study of an expansion in Trondheim with an energy centre in the eastern part of the city. The company is engaged in a positive dialogue with the Municipality of Trondheim as regards the location of the energy centre.

Statkraft has received a licence for district heating in Ås and building permits are being prepared. The initial heating delivery has been scheduled for 2012.

Statkraft has entered into cooperation with Narvik district heating to build, own and operate a district heating plant in Narvik with biofuel as the base load. A letter of intent has been signed in which the parties agree that the co-operation should be formalised through the establishment of the company Statkraft Narvik Fjernvarme AS.

Financial performance

The segment's underlying operating profit was NOK 11 million in the second quarter (NOK 7 million).

Gross operating revenues amounted to NOK 103 million (NOK 107 million). The lower revenues are mainly due to milder temperatures that give reduced demand and production. A total of 148 GWh was produced in the second quarter (175 GWh).

Energy purchase costs fell by NOK 1 million to NOK 25 million. The reduction is due to lower volume and therefore lower energy purchases.

Operating expenses totalled NOK 67 million (NOK 73 million). The reduction is due to re-

classification of electricity costs (moved to energy purchases in 2011).

Operations

There has been a positive development within the customer area with the entering into of larger contracts that ensure buyers for future deliveries.

The plants had good availability in the second quarter. All plants will be subjected to maintenance reviews over the summer to ensure that the plants are operational before the winter season.

A new contract for delivery of 29 GWh of bio-oil has been negotiated with VegOil to ensure deliveries to the Swedish plants in the coming winter.

Several projects which may result in increased district heating development in Norway are being actively pursued. Statkraft Varme has a national main focus and wants to develop district heating to households and industry all over Norway.

Investments

NOK 110 million has been invested in new capacity. The largest projects are Harstad, Trosa and the development of the district heating grid in Trondheim. In Trosa, a new 6 MW bio boiler is being completed to replace the old boiler. Test operation will start in August/September.

In Harstad, the 8 MW bio boiler is being assembled in the district heating centre. The 45 metre chimney has also been assembled. Heating is scheduled to be delivered to the first customers in January 2012.

Industrial ownership

KEY FIGURES								
Q2				Year to date			Year	
2011	2 010	Change	NOK mill.	2011	2 010	Change	2 010	
1 570	1 465	105	Gross operating revenues, underlying	4 833	4 156	677	8 764	
557	632	-75	Net operating revenue, underlying	1 726	1 795	-69	3 550	
218	297	-79	EBITDA, underlying	1 010	1 082	-73	2 055	
111	180	-69	Operating profit, underlying	786	841	-55	1 557	
-14	-3	-11	Unrealised changes in the value of energy contracts	2	16	-14	26	
-	-	-	Non-recurring items	-	-	-	185	
98	177	-80	Operating profit	788	857	-69	1 768	
203	-1	204	Share of profit from associates and joint ventures	461	328	133	468	
33	10	24	Maintenance investments	62	41	22	235	
69	119	-50	Investments in new capacity	104	154	-50	356	
2	-	2	Investments in shareholdings	21	-	21	-	

Highlights in the quarter

In January 2011, an agreement was entered into for the transfer of Statkraft's shares in the Danish electricity trading companies Scanenergi and Scanenergi Elsalg to Fjordkraft. Following clarification of competition law issues, the transaction was completed in May 2011.

Skagerak Kraft AS has reduced its shareholding in the project Sauland Kraftverk AS to two thirds to make room for Hjarthdal local authority and the waterfall owners, in addition to the other owners, Tinfos AS and Notodden Energi AS. The project will be able to generate 218 GWh in new power in a normal year.

Financial performance

The segment's operating profit of NOK 111 million is NOK 69 million lower than during the same period last year.

Skagerak Energi's production is unchanged compared with last year, but the company achieved higher prices. Grid revenues are lower and transmission costs are higher than during the same period last year.

Fjordkraft has a lower operating result than during the same period last year. This is due to lower margins, reduced volume and expensing of corrections from 2010. However, the company has increased the number of customers considerably and is well positioned for continued growth.

Share of profit from associated and joint ventures increased to NOK 203 million from NOK -1 million during the same period last year.

BKK has increased its earning considerably as a result of a normalised resource situation following a challenging year in 2010. Price hedging has also yielded better results.

Agder Energi also increased its results, mainly as a result of positive unrealised changes in value for energy contracts.

Istad AS has stable operations and somewhat lower production, offset by higher prices.

Operations

Operations for the company in the segment have mainly been stable. However, Skagerak Varme has experienced operational interruptions in the surplus heat production from Herøya. Operations are now back to normal.

Skagerak Energi is implementing a cost improvement programme during the period leading up to 2013. As a result of good cooperation between the management and the employees, the programme is well on schedule to achieve the set targets.

Other activities

Small-scale hydro

The activities in Norway are conducted through Småkraft AS.

At the end of the second quarter, Småkraft AS had 26 power plants in operation with an expected annual production of 310 GWh in total. At the same time, the company had nine power plants under construction that will give a total production capacity of 95 GWh when completed. In the second quarter, the company received legally binding licences for the construction of new power plants, and it now has eight licences with a total capacity of 79 GWh. At the end of the second quarter, Småkraft had 108 licence applications with a total potential of 1143 GWh up for processing with the Norwegian Water Resources and Energy Directorate (NVE). An additional 26 projects totalling about 252 GWh are being prepared for processing by the NVE. Småkraft has entered into waterfall rights agreements which could yield an annual production of 2.5 TWh when the projects are completed.

Innovation

The business unit is responsible for coordinating and initiating research and development activities, and monitoring and analysing relevant technologies. The unit engages in R&D programmes within hydropower, wind power and bio energy. In the second quarter, the unit entered into a strategically important cooperation agreement with Japanese membrane

manufacturer Nitto Denko relating to development of membranes and membrane elements for osmotic power. As part of the work to implement a more focused strategy, Statkraft has sold its shareholding in the venture company Energy Future Invest AS.

Sluppen Eiendom

With effect from 31 May 2011, Statkraft has sold the property company Sluppen Eiendom to Trondheim Næringspark. The agreement includes 56 acres of central properties in the Sluppen district in Trondheim, and covers the bulk of Statkraft's properties in Trondheim. Statkraft will retain its activities at Sluppen, and has therefore entered into a lease agreement relating to some of the current premises for the next 15 years.

The E.ON AG shareholding

The Group owns 4.17 per cent of E.ON AG. The dividend from the shares for 2010 amounted to NOK 992 million, and was recognised as income in the second quarter of 2011. The shares have been classified as a financial asset, available for sale (see comment to the accounts, Note 5).

Financial performance

The underlying operating loss for the segment Other activities, including group functions and eliminations, was NOK 16 million in the second quarter (loss of NOK 122 million).

Outlook

The Nordic reservoir water levels was normalised through the second quarter as a result of high amounts of precipitation combined with snow melting, and the reservoir water levels reached normal for the season. This gives Statkraft more flexibility as regards use of the water resources. However, the Group maintains an expectation of lower hydropower production in 2011 compared with 2010. Although the forward prices indicate relatively high power prices in the Nordic region, they are lower than the spot prices in the second half of 2010. The forward prices in Germany are higher than the actual spot prices in the second half of 2010.

The board and corporate management are focusing on sound operations and develop-

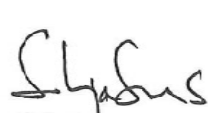
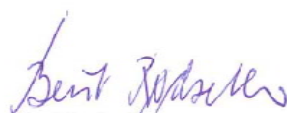
ment of new power projects, both domestically and abroad. In accordance with the Group's strategy, the project activity level is high, especially as regards wind and hydropower. At the end of the second quarter, the committed investments in new capacity amounted to about NOK 31 billion, an increase of about NOK 3.4 billion from the end of 2010.

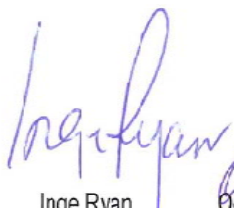
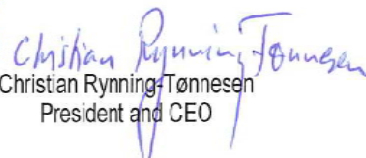
Global demand for renewable energy is generally growing. Adopted objectives regarding an increased share of renewables in Norway and the EU, the consequences of the nuclear accident in Japan and the fight against climate change support this trend. Overall, this creates good development opportunities for Statkraft in Norway and internationally.

Declaration from the board and CEO

We hereby declare to the best of our knowledge that the six-month interim financial statements for the period 1 January to 30 June 2011 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, 17 August 2011
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

COMPREHENSIVE INCOME

Figures in NOK million	2nd Quarter		Year to date		The year
	2011	2010	2011	2010	2010
PROFIT AND LOSS					
Sales revenues	4 336	4 801	11 709	15 054	27 780
Other operating revenues	313	642	493	896	1 473
Gross operating revenues	4 650	5 443	12 203	15 950	29 252
Energy purchase	-879	-1 271	-1 861	-3 225	-4 674
Transmission costs	-251	-300	-606	-820	-1 595
Unrealised changes in the value of energy contracts	-1 542	657	-97	446	193
Net operating revenues	1 978	4 528	9 639	12 350	23 176
Salaries and payroll costs	-578	-540	-1 271	-1 218	-2 387
Depreciation, amortisation and impairments	-600	-858	-1 180	-1 498	-3 205
Property tax and licence fees	-309	-295	-605	-617	-1 236
Other operating expenses	-824	-892	-1 665	-1 792	-3 598
Operating expenses	-2 312	-2 585	-4 721	-5 126	-10 426
Operating profit	-334	1 943	4 917	7 225	12 750
Share of profit from associates and joint ventures	-81	-436	314	207	766
Financial income	1 226	1 595	1 522	1 672	2 060
Financial expenses	-375	-399	-863	-833	-1 607
Unrealised changes in the value of currency and interest contracts	-1 362	-436	-1 929	1 488	-1 369
Net financial items	-511	760	-1 271	2 327	-917
Profit before tax	-926	2 267	3 959	9 759	12 599
Tax expense	-3	-1 203	-2 079	-4 163	-5 148
Net profit	-929	1 064	1 880	5 596	7 451
Of which non-controlling interest	58	-112	203	94	357
Of which majority interest	-987	1 176	1 677	5 502	7 094
OTHER COMPREHENSIVE INCOME					
Changes in fair value of financial instruments	89	-3 367	73	-4 548	-4 107
Reversed changes in fair value of financial instruments, recognised as loss under fin	-	-	-	-	3 625
Estimate deviation pensions	-	5	-	5	-274
Translation differences	-1 003	1 005	-1 331	-521	-2 583
Other comprehensive income	-914	-2 357	-1 258	-5 064	-3 339
Comprehensive income	-1 843	-1 293	622	532	4 112
Of which non-controlling interest	-26	363	-66	533	243
Of which majority interest	-1 817	-1 656	688	-1	3 869

STATEMENT OF FINANCIAL POSITION

Figures in NOK million	30.06.2011	30.06.2010	31.12.2010
ASSETS			
Intangible assets	3 387	1 925	2 981
Property, plant and equipment	77 003	77 998	77 791
Investments in associates and joint ventures	15 641	16 455	17 090
Other non-current financial assets	14 180	16 574	16 382
Derivatives	4 055	4 076	3 842
Non-current assets	114 267	117 028	118 085
Inventories	463	690	1 013
Receivables	11 485	7 818	10 748
Short-term financial investments	426	429	424
Derivatives	4 430	4 667	5 645
Cash and cash equivalents	21 946	10 886	20 052
Current assets	38 750	24 490	37 882
Assets	153 017	141 518	155 967
EQUITY AND LIABILITIES			
Paid-in capital	45 569	31 569	45 569
Retained earnings	15 489	18 656	22 449
Non-controlling interest	6 967	7 827	7 284
Equity	68 024	58 052	75 302
Provisions	17 916	13 974	15 758
Long-term interest-bearing liabilities	33 392	35 769	34 251
Derivatives	3 515	2 884	2 494
Long-term liabilities	54 823	52 627	52 502
Short-term interest-bearing liabilities	5 715	6 406	6 235
Taxes payable	3 492	3 120	3 458
Other interest-free liabilities	16 734	16 320	11 609
Derivatives	4 229	4 994	6 861
Current liabilities	30 170	30 840	28 163
Equity and liabilities	153 017	141 518	155 967

STATEMENT OF CHANGES IN EQUITY

Figures in NOK million	Paid-in capital	Other equity	Accumulated translation differences	Retained earnings	Total majority	Non-controlling interests	Total equity
Balance as of 01.01.2010	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
Equity holdings in associates and joint ventures	-	-74	-	-74	-74	-	-74
Transactions with non-controlling 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
Balance as of 01.01.2010	31 569	31 091	-5 026	26 065	57 634	7 267	64 901
Total comprehensive income for the period	-	6 435	-2 566	3 869	3 869	243	4 112
Dividend and Group contribution paid	-	-7 420	-	-7 420	-7 420	-101	-7 521
Equity holdings in associates and joint ventures	-	-79	-	-79	-79	-	-79
Transactions with non-controlling interests	-	14	-	14	14	-32	-18
Capital increase	14 000	-	-	-	14 000	241	14 241
Capital decrease	-	-	-	-	-	-334	-334
Balance as of 31.12.2010	45 569	30 041	-7 592	22 449	68 018	7 284	75 302
Total comprehensive income for the period	-	1 712	-1 024	688	688	-66	622
Dividend and Group contribution paid	-	-7 432	-	-7 432	-7 432	-244	-7 676
Equity holdings in associates and joint ventures	-	106	-	106	106	-	106
Transactions with non-controlling interests	-	-322	-	-322	-322	-356	-678
Capital increase	-	-	-	-	-	348	348
Balance as of 30.06.2011	45 569	24 105	-8 616	15 489	61 058	6 967	68 024

STATEMENT OF CASH FLOW

Figures in NOK million	Year to date		The year
	2011	2010	2010
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax	3 959	9 759	12 599
Profit/loss on sale of non current assets	-32	12	26
Depreciation, amortisation and impairments	1 180	1 498	3 205
Profit from the sale of activities	-240	-393	-371
Share of profit from associates and joint ventures	-314	-207	-766
Unrealised changes in value	2 026	-1 934	1 176
Taxes	-2 476	-2 597	-2 562
Cash flow from operating activities	4 103	6 138	13 307
Changes in long term items	-134	481	252
Changes in short term items	136	-303	-1 128
Dividend from associates	1 073	822	1 146
Net cash flow operating activities A	5 178	7 138	13 577
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in property, plant and equipment, maintenance	-291	-475	-1 000
Investments in property, plant and equipment, new capacity	-1 209	-625	-1 852
Sale of property, plant and equipment	43	66	67
Capital reduction in associates and joint ventures	-	-	46
Business divestments, net liquidity accruing to the Group	452	1 261	1 358
Business combinations, net liquidity accruing to the Group	-594	-	-
Loans to third parties	-76	-55	-222
Repayment of loans	269	32	194
Investments in other companies	-790	-66	-888
Net cash flow from investing activities B	-2 196	138	-2 297
CASH FLOW FROM FINANCING ACTIVITIES			
New debt	1 755	2 171	4 431
Repayment of debt	-2 968	-5 530	-8 282
Capital increase	-	-	14 000
Reduction of capital to non-controlling interests	-	-	-334
Dividend and group contribution paid	-	-	-7 964
Share issue in subsidiary to non-controlling interests	278	241	241
Net cash flow from financing activities C	-935	-3 118	2 092
Net change in cash and cash equivalents A+B+C	2 047	4 158	13 372
Currency exchange rate effects on cash and cash equivalents	-153	65	17
Cash and cash equivalents 01.01	20 052	6 663	6 663
Cash and cash equivalents 30.06/31.12	21 946	10 886	20 052
Unused committed credit lines	12 000	8 027	8 000
Unused overdraft facilities	1 127	1 460	1 074

SEGMENTS

Figures in NOK million	Statkraft AS Group	Nordic Hydropower	Continental Energy & Trading	International Hydropower	Wind Power	District Heating	Industrial Ownership	Other
2nd Quarter 2011								
Operating revenue external	4 650	1 370	1 154	235	5	104	1 562	220
Operating revenue internal	-	993	-60	10	74	-1	8	-1 025
Gross operating revenues	4 650	2 363	1 093	246	79	103	1 570	-805
Operating profit/loss	-334	-246	-87	-2	-16	11	98	-92
Share of profit from associates and joint ventures	-81	-	-365	104	-21	-	203	-2
Profit before financial items and tax	-415	-246	-451	101	-37	11	300	-93
Year to date 2011								
Operating revenue external	12 203	3 751	2 639	437	7	321	4 811	237
Operating revenue internal	-	2 925	-187	12	198	-	22	-2 970
Gross operating revenues	12 203	6 677	2 452	449	205	320	4 833	-2 733
Operating profit/loss	4 917	3 416	867	38	-16	55	788	-230
Share of profit from associates and joint ventures	314	-	-240	136	-43	-	461	-
Profit before financial items and tax	5 231	3 416	627	174	-59	55	1 249	-231
Balance sheet 30.06.2011								
Investment in associates and joint ventures	15 641	-	357	5 396	997	-1	8 812	79
Other assets	137 376	47 835	5 410	6 978	2 210	2 281	13 805	58 858
Total assets	153 017	47 835	5 767	12 374	3 207	2 280	22 617	58 937
Depreciations, amortisation and impairments	-1 180	-560	-189	-79	-51	-47	-224	-29
Maintenance investments	291	179	28	13	1	1	62	6
Investments in new generating capacity	1 209	553	47	241	20	177	104	66
Investments in shares	1 531	0	579	773	158	-	21	-
2nd Quarter 2010								
Operating revenue external	5 443	1 734	1 399	206	0	107	1 443	554
Operating revenue internal	-	488	-301	1	56	-	22	-266
Gross operating revenues	5 443	2 222	1 098	207	56	107	1 465	288
Operating profit/loss	1 943	1 263	264	-5	-40	7	177	277
Share of profit from associates and joint ventures	-436	-	-92	-313	-25	-1	-1	-4
Profit before financial items and tax	1 507	1 263	172	-318	-65	6	176	273
Year to date 2010								
Operating revenue external	15 950	6 991	3 334	372	-7	311	4 108	841
Operating revenue internal	-	1 097	-315	1	139	1	48	-971
Gross operating revenues	15 950	8 088	3 019	373	132	312	4 156	-130
Operating profit/loss	7 225	6 053	130	-20	-60	26	857	240
Share of profit from associates and joint ventures	207	-	180	-249	-30	-1	328	-20
Profit before financial items and tax	7 432	6 053	310	-269	-90	25	1 185	219
Balance sheet 30.06.2010								
Investment in associates and joint ventures	16 455	-	572	5 786	608	-	9 390	98
Other assets	125 063	47 407	6 294	7 583	1 942	2 080	14 285	45 473
Total assets	141 518	47 407	6 866	13 369	2 550	2 080	23 675	45 571
Depreciations, amortisation and impairments	-1 498	-543	-441	-95	-51	-47	-241	-80
Maintenance investments	475	160	134	120	1	-	41	20
Investments in new generating capacity	625	225	-	53	32	62	154	100
Investments in shares	66	-	-	18	34	-	-	14
The Year 2010								
Operating revenue external	29 252	12 173	6 122	726	-21	609	8 699	944
Operating revenue internal	-	4 459	-723	1	310	3	65	-4 115
Gross operating revenues	29 252	16 632	5 399	727	289	612	8 764	-3 171
Operating profit/loss	12 750	11 619	-273	-184	-280	54	1 768	46
Share of profit from associates and joint ventures	766	-	196	185	-35	-2	468	-46
Profit before financial items and tax	13 516	11 619	-77	1	-315	51	2 237	-
Balance sheet 31.12.2010								
Investment in associates and joint ventures	17 090	-	667	5 730	1 086	-	9 570	37
Other assets	138 877	47 985	5 889	6 994	1 807	2 173	14 583	59 446
Total assets	155 967	47 985	6 556	12 724	2 893	2 173	24 154	59 483
Depreciations, amortisation and impairments	-3 205	-1 111	-842	-305	-221	-107	-498	-121
Maintenance investments	1 000	437	161	103	3	3	235	59
Investments in new generating capacity	1 852	584	119	272	130	191	356	200
Investments in shares	888	-	-	325	559	-	-	4

Comments to the financial statements

1. Framework and material accounting policies

The consolidated financial statements for the second quarter of 2011, closed on 30 June 2011, 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 annual financial statements for 2010. The interim accounts have not been audited. The accounting principles applied in the interim financial statements are the same as those used for the annual financial statements.

2. Presentation of financial accounts

The presentation of the interim report has been prepared in accordance with the requirements in IAS 34. The schedules comply with the requirements in IAS 1.

3. Accounting judgements, estimates and assumptions

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

The most important assumptions regarding future events and other significant sources of uncertainty in relation to the estimates at the balance sheet date that can have a significant risk of material changes to the amounts recognised in future accounting periods are discussed in the annual accounts for 2010.

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 described in the annual financial statements for 2010.

4. Segment reporting

Statkraft's segment reporting is in accordance with IFRS 8. The Group reports operating segments in accordance with how the corporate management makes, follows up and evaluates its decisions. The operating seg-

ments have been identified on the basis of internal management information that is periodically reviewed by the management and used as a basis for resource allocation and key performance review.

Statkraft changed its segment organisation on 1 January 2011. The financial information in this report has been reclassified in accordance with the new segment structure.

5. Other financial assets

Other financial assets in the balance sheet include the E.ON AG shareholding with NOK 12 722 million. Shares are classified as assets available for sale and recognised in the accounts at fair value with changes in value recorded in comprehensive income. Negative changes in value exceeding the value written down are recorded as loss on shares under financial items in the income statement. The decline in value so far in 2011 of NOK 2145 million has been recorded as a loss under unrealised changes in value.

6. Power sales agreements

Statkraft entered into several long-term power sales contracts in the first half of 2011. In the second quarter, the Group decided to change its accounting practice for power sales agreements entered into in EUR where the other contractual party uses NOK as its functional currency. This entails that the currency element in the contracts is dealt with separately as an embedded derivative. According to IAS 39, embedded derivatives must be recognised in the balance sheet at fair value and changes in value must be recognised in the income statement.

Changes in value recognised in the income statement related to embedded derivatives in power sales agreements amounted to NOK -1338 million in the second quarter.

7. Currency effects on internal loans

Currency effects on internal loans so far in 2011 amounted to NOK -429 million of the unrealised changes in value for financial items. The loss arose mainly as a result of the weaker SEK and GBP compared with EUR. Statkraft Treasury Centre (STC) provides loans to the Group's companies, mainly in the companies' local currency. STC prepares its accounts in EUR and reports currency effects of lending in the income statement. Subsidiaries with borrowing in euro, but with another reporting unit, report currency effects in their income statement. Currency gains and losses of this nature will not be offset by corresponding effects in the Group's income statement. Foreign sub-

subsidiary accounts are converted into NOK upon consolidation and currency effects on internal loans are recognised directly in equity. This equalises currency gains and losses added to the equity through the income statement.

8. Hedge accounting

Statkraft has used hedge accounting in 2011 that has reduced the volatility in the income statement. A major share of the debt in EUR has been hedged against market rate changes.

From 1 January, Statkraft has established hedging for accounting purposes of the net investment in STC in EUR. The effect of this is that NOK 11 million in gains will not be recognised in the income statement, but recognised in comprehensive income.

9. Business combinations

One acquisition took place in the first quarter, with a purchase amount of NOK 270 million. A preliminary allocation of the purchase amount has been carried out, where intangible assets in the order of NOK 340 million have been recorded in the accounts, corresponding to a shareholding of 100 per cent.

Over the course of the second quarter, two acquisitions were made through SN Power. SN Power acquired 100 per cent of Enerpar (Energias do Paraná Ltda.) in Brazil from Norske Skog with a purchase price of NOK 410 million. As of the second quarter, a preliminary allocation of the purchase amount was made, which was principally recognised as energy contracts.

Furthermore, SN Power acquired 51 per cent of the company Lunsemfwa Hydro Power Company Ltd in Zambia with a purchase price of NOK 241 million. As of the second quarter, a preliminary allocation of the purchase amount has been carried out, where intangible assets in the order of NOK 300 million have been recorded in the accounts, corresponding to a shareholding of 100 per cent.

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