Statkraft

STATKRAFT AS
INTERIM REPORT Q1/12

Q1

Key figures

NOK mill.	First quarter 2012	2011	*Change*	Year 2011
From income statement [1]				
Gross operating revenues, underlying	**9 871**	7 416	*33 %*	22 298
Net operating revenues, underlying	**5 997**	6 080	*-1 %*	18 120
EBITDA, underlying	**4 135**	4 249	*-3 %*	10 851
Operating profit, underlying	**3 530**	3 670	*-4 %*	8 390
Operating profit, booked	**3 061**	5 251	*-42 %*	6 203
ventures	**762**	395	*93 %*	898
Net financial items	**1 030**	-760	*236 %*	-3 635
Profit before tax	**4 853**	4 885	*-1 %*	3 466
Net profit	**3 430**	2 809	*22 %*	40
EBITDA margin, underlying (%) [2]	**41.9**	57.3		48.7
ROACE, underlying (%) [3]	**13.6**	17.3		13.9
Items excluded from the underlying operating profit				
Unrealised changes in value on energy contracts	**-530**	1 581	*-133 %*	-1 152
Significant non-recurring items	**60**	-	-	-1 035
Balance sheet and investments				
Total assets 31.03./31.12.	**146 973**	159 358	*-8 %*	143 877
Maintenance investments	**185**	126	*47 %*	1 129
Investments in new capacity	**1 373**	311	*341 %*	5 217
Investments in shareholdings	**2 382**	868	*175 %*	1 923
Capital employed 31.03./31.12. [4]	**62 189**	56 861	*9 %*	66 699
Cash Flow				
Net cash from operating activities	**4 097**	3 598	*14 %*	9 521
Cash and cash equivalents 31.03./31.12.	**7 761**	22 950	*-66 %*	8 282

Definitions

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

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SATISFACTORY RESULT IN SPITE OF LOWER POWER PRICES

"The quarterly result is satisfactory and in line with last year. Lower power prices have been offset by high production, higher contractual volume and profitability from market activities. At the beginning of the second quarter, water levels in the Nordic hydropower reservoirs are high, and prices in the short term are expected to remain relatively low.

The Group's financial performance in the quarter was satisfactory, and both underlying EBITDA and the profit before tax were in line with the first quarter of 2011.

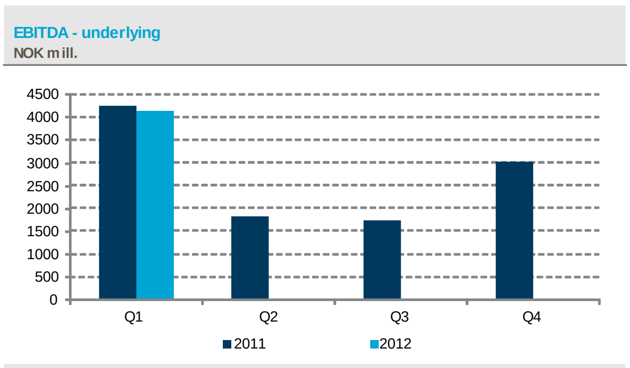
- Lower power prices were partly offset by higher production.
- The share of profit from associated companies increased.
- Unrealised currency gains offset negative unrealised changes in value of energy contracts.

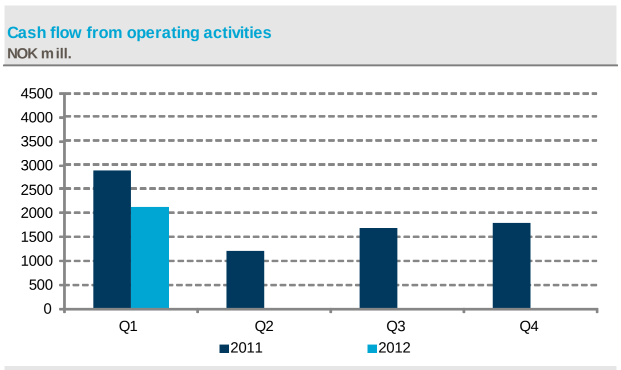
Two investment decisions have been taken as regards construction of hydropower plants

- Kjensvatn in Hemnes in Nordland, with an annual production of 80 GWh, is scheduled for completion in 2014 with an investment cost of NOK 360 million.
- Skagerak Energi and Agder Energi will develop Brokke Nord/Sør in Setesdal, with an annual production of 175 GWh. The power plant is scheduled for completion in 2014 with an investment cost of NOK 900 million.

SN Power acquired 40.65% of the shares in the Brazilian company Desenvix for NOK 2.4 billion. The company has 221 MW of renewable energy production, 116 MW under construction as well as a project portfolio of 1600 MW.

In Germany and the UK, the Group has established a new business activity offering market access for small renewable energy producers. This means that Statkraft offers services for producers without own market operations. A substantial number of contracts have been entered into with wind power producers in Germany and the UK. In Germany, major volumes were sold in the first quarter, while activity in the UK is expected to increase over the course of 2012. The contracts are recorded gross in the income statement and thereby increase both the Group's sales revenues and energy purchases.





Corporate responsibility and HSE

	First quarter 2012	First quarter 2011	Change	Year 2011
Corporate reponsibility and HSE				
Fatalities [1]	**0**	3	-	5
TRI rate[2]	**7.3**	6.2	*18 %*	7.6
Serious environmental incidents	**0**	0	*0 %*	0
Full-time equivalents	**3 415**	3 292	*4 %*	3 301
Absence due to illness	**3.7**	3.7		3.4

The figures reported in the interim report in 2011 have been corrected to reflect reporting from suppliers.
[1] Includes employees and suppliers in plants where Statkraft owns 20% or more for 2011 and 2012.
[2] H2 rate: Number of injuries per million hours worked.

To reduce the risk of injuries for own employees and suppliers in the operations, a program focusing on training and information was implemented in 2012. An e-learning programme has been developed and implemented for own employees and suppliers in parts of the Group.

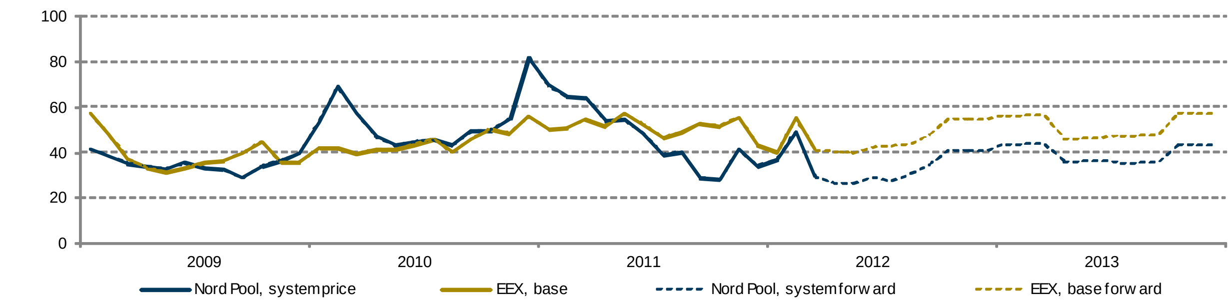
- There were no serious environmental incidents in the first quarter.
- Absence due to illness was 3.7% in the first quarter, which is in line with the same quarter last year.

Market and production

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

POWER PRICES

Electricity, average monthly price
EUR/MWh



Source: Nord Pool and European Energy Exchange (EEX)

The average system price in the Nordic region was 38.5 EUR/MWh in the quarter, a decline of 42%. The decline was primarily a result of:

- high reservoir water levels, high inflow and high wind power production
- higher-than-normal temperatures
- lower export capacity to the Continent

Forward prices in the Nordic region fell throughout the quarter as a result of increased precipitation and high temperatures.

The average spot price in the German market was 45.5 EUR/MWh in the quarter, a decline of 12%. The lower prices were impacted by:

- higher-than-normal temperatures
- low financial activity
- high production of solar power and good availability for other types of renewable energy

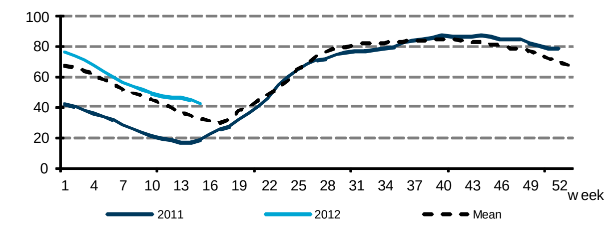
Forward prices in Germany remained relatively stable from the end of December and throughout the quarter.

EUR/MWh	First quarter 2012	2011	Change	Year 2011
Prices				
Average system price, Nord Pool	38.5	66.2	-42 %	47.2
Average spot price (base), EEX	45.5	51.8	-12 %	51.1
Average spot price (peak), EEX	56.7	62.0	-9 %	61.2
Average gas price, EGT/TTF[1)]	25.1	22.2	13 %	21.9

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

CONSUMPTION AND RESOURCE ACCESS IN THE NORDIC REGION

Nordic reservoir water levels
%



TWh	First quarter 2012	2011	Year 2011
Consumption and output			
Nordic			
Nordic consumption	111.1	114.3	392.7
Nordic output	114.3	107.3	373.6
Net Nordic import(+)/export (-)	-3.1	7.0	19.2
Norway			
Norwegian consumption	37.4	38.2	128.4
Norwegian output	42.3	31.8	120.8
Net norwegian import(+)/export (-)	-4.9	6.4	7.8

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

The overall reservoir water level in the Nordic region amounted to 56.4 TWh, 126.7% of normal, at the end of March. The reservoirs were filled to 46.5% of capacity (16.5% in 2011), with a maximum reservoir capacity of 121.2 TWh.

STATKRAFT'S POWER PRODUCTION

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

TWh	First quarter 2012	2011	Year 2011
Production, technology			
Hydropower	16.5	13.1	46.0
Wind Power	0.3	0.3	0.8
Gas power	0.6	1.4	4.6
Bio power	0.0	0.0	0.1
Total volume	**17.4**	**14.8**	**51.5**

TWh	First quarter 2012	2011	Year 2011
Production, geography			
Norway	14.0	11.9	38.8
Nordic ex. Norway	2.0	1.3	6.0
Europe ex. Nordic	0.7	1.1	4.3
Rest of the world	0.7	0.5	2.3
Total volume	**17.4**	**14.8**	**51.5**

The Group produced a total of 17.4 TWh in the quarter, an increase of 18%. The production in the first quarter was high due to high inflow to the water reservoirs. Hydropower production increased by 26%, while gas fired power production fell by 58% due to a weak spark spread.

Financial performance

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

NOK mill.	First quarter 2012	2011	Change	Year 2011
Key figures				
Net operating revenues, underlying	5 997	6 080	-1 %	18 120
EBITDA, underlying	4 135	4 249	-3 %	10 851
Profit before tax	4 853	4 885	-1 %	3 466
Net profit	3 430	2 809	22 %	40

The Group's recorded pre-tax result was NOK 4853 million (NOK 4885 million) and NOK 3430 million after tax (NOK 2809 million). The lower result is mainly due to lower Nordic power prices as well as negative changes in unrealised changes in value of energy contracts, offset by positive results from associated companies and unrealised currency gains.

EBITDA - UNDERLYING

Underlying EBITDA fell by 3% as a result of lower Nordic power prices. The decline was offset by higher Nordic hydropower production as well as increased contributions from the market activities. The underlying operating expenses were in line with the same quarter in 2011.

OPERATING REVENUES - UNDERLYING

In the first quarter, Statkraft entered into contracts in connection with new business activities where Statkraft offers market access to small producers of renewable energy in Germany and the UK. The contracts are recorded gross in the income statement and will appear in the items net physical spot sales and energy purchases.

NOK mill.	First quarter 2012	2011	Change	Year 2011
Net operating revenues, underlying				
Net physical spot sales, incl. green certificates	5 580	3 221	73 %	7 762
Concessionary sales at statutory prices	91	93	-2 %	401
Industrial sales at statutory prices	-	75	-100 %	130
Long-term contracts	1 555	1 063	46 %	5 427
Nordic and Continental Dynamic Asset Management	194	-188	203 %	-124
Trading and origination	211	206	3 %	834
Distribution grid	318	360	-11 %	1 114
End user	1 397	2 190	-36 %	4 902
District heating, energy sales	213	229	-7 %	581
Other sales revenues	7	-12	160 %	-49
Currency hedging energy contracts	16	-	-	-
Sales revenues	**9 583**	**7 236**	32 %	**20 978**
Other operating revenues	289	180	60 %	1 321
Gross operating revenues	**9 871**	**7 416**	33 %	**22 298**
Energy purchase	-3 561	-982	263 %	-2 964
Transmission costs	-313	-354	-12 %	-1 215
Net operating revenues	**5 997**	**6 080**	**-1 %**	**18 120**

- Net physical spot sales revenues increased significantly due to new business activities in renewable energy in Germany. This was somewhat offset by a decline in other spot sales revenues, due to the decline in Nordic power prices yielding a slightly stronger effect than increased production.
- A corresponding increase in energy purchases due to new business activities referred to above. Other energy purchases increased as a result of higher external energy purchases in Fjordkraft as well as higher energy purchases within Brazilian power trading activities acquired in 2011.
- The increase in the Nordic and Continental dynamic asset management portfolio is due to lower power prices.
- The volumes delivered under long-term industrial contracts have increased. The last industrial power contract at statutory prices expired in July 2011.
- The decline in revenues from grid, end-user and district heating activities, as a consequence of lower prices and volumes, was partly offset by revenues from new activities (Bio Varme).
- The increase in other operating revenues was mainly due to the sale of Sjøfossen power plant with associated waterfall rights to Sjøfossen Energi with a recorded gain of NOK 65 million.

OPERATING EXPENSES - UNDERLYING

NOK mill.	First quarter 2012	2011	Change	Year 2011
Operating expenses, underlying				
Salaries and payroll costs	-795	-693	*15 %*	-2 759
Depreciation and impairments	-605	-580	*4 %*	-2 461
Property tax and licence fee	-334	-297	*13 %*	-1 254
Other operating expenses	-733	-840	*-13 %*	-3 256
Operating expenses	**-2 467**	**-2 410**	***2 %***	**-9 730**

- Increase in salaries and payroll costs is due to general salary growth, an increase in the number of employees as well as increased pension costs, mainly due to reduced discount rate.
- Higher Norwegian property tax resulted in higher costs in the first quarter.
- Lower other operating expenses are mainly due to the fact that the first quarter of 2011 included divested activities (solar power), lower production in Germany as well as several wind power projects have reached a phase where the expenses can be capitalized.

ITEMS EXCLUDED FROM THE UNDERLYING OPERATING PROFIT

Unrealised changes in the value of energy contracts and significant non-recurring items have been excluded from the underlying operating profit. Unrealised changes in the value of energy contracts arise due to being indexed against various commodities, currencies and indices. This item includes among other, changes in value for a contract between Statkraft Energi and Herdecke, which has an opposite entry in shares of profit from associated companies.

NOK mill.	First quarter 2012	2011	Year 2011
Items excluded from the underlying operating result			
Unrealised changes in value of energy contracts	-530	1 581	-1 152
Significant non-recurring items	60	-	-1 035
Gains/loss from sale of asset	*60*	-	*126*
Accumulated write-downs	*-*	-	*-74*
Impairments of non-current assets and receivables	*-*	-	*-1 087*

- The negative changes in unrealised changes in the value of energy contracts was primarily related to the changes in value of contracts between Statkraft Energi and Herdecke as well as a stronger NOK compared with EUR and USD.
- Significant non-recurring items in the quarter were due to final settlement of the sale of Trondheim Energi Nett, related to finalised calculation of the pension liabilities on the take-over date.

SHARE OF PROFIT FROM ASSOCIATED COMPANIES

The Group's assets include among other major shareholdings in the Norwegian regional power companies BKK and Agder Energi. Outside Norway, the growth in several cases takes place through ownership in partly-owned companies.

NOK mill.	First quarter 2012	2011	Change	Year 2011
Share of profit from associated companies				
BKK	181	191	*-5 %*	537
Agder Energi	191	69	*178 %*	443
Herdecke	292	110	*165 %*	-82
Others	98	25	*290 %*	-
Total	**762**	**395**	***93 %***	**898**

- An increase in the profit share from Agder Energi is mainly due to positive unrealised changes in value of energy contracts (lower power prices and stronger NOK compared with EUR).
- The increase in profit shares from Herdecke is due to positive unrealised changes in value on a power sales agreement.
- The increase in share of profit from other associated companies are primarily due to revenues from sale of ancillary services in the Philippines, but this is reduced by a lower result from the La Higuera hydropower plant in Chile, which is not operating due to a tunnel collapse.

FINANCIAL ITEMS

NOK mill.	First quarter 2012	2011	*Change*	Year 2011
Financial items				
Interest income	83	153	*-46 %*	572
Other financial income	3	142	*-98 %*	1 309
Gross financial income	**86**	**294**	***-71 %***	**1 880**
Interest expenses	-348	-402	*-14 %*	-1 506
Other financial expenses	-14	-16	*-14 %*	-42
Gross financial expenses	**-361**	**-418**	***-14 %***	**-1 548**
Currency gains and losses	1 376	*-326*	*522 %*	*332*
Other financial items	-71	*-310*	*-77 %*	*-4299*
Net financial items	**1 030**	**-760**	***255 %***	**-3 635**

- The decline in interest income is mainly due to lower return on investments as a consequence of lower average invested amounts. The decline in other financial income was related to gains from sale of shares in the first quarter of 2011.
- The decline in financial costs is primarily due to lower interest costs as a result of higher capitalisation of borrowing costs.
- Net currency effects amounted to NOK 1376 million, of which NOK 1059 million is unrealised. The positive effect is mainly a result of a stronger NOK compared with EUR, primarily from internal loans and currency hedging contracts.
- Other financial items in the first quarter of 2011 included an unrealised loss of NOK 794 million on the shareholdings in E.ON AG. In the first quarter of 2012, the shareholding had a positive change in value of NOK 610 million that was recorded in other comprehensive income.

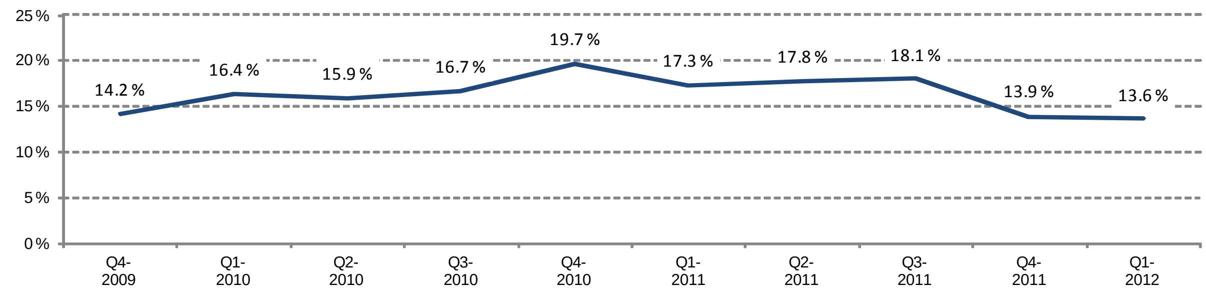
TAXES

The recorded tax cost was NOK 1423 million (NOK 2076 million). The lower tax cost is mainly due to

- lower payable resource rent tax, where the tax effect amounted to NOK 258 million
- an unrealised loss on the E.ON shareholding in the first quarter of 2011, with a tax effect of NOK 222 million

RETURN

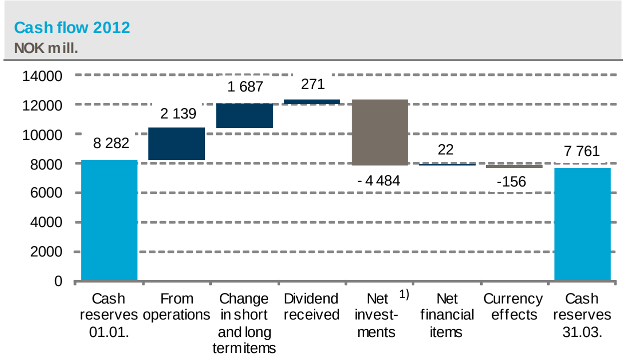
ROACE - underlying, last 12 months
%

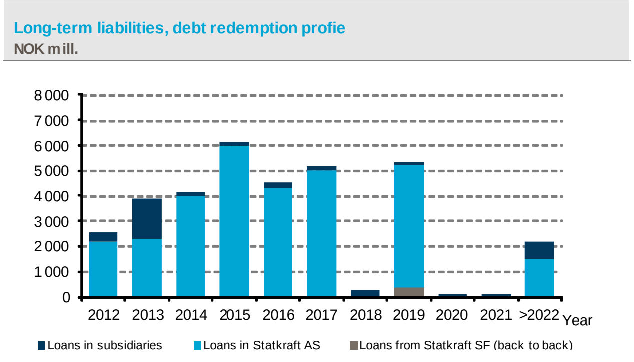


Measured as ROACE – return on average capital employed - the Group achieved a return of 13.6% in the last 12 months compared with 13.9% in 2011. The decline of 0.3 percentage points is mainly due to a lower operating profit.

Based on the net profit, the return on equity was 1.0% after tax, compared with 0.1% for the year 2011. The return on total capital after tax was 1.2%, compared with 0.8% for the year 2011. The improvement is primarily due to a better result.

CASH FLOW AND CAPITAL STRUCTURE





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

Cash flow

- The operating activities generated a cash flow of NOK 2139 million (NOK 2899 million).
- Changes to short-term and long-term items had a positive effect of NOK 1687 million (NOK 699 million), mainly in connection with changes in working capital and cash collateral.
- Dividend received from associated companies in SN Power amounted to NOK 271 million.
- A total net amount of NOK 4484 million was invested (NOK 1054 million), of which the share purchase in Desenvix was the main contributor.
- The net liquidity change from financing amounted to NOK 22 million (NOK 452 million). New borrowings totalled NOK 643 million (NOK 937 million), while downpayment of debt amounted to NOK 758 million (NOK 553 million). The minority share of capital contributions in SN Power was NOK 137 million.
- Translation effects for bank deposits, cash and similar amounted to NOK -156 million, and was primarily related to a weakening of EUR and GBP compared with NOK.

Capital structure

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

- Statkraft's interest-bearing liabilities totalled NOK 37 063 million, compared with NOK 36 887 million at the beginning of the year.
- The interest-bearing debt-to-equity ratio was 35.2%, compared with 36.0% at year-end 2011. The decline is primarily due to somewhat higher equity.
- Loans from Statkraft SF to Statkraft AS amounted to NOK 400 million.
- Current assets, except cash and cash equivalents, amounted to NOK 17 299 million
- Short-term interest-free liabilities was NOK 15 424 million.
- Statkraft's equity totalled NOK 68 206 million, compared with NOK 65 651 million at the start of the year. This corresponds to 46.4% of total assets

INVESTMENTS AND PROJECTS

Investments

Statkraft has an ambitious investment program and has an investment strategy that involves NOK 70-80 billion in the period from 2011 to 2015. Total investments in the quarter amounted to NOK 3940 million:

Maintenance investments (NOK 185 million)

- Nordic hydropower projects

Investments in increased capacity (NOK 1373 million)

- Gas power (Knapsack II) in Germany
- Hydropower in Norway
- Hydropower outside Norway
- Wind power in the UK and Sweden
- District heating plants in Sweden and Norway

Investments in shareholdings (NOK 2382 million)

- Desenvix (40.65%) in Brazil

Major projects

First quarter	Project	Country	New capacity [1]	Statkraft's ownership share	Planned completion	
Committed investments in the period						
Hydropower	Desenvix [4]	Brazil	338 MW	41 %	n/a	
Hydropower	Kjensvatn	Norway	11 MW	100 %		
Hydropower	Brokke Nord/Sør	Norway	24 MW	- [5]		
Completed projects in the period						
Hydropower	La Confluencia	Chile	158 MW	50 % [3]	2012	Q1
Hydropower	Allain Duhangan	India	192 MW	43 % [3]	2012	Q1
District heating	Harstad	Norway	23 MW	100 %	2012	Q1
Main projects under contruction						
	Svartisen	Norway	250 MW	70 %	2012	Q4
European flexible hydropower	Eiriksdal og Makkoren	Norway	56 MW	100 %	2014	Q4
	Nedre Røssåga	Norway	-	100 %	2015	Q2
European gas power	Knapsack II	Germany	430 MW	100 %	2013	Q3
	Cheves	Peru	168 MW	100 % [3]	2014	Q1
	Bajo Frio	Panama	58 MW	30 % [3]	2014	Q2
	Kargi	Turkey	102 MW	100 % [3]	2013	Q4
International hydropower	Cetin	Turkey	517 MW	100 % [3]	2015	Q3
	Theun Hinboun XP	Laos	280 MW	20 % [2]	2012	Q4
	Binga	Phillipines	120 MW	50 % [3]	2014	Q4
	Devoll	Albania	272 MW	50 %		
	Sheringham Shoal	UK	317 MW	50 %	2012	Q3
	Baillie Windfarm	UK	53 MW	80 %	2012	Q4
Wind power	Mörtjärnberget	Sweden	85 MW	60 %	2013	Q4
	Stamåsen	Sweden	60 MW	60 %	2012	Q4
District heating	Ås	Norway	24 MW	100 %	2013	Q3
	Stjørdal	Norway	20 MW	85 %	2012	Q4

[1] *Total for project, incl. partners' share*
[2] *Statkraft SF's share*
[3] *SN Power's share (60% owned by Statkraft)*
[4] *Desenvix 221 MW in production and 116 MW under construction*
[5] *Owned by Agder Energi (69%) and Skagerak Energi 31%*

Segments

The segment structure follows the internal management information that is systematically reviewed by corporate management and used for resource allocation and goal attainment. The segments are Nordic Hydropower, Continental Energy and Trading, International Hydropower, Wind Power, District Heating, Industrial Ownership and Other Activities.

First quarter	Statkraft AS Group	Nordic hydro powerr	Continental energy and trading	International hydro power	Wind power	District heating	Industrial ownership	Other activities	Group adjustments
From income statement									
Gross operating revenues, underlying	9 871	4 205	3 794	392	91	203	2 263	168	-1 244
Net operating revenues, underlying	5 997	3 961	590	266	83	110	947	168	-127
EBITDA, underlying	4 135	3 179	378	108	16	50	545	-121	-20
Operating profit, underlying	3 530	2 900	271	55	-10	20	450	-136	
Operating profit, booked	3 061	2 374	319	55	-10	20	422	-100	-20
Share of profit from associated companies	762		355	67	-18	-1	359		-20
EBITDA-margin (%), underlying	41.9	75.6	10.0	27.6	18.1	24.4	24.1		
Maintenance investments	185	89	6	11	1		69	9	-
Investments in new capacity	1 373	194	360	378	171	117	121	32	-
Investments in shareholdings	2 382	-	-	2 382		-	-	-	-
Production									
Production, volume sold (TWh)	17.4	13.8	0.7	0.7	0.3	-	1.9	0.1	-
- hydropower (TWh)	16.5	13.8	0.1	0.7	-	-	1.9	0.1	-
- wind power (TWh)	0.3	-	-	0.0	0.3	-	-	-	-
- gas power (TWh)	0.6	-	0.6	-	-	-	-	-	-
- bio power (TWh)	0.0	-	0.0	-	-	-	-	-	-

NORDIC HYDROPOWER

NOK mill.	First quarter 2012	First quarter 2011	Year 2011
Net operating revenues, underlying	3 961	4 145	12 045
EBITDA, underlying	3 179	3 440	9 119
Operating profit, underlying	2 900	3 161	8 002
Unrealised value changes energy contracts	-526	501	-765
Siginificant non-recurring items	-	-	-
Operating profit, booked	2 374	3 662	7 236
Share of profit from associated companies and joint ventures	-	-	-
Maintenance investments	89	49	469
Investments in capacity	194	126	1 397
Investments in shareholdings	-	-	-
Production, volume sold (TWh)	13.8	10.9	38.2

Highlights

- Statkraft bought back a share of a contract with Norske Skog. This will result in Statkraft receiving a corresponding power volume available for sale in the market.
- Investment in Kjensvatn power plant in Nordland (+80 GWh/year) decided. Scheduled for completion in 2014 and with an investment cost of NOK 360 million.
- Sjøfossen power plant with associated waterfall rights was sold to Sjøfossen Energi with a recorded gain of NOK 65 million.
- Statkraft is still waiting clarification from the Norwegian Competition Authority with regards to the agreement to redeem Bardufoss power plant.
- Peterson Paper AS was declared bankrupt on 11 April. A loss related to accounts receivable of NOK 17 million has been recorded.

Financial performance

- The decline in underlying EBITDA is mainly due to lower prices and increased costs. The increase in costs is partly due to provision for losses in Peterson Paper, higher Norwegian property tax as well as increased salary and pension costs. Higher production and changed product mix (market-based industrial contracts) offset this to some extent.

Investments

- Investments in new capacity are mainly related to the power plants Svartisen, Eriksdal, Makkoren and Nedre Røssåga. The project at Svartisen power plant is progressing according to the revised schedule. The test operation of the new unit of 250 MW started on 15 March 2012.

CONTINENTAL ENERGY AND TRADING

NOK mill.	First quarter 2012	First quarter 2011	Year 2011
Net operating revenues, underlying	590	238	1 230
EBITDA, underlying	378	-12	-17
Operating profit, underlying	271	-111	-413
Unrealised value changes energy contracts	48	1 064	-260
Siginificant non-recurring items	-	-	-1 087
Operating profit, booked	319	953	-1 760
Share of profit from associated companies and joint ventures	355	124	-98
Maintenance investments	6	6	303
Investments in capacity	360	13	1 446
Investments in shareholdings	-	579	585
Production, volume sold (TWh)	0.7	1.5	4.9

Highlights

- In connection with new business activities where Statkraft offers market access to small producers of renewable energy in Germany and the UK, Statkraft entered into contracts for substantial wind power volumes in the first quarter.

Financial performance

- The improvement in underlying EBITDA is due to higher revenues from market activities. Both the Nordic and the Continental dynamic asset management portfolio have higher revenues. New business activities in renewable energy in Germany as well as Trading and origination have also made positive contributions. The results from gas fired power production have been lower due to a negative margin between power and gas prices, which lowered production by 58%. Costs have been somewhat reduced as a consequence of lower production.

Investments

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

INTERNATIONAL HYDROPOWER

NOK mill.	First quarter 2012	First quarter 2011	Year 2011
Net operating revenues, underlying	266	191	796
EBITDA, underlying	108	62	219
Operating profit, underlying	55	40	-1
Unrealised value changes energy contracts	-	-	-18
Siginificant non-recurring items	-	-	-74
Operating profit, booked	55	40	-93
Share of profit from associated companies and joint ventures	67	32	449
Maintenance investments	11	6	69
Investments in capacity	378	70	959
Investments in shareholdings	2 382	-	1 051
Production, volume sold (TWh)	0.7	0.6	2.4

Highlights

- SN Power acquired 40.65% of the shares in Desenvix with effect for the accounting from 9 March. The company has 221 MW of renewable energy production, 116 MW under construction as well as a project portfolio of 1600 MW. Combined with the acquisition of the power trading company Enerpar in May 2011, this means that the Group is established along the entire value chain in Brazil - one of the world's largest power markets where hydropower is dominant.
- The La Confluencia and Allain Duhangan hydropower plants started full operation.
- The La Higuera hydropower plant will be out of operation until the end of the year as a result of the tunnel collapse. The damage is greater than originally assumed.
- Development and construction projects are in progress in Turkey, India, the Philippines, Peru, Brazil, Zambia and Panama.

Financial performance

- The operating revenues increased primarily as a consequence of new activities (Enerpar in Brazil and Lunsemfwa in Zambia) as well as higher revenues in South America.
- NOK 29 million of the improvement in EBITDA and operating profit is related to new activities.
- The improvement in share of profit from associated companies and joint ventures is primarily in connection with the activities in the Philippines.

Investments

- The investments in new capacity relate to the hydropower developments in Turkey, Peru and Panama.
- Investments in ownership interests relate to the acquisition of Desenvix.

WIND POWER

NOK mill.	First quarter 2012	First quarter 2011	Year 2011
Net operating revenues, underlying	83	114	329
EBITDA, underlying	16	26	-0
Operating profit, underlying	-10	-	-104
Unrealised value changes energy contracts	-	-	-
Siginificant non-recurring items	-	-	-
Operating profit, booked	-10	-	-104
Share of profit from associated companies and joint ventures	-18	-22	-389
Maintenance investments	1	-	1
Investments in capacity	171	-	491
Investments in shareholdings	-	270	187
Production, volume sold (TWh)	0.3	0.2	0.7

Highlights

- Statkraft has three onshore and one offshore wind farm under construction. The onshore farms, Baillie in the UK and Mörttjärnberget and Stamåsen in Sweden, are all on budget and schedule. The Sheringham Shoal offshore wind power project is scheduled for completion in the third quarter according to the revised schedule.

Financial performance

- The production was higher than both the normal production and the production in the first quarter of 2011. However, operating revenues were down as a result of lower Nordic power prices.
- EBITDA and the operating profit fell less than the operating revenues due to lower operating expenses as a result of more projects entering a phase where the costs are capitalized.

Investments

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

DISTRICT HEATING

NOK mill.	First quarter 2012	First quarter 2011	Year 2011
Net operating revenues, underlying	110	115	357
EBITDA, underlying	50	68	146
Operating profit, underlying	20	44	40
Unrealised value changes energy contracts	-	-	-
Siginificant non-recurring items	-	-	-
Operating profit, booked	20	44	40
Share of profit from associated companies and joint ventures	-1	-	4
Maintenance investments	-	1	8
Investments in capacity	117	67	401
Investments in shareholdings	-	-	97
Production, volume sold (TWh)	0.4	0.4	0.9

Highlights

- The district heating plant in Harstad was officially opened on 22 March.
- Uptime rates were high for the plants in the first quarter. Mild weather in this period reduced the need for peak loads, where the main delivery was covered by waste and bio as base load.
- In Norway, low electricity prices have resulted in lower sales revenues. In Sweden, this has not had the same effect as the district heating price is not influenced by the electricity prices in the short term.
- Sweden achieved renewable energy percentage of 97.5% due to a high percentage of bio-oil in Kungsbacka and Alingsås.

Financial performance

- The decline in EBITDA is due to lower revenues, mainly as a result of lower volumes. Some of the decline was offset by Bio Varme, a company acquired in the fourth quarter of 2011. The energy purchase costs were reduced as a result of lower production and a lower peak load percentage.

Investments

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

INDUSTRIAL OWNERSHIP

NOK mill.	First quarter 2012	First quarter 2011	Year 2011
Net operating revenues, underlying	947	1 169	3 198
EBITDA, underlying	545	792	1 746
Operating profit, underlying	450	674	1 297
Unrealised value changes energy contracts	-29	16	59
Siginificant non-recurring items	-	-	-
Operating profit, booked	422	691	1 356
Share of profit from associated companies and joint ventures	359	258	933
Maintenance investments	69	29	248
Investments in capacity	121	35	348
Investments in shareholdings	-	19	2
Production, volume sold (TWh)	1.9	1.5	4.9

Highlights

- A decision has been made to initiate the Brokke Sør/Nord project. The project is owned by Agder Energi (69%) and Skagerak Energi (31%). The total cost has been estimated at NOK 900 million. The work will start in the second quarter of 2012 and commissioning is scheduled for 2014. The project will increase the production in the Otra river system with 175 GWh.
- Agder Energi has decided to sell the debt collection agency Sopran to Kredinor, and is awaiting approval from the Norwegian Competition Authority.
- Skagerak has decided to rehabilitate Sønstevann dam to comply with the Dam Safety Regulations. Skagerak's share of the rehabilitation amounts to NOK 96 million.

Financial performance

- The lower EBITDA is due to lower revenues from spot sales (NOK 175 million), lower grid revenues (NOK 49 million), as well as somewhat higher pension costs.
- The increase in share of profit from associates is mainly due to positive unrealised changes in value of energy contracts in Agder Energi.

Investments

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

OTHER ACTIVITIES [1)]

NOK mill.	First quarter 2012	First quarter 2011	Year 2011
Net operating revenues, underlying	168	169	860
EBITDA, underlying	-121	-111	-267
Operating profit, underlying	-136	-125	-334
Unrealised value changes energy contracts	-24	-	-167
Siginificant non-recurring items	60	-	126
Operating profit, booked	-100	-125	-375
Share of profit from associated companies and joint ventures	-	1	-2
Maintenance investments	9	36	32
Investments in capacity	32	-	175
Investments in shareholdings	-	-	-
Production, volume sold (TWh)	0.1	0.0	0.3

1) Other activities include small-scale hydropower, the shareholding in E.ON AG (4.17%), innovation and group functions.

Highlights

- The sale of two properties in Trondheim has yielded a gain of about NOK 17 million.

Financial performance

- The negative change in EBITDA of NOK 10 million is mainly due to higher pension costs.
- Final settlement for the sale of Trondheim Energi Nett related to the calculation of the pension liabilities on the take-over date. This resulted in a gain of NOK 60 million. The gain was recorded as a significant non-recurring item.

Investments

- Investments in new capacity are in connection with investments in small-scale hydropower.

Outlook

High inflow and mild weather in the first quarter creates a favourable resource situation in the Nordic region. This means that the Group has secured a solid flexibility which provides the opportunity to increase the production in periods with high demand. In the short term, Statkraft expects lower power prices.

The power market is changing, with higher production of renewable energy. Growth is driven by higher demand for energy internationally and the need for energy with the lowest possible carbon emissions. A gradual conversion to more renewable energy creates major international business opportunities for Statkraft, especially within hydropower and onshore and offshore wind power. The Group's business strategy entails high project activity levels.

The financial situation in many European countries has resulted in a somewhat weaker will to invest and lower demand in Europe. However, Statkraft takes a long-term perspective and is well positioned in the market as Europe's leader in renewable energy.

Statkraft's board and corporate management focus on efficient operations and energy trading, as well as profitable development of the Group through long-term investments.

Oslo, 15 May 2012
The Board of Directors of Statkraft AS

Statkraft AS Group Interim Financial Statements

NOK mill.	First quarter 2012	First quarter 2011	Year 2011
COMPREHENSIVE INCOME			
PROFIT AND LOSS			
Sales revenues	8 751	8 516	20 756
Other operating revenues	349	180	1 447
Gross operating revenues	**9 099**	**8 696**	**22 203**
Energy purchase	-3 259	-681	-3 894
Transmission costs	-313	-354	-1 215
Net operating revenues	**5 528**	**7 661**	**17 094**
Salaries and payroll costs	-795	-693	-2 759
Depreciation, amortisation and impairments	-605	-580	-3 564
Property tax and licence fees	-334	-297	-1 254
Other operating expenses	-733	-840	-3 314
Operating expenses	**-2 467**	**-2 410**	**-10 891**
Operating profit/loss	**3 061**	**5 251**	**6 203**
Share of profit/loss from associates and joint ventures	**762**	**395**	**898**
Financial income	86	294	1 880
Financial expenses	-361	-418	-1 548
Net currency effects	1 376	-326	332
Other financial items	-71	-310	-4 299
Net financial items	**1 030**	**-760**	**-3 635**
Profit/loss before tax	**4 853**	4 885	3 466
Tax expense	-1 423	-2 076	-3 427
Net profit/loss	**3 430**	**2 809**	**40**
Of which non-controlling interest	210	145	264
Of which majority interest	3 220	2 664	-224
OTHER COMPREHENSIVE INCOME			
Changes in fair value of financial instruments	892	-16	-103
Estimate deviation pensions	-	-	-936
Items recorded in other comprehensive income in associates and joint arrangements	-35	-	-517
Currency translation effects	-1 846	-328	-171
Other comprehensive income	**-989**	**-344**	**-1 727**
Comprehensive income	**2 441**	**2 465**	**-1 687**
Of which non-controlling interest	7	-40	186
Of which majority interest	2 434	2 505	-1 873

NOK mill.	31.03.2012	31.03.2011	31.12.2011
STATEMENT OF FINANCIAL POSITION			
ASSETS			
Intangible assets	3 266	4 623	3 108
Property, plant and equipment	81 575	77 420	81 240
Investments in associates and joint ventures	18 428	16 941	16 109
Other non-current financial assets	12 983	15 807	12 163
Derivatives	5 662	3 845	4 315
Non-current assets	**121 914**	**118 637**	116 935
Inventories	707	308	973
Receivables	12 641	9 980	12 010
Short-term financial investments	466	438	455
Derivatives	3 484	7 044	5 223
Cash and cash equivalents (included restricted cash)	7 761	22 950	8 282
Current assets	**25 059**	**40 721**	26 943
Assets	**146 973**	**159 358**	143 878
EQUITY AND LIABILITIES			
Paid-in capital	45 569	45 569	45 569
Retained earnings	15 268	24 637	12 840
Non-controlling interest	7 369	6 931	7 241
Equity	**68 206**	**77 137**	65 651
Provisions	21 277	21 456	21 403
Long-term interest-bearing liabilities	29 392	33 698	31 443
Derivatives	5 004	2 261	4 507
Long-term liabilities	**55 673**	**57 414**	57 353
Short-term interest-bearing liabilities	7 670	6 634	5 444
Taxes payable	2 500	3 884	3 396
Other interest-free liabilities	8 157	8 264	6 525
Derivatives	4 767	6 025	5 509
Current liabilities	**23 094**	**24 807**	20 874
Equity and liabilities	**146 973**	**159 358**	143 878

NOK mill.	Paid-in capital	Other equity	Accumulated translation differences	Retained earnings	Total majority	Non-controlling interests	Total equity
STATEMENT OF CHANGES IN EQUITY							
Balance as of 01.01.2011	**45 569**	30 041	-7 592	**22 449**	68 018	**7 284**	75 302
Net profit/loss	**-**	2 664	-	**2 664**	2 664	**145**	2 809
Items in other comprehensive income that recycles over profit/loss							
Changes in fair value of financial instruments	**-**	-25	-	**-25**	-25	**9**	-16
Currency translation effects	**-**	-	-134	**-134**	-134	**-194**	-328
Total comprehensive income for the period	**-**	2 639	-134	**2 505**	2 505	**-40**	2 465
Transactions with non-controlling interests	**-**	-317	-	**-317**	-317	**-381**	-698
Capital increase	**-**	-	-	**-**	-	**68**	68
Balance as of 31.03.2011	**45 569**	32 363	-7 726	**24 637**	70 206	**6 931**	77 137
Balance as of 01.01.2011	**45 569**	30 041	-7 592	**22 449**	68 018	**7 284**	75 302
Net profit/loss	**-**	-224	-	**-224**	-224	**264**	40
Items in other comprehensive income that recycles over profit/loss							
Changes in fair value of financial instruments	**-**	-23	-	**-23**	-23	**-80**	-103
Estimate deviation pensions	**-**	-1 096	-	**-1 096**	-1 096	**-204**	-1 300
Income tax related to estimate deviation pensions	**-**	307	-	**307**	307	**57**	364
Items recorded in other comprehensive income in associates and joint arrangements	**-**	-474	-	**-474**	-474	**-43**	-517
Currency translation effects	**-**	-	-363	**-363**	-363	**192**	-171
Total comprehensive income for the period	**-**	-1 510	-363	**-1 873**	-1 873	**186**	-1 687
Dividend and Group contribution paid	**-**	-7 432	-	**-7 432**	-7 432	**-280**	-7 712
Business combinations	**-**	-316	-	**-316**	-316	**-5**	-321
Divestments	**-**	-	-	**-**	-	**-120**	-120
Transactions with non-controlling interests	**-**	12	-	**12**	12	**109**	121
Liability of the option to increase shareholding in subsidiary	**-**	-	-	**-**	-	**-1 027**	-1 027
Capital increase	**-**	-	-	**-**	-	**1 094**	1 094
Balance as of 31.12.2011	**45 569**	20 795	-7 955	**12 840**	58 409	**7 241**	65 651
Net profit/loss	**-**	3 220	-	**3 220**	3 220	**210**	3 430
Items in other comprehensive income that recycles over profit/loss							
Changes in fair value of financial instruments	**-**	857	-	**857**	857	**35**	892
Items recorded in other comprehensive income in associates and joint arrangements	**-**	-35	-	**-35**	-35	**-**	-35
Currency translation effects	**-**	-	-1 609	**-1 609**	-1 609	**-237**	-1 846
Total comprehensive income for the period	**-**	4 042	-1 609	**2 434**	2 434	**7**	2 441
Business combinations/divestments	**-**	-5	-	**-5**	-5	**120**	115
Liability of the option to increase shareholding in subsidiary	**-**	-	-	**-**	-	**-137**	-137
Capital increase	**-**	-	-	**-**	-	**137**	137
Balance as of 31.03.2012	**45 569**	24 832	-9 564	**15 268**	60 837	**7 369**	68 206

NOK mill.		Year to date 2012	2011	Year 2011
STATEMENT OF CASH FLOW				
CASH FLOW FROM OPERATING ACTIVITIES				
Profit before tax		4 853	4 885	3 466
Profit/loss on sale of non current assets		-15	-	-34
Depreciation, amortisation and impairments		605	580	3 564
Profit/loss from the sale of business		-	-	-240
Profit/loss from the sale of shares, and associates and joint ventures		-	-	-111
Share of profit/loss from associates and joint ventures		-762	-395	-898
Unrealised changes in value		-458	-877	5 122
Taxes		-2 084	-1 294	-3 284
Cash flow from operating activities		2 139	**2 899**	7 585
Changes in long term items		-173	-316	244
Changes in short term items		1 860	1 015	53
Dividend from associates		271	-	1 639
Net cash flow operating activites	**A**	4 097	**3 598**	9 521
CASH FLOW FROM INVESTING ACTIVITIES				
Investments in property, plant and equipment, maintanance		-185	-126	-1 129
Investments in property, plant and equipment, new capacity*		-1 282	-311	-4 793
Proceeds from sale of non-current assets		40	19	318
Business divestments, net liquidity inflow to the Group		-	-	452
Business combinations, net liquidity outflow from the Group**		93	-	-766
Loans to third parties		-771	-64	-1 708
Repayment of loans		4	124	298
Proceeds from sale of other companies		-	-	66
Considerations regarding investments in other companies		-2 383	-696	-940
Net cash flow from investing activities	**B**	-4 484	**-1 054**	-8 202
CASH FLOW FROM FINANCING ACTIVITIES				
New debt		643	937	376
Repayment of debt		-758	-553	-5 169
Dividend and group contribution paid		-	-	-9 400
Share issue in subsidiary to non-controlling interests		137	68	1 094
Net cash flow from financing activities	**C**	22	**452**	-13 099
Net change in cash and cash equivalents	**A+B+C**	-365	**2 996**	-11 780
Currency exchange rate effects on cash and cash equivalents		-156	-98	10
Cash and cash equivalents 01.01		8 282	20 052	20 052
Cash and cash equivalents 31.12		7 761	22 950	8 282
Unused commited credit lines		12 000	12 000	12 000
Unused overdraft facilities		2 136	1 330	2 200
Restricted Cash		-715	-	-786

*Investment in new capaciyt are MNOK 91 lower than investments in new capacity in the segment reporting, due to investments not yet paid.

**Considerations for business combinations are MNOK 0. Consolidated cash from these companies are MNOK 93.

NOK mill.	Statkraft AS Group	Nordic Hydropower	Continental Energy & Trading	International Hydropower	Wind Power	District Heating	Industrial Ownership	Other activities	Group Items
SEGMENTS									
1st Quarter 2012									
Operating revenue external	9 099	3 113	3 804	387	4	203	2 256	60	-727
Operating revenue internal	-	1 093	-10	5	86	-	7	109	-1 290
Gross operating revenues	9 099	4 205	3 794	392	91	203	2 263	168	-2 016
Operating profit/loss	3 061	2 900	271	55	-10	20	450	-136	-490
Share of profit/loss from associates and joint ventures	762	-	355	67	-18	-1	359	-0	-
Profit/loss before financial items and tax	3 823	2 900	626	122	-27	19	810	-137	-490
Balance sheet 31.03.2012									
Investment in associates and joint ventures	18 428	-	822	7 604	625	-	9 376	-	1
Other assets	128 545	48 540	5 916	8 892	2 840	2 739	13 997	60 690	-15 069
Total assets	146 973	48 540	6 738	16 496	3 465	2 739	23 373	60 690	-15 068
Depreciations, amortisation and impairments	-605	-279	-107	-53	-26	-30	-95	-15	-
Maintenance investments	185	89	6	11	1	0	69	9	-
Investments in new generating capacity	1 373	194	360	378	171	117	121	32	-
Investments in other companies	2 382	-	-	2 382	0	-	-	-	-
1st Quarter 2011									
Operating revenue external	8 696	2 381	1 349	202	2	217	3 248	12	1 285
Operating revenue internal	-	1 932	-127	1	123	-	14	158	-2 102
Gross operating revenues	8 696	4 314	1 222	203	126	217	3 262	170	-817
Operating profit/loss	5 250	3 161	-111	40	-0	44	674	-125	1 566
Share of profit/loss from associates and joint ventures	395	-2	124	32	-22	-	258	3	-
Profit/loss before financial items and tax	5 645	3 159	14	72	-22	44	933	-122	1 566
Balance sheet 31.03.2011									
Investment in associates and joint ventures	16 941	-	748	5 354	1 043	1	9 704	87	4
Other assets	142 417	48 373	5 539	7 073	2 254	2 222	14 081	16 057	46 818
Total assets	159 358	48 373	6 287	12 427	3 297	2 223	23 785	16 144	46 822
Depreciations, amortisation and impairments	-580	-279	-98	-21	-26	-24	-117	-14	-
Maintenance investments	126	49	6	6	-	1	29	36	-
Investments in new generating capacity	311	126	13	70	-	67	35	0	-
Investments in other companies	868	-	579	-	270	-	19	-	-
Year 2011									
Operating revenue external	22 203	8 388	4 280	1 047	39	554	7 799	232	-137
Operating revenue internal	-	4 286	-174	19	311	1	43	632	-5 117
Gross operating revenues	22 203	12 674	4 106	1 065	350	555	7 842	864	-5 255
Operating profit/loss	6 203	8 002	-413	-1	-104	40	1 297	-334	-2 283
Share of profit/loss from associates and joint ventures	898	-	-98	449	-389	4	933	-2	-
Profit/loss before financial items and tax	7 101	8 002	-511	448	-493	44	2 230	-336	-2 283
Balance sheet 31.12.2011									
Investment in associates and joint ventures	16 109	-	533	5 875	650	1	9 050	-	-1
Other assets	127 768	48 761	5 759	8 466	2 711	2 660	13 900	61 139	-15 626
Total assets	143 877	48 761	6 292	14 342	3 361	2 661	22 949	61 139	-15 627
Depreciations, amortisation and impairments	-3 564	-1 117	-396	-221	-104	-106	-449	-68	-1 103
Maintenance investments	1 129	469	303	69	1	8	248	32	-
Investments in new generating capacity	5 217	1 397	1 446	959	491	401	348	175	-
Investments in other companies	1 923	-	585	1 051	187	97	2	-	-

Comments on the financial statements

1. FRAMEWORK AND MATERIAL ACCOUNTING POLICIES

The Group' s consolidated financial statements for the first quarter of 2012, ending 31 March 2012, have been prepared in accordance with International Financial Reporting Standards (IFRS) and include Statkraft AS and 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 2011. The interim accounts have not been audited. The accounting principles applied in the interim financial statements are the same as those used for the annual financial statements.

2. PRESENTATION OF FINANCIAL ACCOUNTS

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

3. ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

The most important assumptions regarding future events and other significant sources of uncertainty in relation to the estimates that can have a significant risk of material changes to the amounts recognised in future accounting periods are discussed in the annual accounts for 2011.

In preparing the consolidated financial statements for the first quarter, the Group's management has exercised its judgment in relation to the same areas where such judgment has had material significance in relation to the figures included in the Group's income statement and balance sheet, as discussed in the annual financial statements for 2011.

4. SEGMENT REPORTING

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 segments have been identified on the basis of internal management information that is periodically reviewed by the management and used as a basis for decisions, resource allocation and goal attainment.

5. UNREALISED EFFECTS PRESENTED IN THE INCOME STATEMENT

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

	First quarter 2012		
NOK mill.	Unrealised	Realised	Total
UNREALISED EFFECTS REPORTED IN P&L			
Sales revenues			
Long term contracts	-915	1 555	641
Dynamic asset management	106	194	301
Trading and origination	-2	214	211
End User	-	1 397	1 397
Other sales revenues	-	6 209	6 209
Currency hedge energy contracts	-24	16	-8
Total sales revenues	-834	9 585	8 751
Energy purchase	303	-3 561	-3 259
Net currency effects	1 059	317	1 376
Other financial items:			
Net gains and losses on derivatives and securities	-69	-2	-71
Impairment of financial assets	-	-	-
Total unrealised effects	**458**		

NOK mill.	First quarter 2011 Unrealised	Realised	Total	Year 2011 Unrealised	Realised	Total
Sales revenues						
Long term contracts	476	1 063	1 539	-1 447	5 427	3 980
Dynamic asset management	793	-188	605	1 377	-124	1 253
Trading and origination	-137	343	206	54	726	780
End User	-	2 190	2 190	1	4 902	4 903
Other sales revenues	-	3 965	3 965	-	9 993	9 993
Currency hedge energy contracts	11	-	11	-153	-	-153
Total sales revenues	1 143	7 373	8 516	-168	20 924	20 756
Energy purchase	301	-982	-681	-930	-2 964	-3 894
Net currency effects	-256	-70	-326	216	116	332
Other financial items:						
Net gains and losses on derivatives and securities	482	1	483	-133	-59	-192
Impairment of financial assets	-793	-	-793	-4 107	-	-4 107
Total unrealised effects	**877**			**-5122**		

6. OTHER FINANCIAL ASSETS

Other financial fixed assets in the balance sheet include the shareholding in E.ON AG, which is recognised in the amount of NOK 11 392 million. Shares are classified as assets available for sale and recognised in the accounts at fair value with changes in value recorded in other comprehensive income. Positive changes in value of NOK 610 million were recognised in other comprehensive income.

7. CURRENCY EFFECTS ON INTERNAL LOANS

Net currency effects on internal loans in the first quarter amounted to NOK 791 million, of which NOK 684 million was unrealised. The gain arose mainly as a result of the strengthened NOK compared with EUR. Statkraft Treasury Centre (STC) provides loans to the Group's companies, mainly in the companies' local currency. STC prepares its accounts in EUR and reports currency effects of lending in the income statement. Subsidiaries with borrowing in EUR, but with a different reporting currency, report currency effects in their respective income statements. Currency gains and losses of this nature will not be offset by corresponding effects in the Group's income statement. Foreign subsidiary accounts are converted into NOK upon consolidation and currency effects on internal loans are recognised directly in equity. This offsets currency gains and losses added to equity in the income statement.

8. HEDGE ACCOUNTING

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

Statkraft has established hedging for accounting purposes of the net investment in STC in EUR. The effect of this is that NOK 209 million in gains will not be recognised in the income statement, but recognised in other comprehensive income.

9. BUSINESS COMBINATIONS AND OTHER ACQUISITIONS

In august 2011, an agreement was entered into to buy 40.65% of the shares in Desenvix (Brazil). The purchase price, after taxes and adjustments stipulated in the agreement, amounted to BRL 727.4 million (NOK 2317 million). Over the course of the first quarter of 2012, another two agreements were entered into in connection with the implementation of the transaction. The purchase was finally closed on 8 March 2012.

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

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