



Interim Report
Q1/2014
Statkraft AS

Q1

Key figures

NOK million	First quarter			Year 2013
	2014	2013	Change	
From income statement ¹⁾				
Gross operating revenues, underlying	14 582	13 068	1 514	47 458
Net operating revenues, underlying	5 954	6 112	-158	20 545
EBITDA, underlying	3 836	4 180	-344	12 444
Operating profit, underlying	3 096	3 532	-436	9 589
Operating profit, booked	3 106	3 863	-757	13 002
Share of profit from associated companies and joint ventures	563	202	361	1 101
Net financial items	657	-1 837	2 494	-11 592
Profit before tax	4 326	2 228	2 098	2 511
Net profit	2 800	443	2 358	208
EBITDA margin, underlying (%) ²⁾	26.3	32.0		26.2
ROACE, underlying (%) ³⁾	11.5	12.6		12.5
Items excluded from the underlying operating profit				
Unrealised changes in value on energy contracts	-47	331	-377	3 288
Significant non-recurring items	56	-	56	125
Balance sheet and investments				
Total assets 31.03/31.12.	157 909	148 813	9 096	153 687
Maintenance investments and other investments	363	334	30	1 980
Investments in new capacity	1 577	1 317	260	11 303
Investments in shareholdings	3	8	-5	62
Capital employed 31.03/31.12. ⁴⁾	81 989	71 340	10 649	82 985
Cash Flow				
Net cash flow from operating activities	3 380	4 291	-911	8 106
Cash and cash equivalents 31.03/31.12.	9 596	7 449	2 147	7 685
Currency rates				
NOK/EUR average rate	8.35	7.43	0.92	7.81
NOK/EUR closing rate 31.03/31.12.	8.26	7.51	0.74	8.36

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

Classification between maintenance investments and investments in increased capacity has changed for the first quarter of 2013. The effect at the same time last year was NOK 127 million.

Definitions

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

²⁾ EBITDA margin, underlying (%): (Operating result 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: Tangible fixed assets + intangible assets + non-interest-bearing receivables + inventories - payable tax - other short-term and long-term interest-free debt + group contribution allocated, not paid.

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SOLID QUARTERLY RESULT IN-SPITE OF LOWER POWER PRICES



Solid results from market activities contributed to the Group's good quarterly result, in spite of lower Nordic power prices and lower power production

Statkraft had a good quarterly result in a market influenced by lower power prices. Solid results from market activities largely offset the decline in income from Nordic hydropower as a result of lower power prices and lower production than in the first quarter of 2013. The result from underlying operations (EBITDA) ended at NOK 3.8 billion, NOK 0.3 billion below the same quarter in 2013.

Changes in exchange rates generated positive currency effects related to the financial items, compared with negative currency effects in the same period last year. The currency effects are offset by negative translation effects in equity. The net profit was NOK 2.8 billion, an improvement of NOK 2.4 billion compared with the first quarter of 2013.

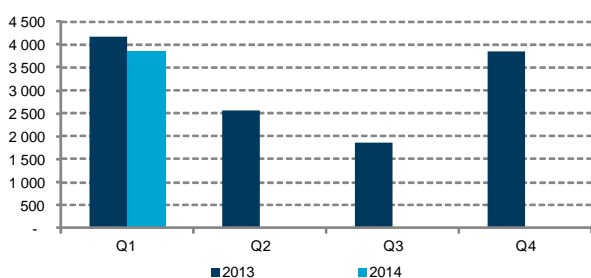
The first quarter of 2014 had an average Nordic energy price of 30.2 EUR/MWh, which was 28 per cent lower

than in the same quarter of 2013. The Group's power production totalled 15.4 TWh, a decline of 11 per cent compared with the first quarter of 2013.

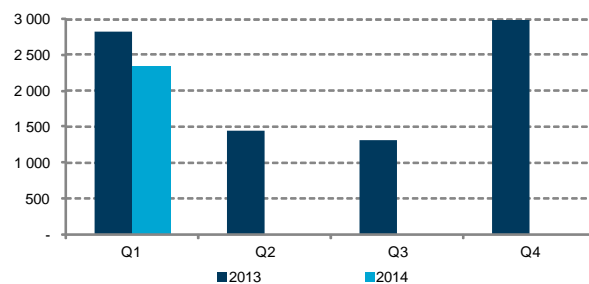
Statkraft enters into financial forward contracts in the power market, and Statkraft realised substantial positions in the first quarter. This stabilised earnings. Market activities in Brazil also contributed positive to the Group result.

The growth in wind power over the last few years is now increasingly contributing to the Group result. A Memorandum of Understanding between Statkraft, NTE, Agder Energi and TrønderEnergi was signed this quarter, and these four power companies are now working together to realise 600 MW of wind power at Fosen in Central Norway.

EBITDA - underlying
NOK million



Cash flow from operating activities
NOK million



Corporate responsibility and HSE

	First quarter		Year 2013
	2014	2013	
Corporate social responsibility and HSE			
Fatalities ¹⁾	0	0	1
TRI rate Statkraft ^{1) 2)}	5.2	5.5	6.5
Serious environmental incidents	0	0	0
Full-time equivalents, group	3 546	3 511	3 493
Absence due to illness, group (%)	3.3	3.9	3.0

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

²⁾ H2 rate: Number of injuries per million hours worked

A fatal work related accident occurred on 29 April in connection with the Devoll project in Albania. The accident occurred when three workers were caught in a rockslide while working to secure the mountainside along the road leading to the construction area for the Moglice power plant in Devoll valley in southern Albania. All three workers died. The deceased were employed by a sub-contractor working for Statkraft's road contractors. Statkraft immediately initiated an investigation in collaboration with the local police and authorities.

Four people died in an airplane crash on 27 April in the Philippines. The accident occurred in connection with a project organised by the authorities in partnership with SN Aboitiz Power, in which SN Power has a 50% ownership interest. The accident is under investigation. The preliminary assessment classifies the incident as a third-party accident that is not registered in the Statkraft Group's injury statistics.

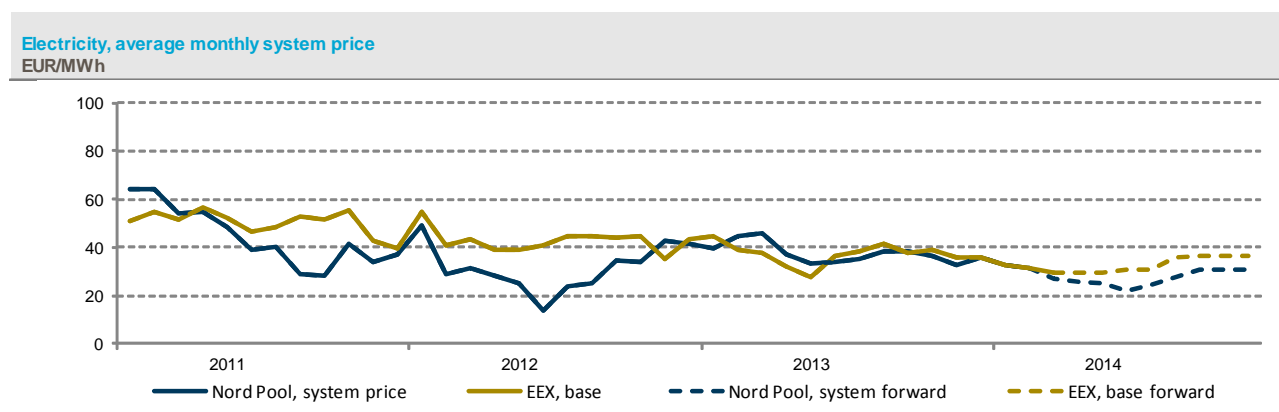
- The Group's TRI injury frequency was 5.2 in the first quarter, which represents a decline compared with the same period in 2013.
- There were no serious environmental incidents in the first quarter.
- Absence due to illness is at a low, stable level.

In order to improve its health and safety results, Statkraft will in 2014 emphasise attitude forming work and increased management involvement in health and safety work. This will be an addition to the continued focus on investigating all incidents with significant potential for injuries, which will therefore facilitate learning across the organisation.

Market and production

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

POWER PRICES



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

The average system price in the Nordic region was 30.2 EUR/MWh in the quarter, a decline of 28% compared with the same period in 2013. The decline was primarily driven by higher-than-normal temperatures and lower consumption than

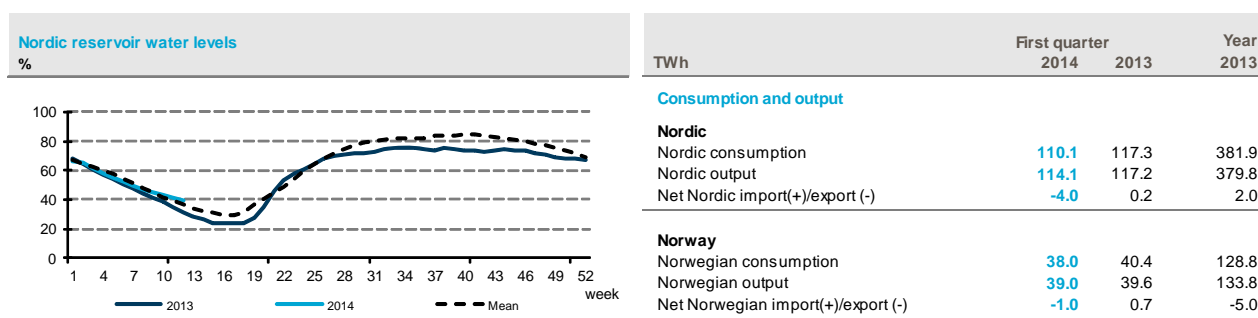
in the first quarter of 2013. Forward prices in the Nordic region fell throughout the quarter as a result of higher than normal inflow to reservoirs, as well as a lower system price in the first quarter than was anticipated.

The average spot price in the German market was 33.5 EUR/MWh in the quarter, a decline of 21% compared with the same period in 2013. The decline was characterised by higher temperatures. Forward prices in Germany fell throughout the quarter, partly as a result of spot prices in the first quarter being lower than expected.

EUR/MWh	First quarter			Year 2013
	2014	2013	Change	
Prices				
Average system price, Nord Pool	30.2	42.0	-11.8	38.1
Average spot price (base), EEX	33.5	42.3	-8.8	37.8
Average spot price (peak), EEX	43.2	53.9	-10.7	48.8
Average gas price, EGT	24.6	28.3	-3.6	27.3

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

CONSUMPTION AND RESOURCE ACCESS IN THE NORDIC REGION



Source: Nord Pool.

The inflow was higher than normal in the period. The total reservoir water level in the Nordic region was 45.1 TWh at the end of March, corresponding to 109% of normal. The reservoirs were filled to 37.2% of capacity (28.9% in 2013), with a maximum reservoir capacity of 121.4 TWh at the end of week 13.

In the first quarter, 4 TWh was imported to the Nordic region from the Continent, compared with net exports of 0.2 TWh in the corresponding period in 2013.

STATKRAFT'S POWER PRODUCTION

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

TWh	First quarter		Year 2013	TWh	First quarter		Year 2013
	2014	2013			2014	2013	
Production, technology				Production, geography			
Hydropower	14.7	16.4	53.2	Norway	12.4	14.0	45.1
Wind power	0.5	0.3	1.4	Nordic ex. Norway	1.7	1.7	5.4
Gas power	0.1	0.6	1.1	Europe ex. Nordic	0.6	0.9	2.3
Bio power	0.1	0.0	0.2	Rest of the world	0.7	0.7	3.0
Total production	15.4	17.4	55.9	Total production	15.4	17.4	55.9

The Group produced 15.4 TWh in total. In the first quarter, the Group produced 0.5 TWh of wind power, compared with 0.3 TWh in the same period in 2013. The increase is due to new production capacity.

The Group also produced 0.3 TWh (0.5 TWh) of district heating.

Financial performance

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

NOK million	First quarter			Year 2013
	2014	2013	Change	
Key figures				
Net operating revenues, underlying	5 954	6 112	-158	20 545
EBITDA, underlying	3 836	4 180	-344	12 444
Profit before tax	4 326	2 228	2 098	2 511
Net profit	2 800	443	2 358	208

The Group had positive currency effects in the first quarter of 2014, compared with negative currency effects in the same quarter in 2013. This contributed to the NOK 2.4 billion increase in the Group's net profit.

GROSS OPERATING RESULT (EBITDA) – UNDERLYING

Underlying EBITDA was NOK 344 million lower than in the same quarter in 2013, primarily as a result of lower Nordic power prices and lower Norwegian hydropower production. Higher contributions from the Nordic dynamic asset management portfolio and new wind farms offset this decline somewhat.

OPERATING REVENUES - UNDERLYING

NOK million	First quarter			Year 2013
	2014	2013	Change	
Net operating revenues, underlying				
Net physical spot sales, incl. green certificates	9 484	8 487	997	31 750
Concessionary sales at statutory prices	102	102	0	341
Long-term contracts	2 082	1 741	341	6 785
Nordic and Continental Dynamic Asset Management Portfolio	633	55	578	247
Trading and origination (excl. market access Germany and UK - renewable)	141	269	-128	681
Distribution grid	309	355	-45	1 184
End user	1 322	1 590	-268	4 631
District heating, energy sales	229	278	-49	684
Other sales revenues	12	-3	15	10
Currency hedging energy contracts	-15	4	-19	-23
Sales revenues	14 299	12 878	1 421	46 291
Other operating revenues	283	190	93	1 168
Gross operating revenues	14 582	13 068	1 514	47 458
Energy purchase	-8 321	-6 653	-1 668	-25 922
Transmission costs	-307	-303	-4	-991
Net operating revenues	5 954	6 112	-158	20 545

- Increased volumes within activities where Statkraft offers minor renewable energy producers market access in Germany and the UK contributed to an increase in net physical spot sales and energy purchases.
- Lower Nordic power prices contributed to reduced net physical spot sales.
- Revenues from long-term contracts were higher than in the corresponding quarter in 2013 as a result of higher volumes on contracts in Brazil. The volume increase also contributed to higher energy purchases for the Group.
- The changes in the Nordic dynamic asset management portfolio and trading and origination relate to exposure to and changes in market prices.
- Increased margin from the end-user business.

OPERATING EXPENSES - UNDERLYING

NOK million	First quarter			Year 2013
	2014	2013	Change	
Operating expenses, underlying				
Salaries and payroll costs	-868	-827	-41	-3 136
Depreciation	-740	-648	-92	-2 855
Property tax and licence fees	-420	-408	-12	-1 640
Other operating expenses	-829	-698	-132	-3 325
Operating expenses	-2 858	-2 580	-277	-10 956

- The increase in depreciation is among other things due to higher depreciation on the Sheringham Shoal offshore wind farm in the UK and completion of the onshore wind farms Baillie and Berry Burn in the UK, as well as the transfer of leased hydropower plants from Statkraft SF to Statkraft Energi AS in the second quarter of 2013.
- The increase in other operating expenses is among other things related to new wind power plants and the transfer of leased power plants from Statkraft SF.

ITEMS EXCLUDED FROM THE UNDERLYING OPERATING RESULT

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

NOK million	First quarter			Year 2013
	2014	2013	Change	
Items excluded from the underlying operating profit				
Unrealised changes in value of energy contracts	-47	331	-377	3 288
Significant non-recurring items	56	-	56	125
<i>Lawsuit Saurdal concessionary power</i>	56	-	56	-
<i>Revenue recognition related to termination of energy contract</i>	-	-	-	164
<i>Bargain purchase in step acquisition of Devoll</i>	-	-	-	162
<i>Gain from sale of heating plant in Allingsås</i>	-	-	-	86
<i>Costs related to purchase in step acquisition of biomass companies</i>	-	-	-	-97
<i>Impairment of property, plant and equipment and intangible assets</i>	-	-	-	-190

- As a result of a stronger Norwegian krone, there was a negative development for long-term power sales contracts denominated in EUR. Positive development in financial energy derivatives as a result of lower expected Nordic power prices.
- The non-recurring item in the first quarter of 2014 is related to a lawsuit brought by eight municipalities against Statkraft regarding concessionary power. The judgement found in favour of Statkraft in February.

SHARE OF PROFIT FROM ASSOCIATED COMPANIES AND JOINT VENTURES

The Group has major shareholdings in the regional Norwegian power companies BKK and Agder Energi, as well as shareholdings in companies outside Norway, where much of the activity takes place through participation in partly-owned companies.

NOK million	First quarter			Year 2013
	2014	2013	Change	
Share of profit from associated companies and joint ventures				
BKK	157	101	55	319
Agder Energi	266	151	115	339
Others	141	-50	191	442
Associated companies	563	202	361	1 101

- The higher profit in BKK and Agder Energi was mainly due to unrealised changes in value on energy contracts.
- The improved result from other associated companies is mainly due to gains from the sale of two subsidiaries in Istad.

FINANCIAL ITEMS

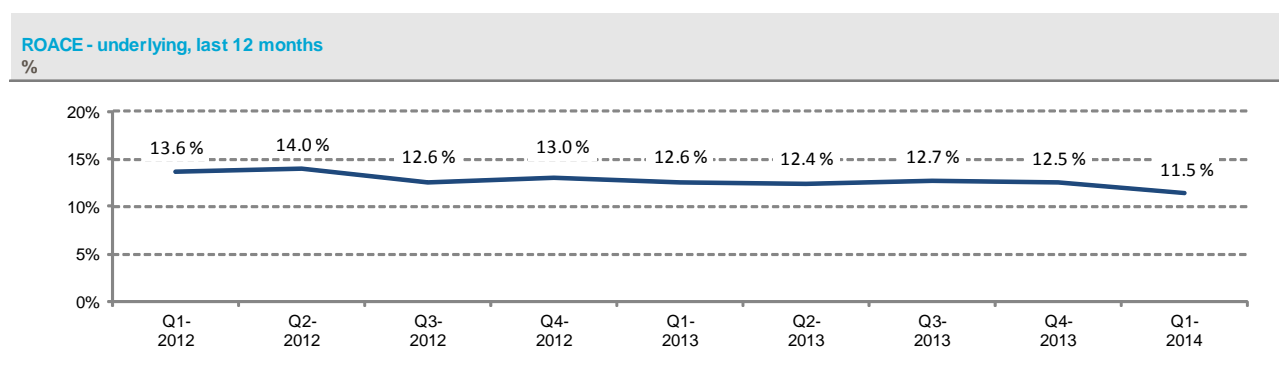
NOK million	First quarter			Year 2013
	2014	2013	Change	
Financial items				
Interest income	56	35	21	218
Other financial income	3	3	1	20
Gross financial income	60	38	22	237
Interest expenses	-311	-289	-22	-1 272
Other financial expenses	-23	-13	-9	-78
Gross financial expenses	-334	-302	-32	-1 351
Currency gains and losses	1 043	-1 006	2 049	-9 403
Other financial items	-112	-567	455	-1 076
Net financial items	657	-1 837	2 494	-11 592

- Financial income increased by NOK 22 million as a result of both higher invested amount, and higher returns as a result of a changed currency composition in the investments.
- Financial expenses increased by NOK 32 million, primarily due to increased interest expenses.
- Net currency effects in the first quarter amounted to NOK 1043 million, mainly as a result of a stronger NOK against EUR. These are generally offset by translation effects in equity.
- Other financial items increased by NOK 455 million, mainly due to a negative value change on the shareholding in E.ON SE in the first quarter of 2013. All shares were sold in 2013.

TAXES

The recorded tax expense was NOK 1525 million in the first quarter (NOK 1785 million). The decline in tax expense was primarily due to lower calculated resource rent tax in the first quarter of 2014 and a downgrade of the deferred tax asset in the first quarter of 2013.

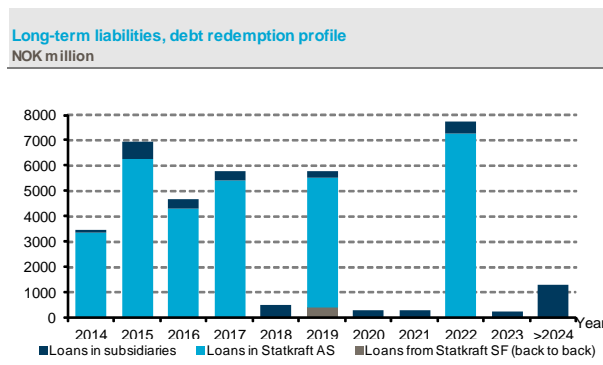
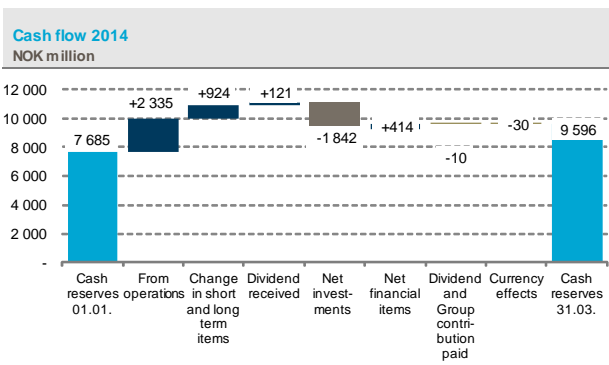
RETURN



Measured as ROACE¹, return amounted to one percentage point below that of the year 2013. The decline was due to a somewhat lower operating result, as well as higher average capital employed.

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

CASH FLOW AND CAPITAL STRUCTURE



Cash flow 2014

- The Group's operations generated a cash flow of NOK 2335 million (NOK 2832 million).
- The changes in short and long-term items had a positive effect of NOK 924 million (NOK 1458 million). The difference was mainly related to working capital.
- Net investments² amounted to NOK -1842 million (NOK 581 million). This was primarily investments in property, plant and equipment totalling NOK -1909 million.
- The net liquidity change from financing amounted to NOK 403 million (NOK -2888 million). New debt was NOK 465 million (NOK 507 million), primarily associated with SN Power's project financing. Repayment of debt amounted to NOK 78 million (NOK -3395 million).

Financial structure

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

- Net interest-bearing debt³ totalled NOK 30 647 million, compared with NOK 32 240 million at the beginning of the year. The decline was primarily related to increased bank deposits.
- The net interest-bearing debt-equity ratio was 29.7%, compared with 31.2% at year-end 2013.
- Loans from Statkraft SF to Statkraft AS amounted to NOK 400 million.
- Current assets, except cash and cash equivalents, amounted to NOK 19 779 million.
- Short-term interest-free debt was NOK 20 536 million.
- Statkraft's equity totalled NOK 72 589 million, compared with NOK 71 107 million at the start of the year. This corresponds to 46.0% of total assets. The increase in equity was linked to a positive total comprehensive income of NOK 1468 million.

INVESTMENTS AND PROJECTS

Total investments in the quarter amounted to NOK 1944 million.

Investments in the quarter

Maintenance investments and other investments totalled NOK 363 million, and were primarily related to

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

Investments in increased capacity totalled NOK 1577 million, and were primarily related to

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

Investments in shareholdings (NOK 3 million).

² Net investments include investments paid at the end of the quarter, payments received from sale of non-current assets, net liquidity out from the Group upon acquisition of activities and repayment and disbursement of loans.

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

Projects

First quarter	Project	Country	New capacity (MW) ¹⁾	Statkraft's ownership share	Planned completion	
Main projects under construction						
Hydropower	Eiriksdal og Makkoren	Norway	56	100 %	2014	Q4
	Nedre Røssåga, phase 1	Norway	-	100 %	2017	Q4
	Nedre Røssåga, phase 2	Norway	100	100 %	2016	Q4
	Kjensvatn	Norway	10	100 %	2014	Q4
	Brokke Nord/Sør	Norway	24	- ²⁾	2014	Q3
	Kargi	Turkey	102	100 %	2015	Q2
	Cetin	Turkey	517	100 %	2017	Q4
	Devoll	Albania	243	100 %	2018	Q2
	Cheves	Peru	171	100 % ³⁾	2015	Q2
	Bajo Frio	Panama	58	26 % ³⁾	2015	Q1
Wind power	Mörtjärnberget ⁴⁾	Sweden	85	60 %	2014	Q2
	Berry Burn ⁴⁾	UK	67	100 %	2014	Q2
	Ögonfågeln	Sweden	99	60 %	2014	Q4
	Björkhöjden	Sweden	270	60 %	2015	Q4
District heating	Sandefjord	Norway	23	100 %	2015	Q2

¹⁾ Total for project, incl. partners' share.

²⁾ Owned by Agder Energi (69%) and Skagerak Energi (31%).

³⁾ SN Power's share.

⁴⁾ Part of the wind farm in production.

Segments

The segment structure follows the internal management information that is systematically reviewed by the corporate management and used for resource allocation and goal attainment. The segments are Nordic hydropower, Continental energy and trading, International hydropower, Wind power, District heating and Industrial ownership. Areas not shown as separate segments are presented under the heading Other activities.

First quarter	Statkraft AS Group	Nordic hydropower	Continental energy and trading	International hydropower	Wind power	District heating	Industrial ownership	Other activities	Group items
From income statement									
Gross operating revenues, underlying	14 582	3 533	7 939	845	414	209	2 104	135	-597
Net operating revenues, underlying	5 954	3 216	963	376	404	128	937	133	-203
EBITDA, underlying	3 836	2 357	643	190	249	64	512	-155	-25
Operating profit, underlying	3 096	2 040	543	164	125	29	395	-176	-25
Operating profit, booked	3 106	2 017	461	210	125	29	454	-162	-26
Share of profit from associated companies and JV	563	-	-	28	-	-	536	-	-
EBITDA-margin (%), underlying	26.3	66.7	8.1	22.4	60.3	30.7	24.4	N/A	N/A
Maintenance investments	363	233	13	8	-	-	86	23	-
Investments in new capacity	1 577	64	6	774	523	77	100	33	-
Investments in shareholdings	3	-	-	3	-	-	1	-1	-
Production									
Production, volume sold (TWh)	15.4	12.0	0.3	0.7	0.5	-	1.8	-	-
- whereof hydropower (TWh)	14.7	12.0	0.1	0.7	-	-	1.8	-	-
- whereof wind power (TWh)	0.5	-	-	-	0.5	-	-	-	-
- whereof gas power (TWh)	0.1	-	0.1	-	-	-	-	-	-
- whereof bio power (TWh)	0.1	-	0.1	-	-	-	-	-	-
Production, district heating (TWh)	0.3	-	-	-	-	0.3	-	-	-

NORDIC HYDROPOWER

NOK million	First quarter		Year 2013
	2014	2013	
Net operating revenues, underlying	3 216	4 079	13 238
EBITDA, underlying	2 357	3 281	10 043
Operating profit, underlying	2 040	2 993	8 796
Unrealised value changes energy contracts	-80	282	2 279
Significant non-recurring items	56	-	164
Operating profit, booked	2 017	3 275	11 239
Share of profit from associated companies and joint ventures	-	-	-
Maintenance investments and other investments	233	182	1 399
Investments in new capacity	64	119	4 476
Investments in shareholdings	-	-	-
Production, volume sold (TWh)	12.0	13.7	44.1

Highlights

- The court ruled in favour of Statkraft in the case concerning concessionary power brought by eight municipalities. The case was raised as a result of a claim for a financial settlement made by Statkraft against the municipalities in connection with the Saurdal power plant, with retroactive effect from and including 1996. The recorded revenues associated with this total NOK 62 million in the first quarter, of which NOK 56 million was classified as a significant non-recurring item.
- In February, Statkraft was awarded a licence to build Vesle Kjela power plant in Telemark County (estimated annual production of 25 GWh). The new power plant will eventually become part of the Tokke system, which consists of eight power plants and an overall annual production of 4.3 TWh.

Financial performance

- Underlying EBITDA was lower than in the first quarter of 2013, mainly due to lower net operating revenues as a result of lower market prices for Nordic power. Operating expenses were somewhat higher e.g. as a result of transferring leased power plants from Statkraft SF effective as of the second quarter of 2013.

Investments

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

CONTINENTAL ENERGY AND TRADING

NOK million	First quarter		Year 2013
	2014	2013	
Net operating revenues, underlying	963	461	1 764
EBITDA, underlying	643	142	402
Operating profit, underlying	543	68	72
Unrealised value changes energy contracts	-83	-92	810
Significant non-recurring items	-	-	-97
Operating profit, booked	461	-24	785
Share of profit from associated companies and joint ventures	-	-1	3
Maintenance investments and other investments	13	12	86
Investments in new capacity	6	34	316
Investments in shareholdings	-	-	-
Production, volume sold (TWh)	0.3	0.7	1.5

Highlights

- Statkraft has signed power purchase agreements with two players within solar power in the UK.

Financial performance

- Underlying EBITDA was higher than in the first quarter of 2013, mainly as a result of the realisation of positions within the Nordic management portfolio.
- The revenues from trading and origination were lower than in the first quarter of 2013.

INTERNATIONAL HYDROPOWER

NOK million	First quarter		Year 2013
	2014	2013	
Net operating revenues, underlying	376	266	1 017
EBITDA, underlying	190	108	278
Operating profit, underlying	164	61	93
Unrealised value changes			
energy contracts	46	118	211
Significant non-recurring items	-	-	162
Operating profit, booked	210	179	466
Share of profit from associated companies and joint ventures	28	-39	458
Maintenance investments and other investments	8	14	42
Investments in new capacity	774	569	2 672
Investments in shareholdings	3	8	50
Production, volume sold (TWh)	0.7	0.8	3.1

Highlights

- The previously signed agreement between Statkraft and Norfund concerning the extension of cooperation within renewable energy is expected to be implemented during the course of summer 2014.

Financial performance

- The increase in EBITDA compared with the first quarter of 2013 is due to higher revenues from Brazil as a result of increased volumes and high prices. The increase is somewhat offset by lower operating revenues in Peru, in addition to the fact that the Totoral wind farm in Chile has been sold and is not included in this year's figures.
- Unrealised changes in the value on energy contracts are primarily related to a long-term power purchase contract in Brazil.
- The increase in share of profit from associated companies and joint activities is primarily related to an anticipated insurance settlement in Chile, as well as higher contributions from the activities in Desenvix in Brazil. This was somewhat offset by lower revenues in the Philippines.

Investments

- Maintenance investments were mainly related to the hydropower plants in Peru.
- Investments in new capacity were related to the hydropower developments in Turkey, Albania, Peru and Panama.

WIND POWER

NOK million	First quarter		Year 2013
	2014	2013	
Net operating revenues, underlying	404	232	1 026
EBITDA, underlying	249	118	507
Operating profit, underlying	125	41	103
Unrealised value changes			
energy contracts	-	-	-
Significant non-recurring items	-	-	-190
Operating profit, booked	125	41	-87
Share of profit from associated companies and joint ventures	-	-5	-1
Maintenance investments and other investments	-	5	11
Investments in new capacity	523	339	2 531
Investments in shareholdings	-	-	1
Production, volume sold (TWh)	0.5	0.3	1.4

Highlights

- Statkraft, NTE, Agder Energi and TrønderEnergi entered into a Memorandum of Understanding to establish a partnership for development and operation of Storheia, Kvenndalsfjellet and Roan, which are three of nine licensed wind projects on the coast of Trøndelag in Norway.
- The planned offshore wind farm Dudgeon, where Statkraft owns 30% and Statoil 70%, was one of five offshore wind power projects that were awarded investment contracts by the UK authorities in April. An investment decision for the project is planned in the second half of 2014.

Financial performance

- EBITDA increased compared with the first quarter of 2013, primarily as a result of higher production from the Sheringham Shoal offshore wind farm and new onshore wind farms in Sweden and the UK.
- In total, the segment produced 0.5 TWh in the first quarter, with 0.2 TWh from Sheringham Shoal (Statkraft's share).

Investments

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

DISTRICT HEATING

NOK million	First quarter		Year 2013
	2014	2013	
Net operating revenues, underlying	128	140	392
EBITDA, underlying	64	75	133
Operating profit, underlying	29	40	-4
Unrealised value changes energy contracts	-	-	-
Significant non-recurring items	-	-	86
Operating profit, booked	29	40	82
Share of profit from associated companies and joint ventures	-	-	-
Maintenance investments and other investments	-	-	2
Investments in new capacity	77	107	417
Investments in shareholdings	-	-	-
Production, volume sold (TWh)	0.3	0.5	1.1

Highlights

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

Financial performance

- The decline in EBITDA compared with the first quarter in 2013 primarily related to lower production as a result of higher-than-normal temperatures in the quarter, as well as the sale of the production plant in Alingsås in Sweden in the third quarter of 2013.
- In total, the segment produced 341 GWh in the quarter.

Investments

- The investments were primarily related to the development in Ås and Sandefjord in Norway, Hammargård in Sweden and district heating grids in both countries.

INDUSTRIAL OWNERSHIP

NOK million	First quarter		Year 2013
	2014	2013	
Net operating revenues, underlying	937	971	3 174
EBITDA, underlying	512	553	1 583
Operating profit, underlying	395	442	1 109
Unrealised value changes energy contracts	13	17	21
Significant non-recurring items	45	-	-
Operating profit, booked	454	459	1 130
Share of profit from associated companies and joint ventures	536	247	640
Maintenance investments and other investments	86	120	440
Investments in new capacity	100	68	497
Investments in shareholdings	1	-	-
Production, volume sold (TWh)	1.8	1.8	5.4

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

Highlights

- BKK Nett has signed an agreement with Nexans concerning development, production and installation of the 420 kV subsea cable between Kollnes and Mongstad.
- BKK was awarded a licence in March for upgrading the power line between Evanger and Samnanger from 300 kV to 420 kV. Commissioning is scheduled for 2016.
- Istad AS has concluded the sale of its subsidiaries Linjebygg Offshore and Istad Energimontasje.

Financial performance

- The decline in EBITDA compared with the same period in 2013 is mainly due to lower revenues from power sales.
- The increase in share of profits from associated companies is primarily due to positive unrealised changes in value on energy contracts, as well as sales of the subsidiaries Linjebygg Offshore and Istad Energimontasje in Istad with gains of NOK 116 million (Statkraft's share).

Investments

- Most of the investments are new investments in grid activities.

OTHER ACTIVITIES¹⁾

NOK million	First quarter		Year 2013
	2014	2013	
Net operating revenues, underlying	133	147	665
EBITDA, underlying	-155	-76	-486
Operating profit, underlying	-176	-93	-564
Unrealised value changes energy contracts	14	7	-43
Significant non-recurring items	-	-	-
Operating profit, booked	-162	-87	-607
Share of profit from associated companies and joint ventures	-	-	-
Maintenance investments and other investments	23	-	-
Investments in new capacity	33	80	393
Investments in shareholdings	-1	-	11
Production, volume sold (TWh)	0.0	0.0	0.3

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

Highlights

- Småkraft has been awarded a final licence for six power plants in Fjærlandsfjorden.

Financial performance

- The negative change in EBITDA is primarily a result of negative currency effects related to internal hedging contracts and increased operating expenses compared with the same quarter last year.

Investments

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

Outlook

The Nordic power prices are expected to be lower than in 2013. Market activities in 2014 are expected to provide a significant contribution to the Group's earnings, while long-term power contracts also help stabilise the Group's revenues. Statkraft's large reservoir capacity with both seasonal and multiple-year reservoirs provides the Group with large flexibility to manage water resources efficiently. New production capacity is under construction, and will increase revenues when completed.

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

As Europe's largest producer of renewable energy, Statkraft has a strong market position. The EU is expected to implement additional initiatives in the direction of an energy system with less carbon emissions, more renewable energy and a stronger focus on security of supply.

Hydropower is expected to be a profitable and climate-friendly energy source in emerging markets outside the EU. Here Statkraft is planning further growth based on the Group's core expertise within project development, operations and maintenance.

Oslo, 14 May 2014
The Board of Directors of Statkraft AS

Statkraft AS Group Interim Financial Statements

NOK million	First quarter 2014	2013	The year 2013
COMPREHENSIVE INCOME			
PROFIT AND LOSS			
Sales revenues	11 549	12 591	48 148
Other operating revenues	283	190	1 415
Gross operating revenues	11 832	12 781	49 564
Energy purchase	-5 576	-6 034	-24 327
Transmission costs	-307	-303	-991
Net operating revenues	5 948	6 443	24 246
Salaries and payroll costs	-868	-827	-3 136
Depreciation, amortisation and impairments	-740	-648	-3 045
Property tax and licence fees	-405	-408	-1 640
Other operating expenses	-829	-698	-3 422
Operating expenses	-2 842	-2 580	-11 243
Operating profit/loss	3 106	3 863	13 002
Share of profit/loss from associates and joint ventures	563	202	1 101
Financial income	60	38	237
Financial expenses	-334	-302	-1 351
Net currency effects	1 043	-1 006	-9 403
Other financial items	-112	-567	-1 076
Net financial items	657	-1 837	-11 592
Profit/loss before tax	4 326	2 228	2 511
Tax expense	-1 525	-1 785	-2 303
Net profit/loss	2 800	443	208
Of which non-controlling interest	171	110	482
Of which majority interest	2 629	333	-274
OTHER COMPREHENSIVE INCOME			
Items in other comprehensive income that recycle over profit/loss:			
Changes in fair value of financial instruments	95	-299	-1 167
Income tax related to changes in fair value of financial instruments	-26	84	339
Items recorded in other comprehensive income in associates and joint arrangements	-6	-	163
Currency translation effects	-1 395	2 763	9 940
Items in other comprehensive income that will not recycle over profit/loss:			
Estimate deviation pensions	-	254	-174
Income tax related to changes in fair value of financial instruments	-	-71	49
Other comprehensive income	-1 332	2 731	9 154
Comprehensive income	1 468	3 174	9 361
Of which non-controlling interest	103	447	881
Of which majority interest	1 366	2 726	8 480

NOK million	31.03.2014	31.03.2013	31.12.2013
STATEMENT OF FINANCIAL POSITION			
ASSETS			
Intangible assets	3 344	2 885	3 510
Property, plant and equipment	101 575	90 949	101 269
Investments in associates and joint ventures	16 442	16 568	16 002
Other non-current financial assets	2 644	8 564	2 540
Derivatives	4 531	5 133	5 295
Non-current assets	128 535	124 100	128 615
Inventories	1 499	1 181	1 796
Receivables	8 645	10 164	9 568
Short-term financial investments	464	464	464
Derivatives	9 171	5 457	5 559
Cash and cash equivalents (included restricted cash)	9 596	7 449	7 685
Current assets	29 374	24 714	25 072
Assets	157 909	148 813	153 687
EQUITY AND LIABILITIES			
Paid-in capital	49 011	45 569	49 011
Retained earnings	15 694	12 573	14 328
Non-controlling interest	7 884	7 381	7 769
Equity	72 589	65 524	71 107
Provisions	19 468	20 612	19 416
Long-term interest-bearing liabilities	33 470	34 432	33 364
Derivatives	4 631	5 400	5 713
Long-term liabilities	57 570	60 444	58 494
Short-term interest-bearing liabilities	7 215	5 237	7 013
Taxes payable	3 331	3 100	3 503
Other interest-free liabilities	9 216	9 799	9 181
Derivatives	7 989	4 709	4 389
Current liabilities	27 751	22 845	24 086
Equity and liabilities	157 909	148 813	153 687

NOK million	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 01.01.2013	45 569	21 822	-11 975	9 847	55 416	6 934	62 350
Net profit/loss		333	-	333	333	110	443
Items in other comprehensive income that recycles over profit/loss:							
Changes in fair value of financial instruments		-318	-	-318	-318	19	-299
Income tax related to changes in fair value of financial instruments		89	-	89	89	-5	84
Currency translation effects		-	2 440	2 440	2 440	323	2 763
Items in other comprehensive income that will not recycles over profit/loss:							
Estimate deviation pensions		254	-	254	254	-	254
Income tax related to estimate deviation pensions		-71	-	-71	-71	-	-71
Total comprehensive income for the period		287	2 440	2 726	2 726	447	3 174
Balance as of 31.03.2013	45 569	22 109	-9 536	12 573	58 142	7 381	65 524
Balance as of 01.01.2013							
Balance as of 01.01.2013	45 569	21 822	-11 975	9 847	55 416	6 934	62 350
Net profit/loss		-274	-	-274	-274	482	208
Items in other comprehensive income that recycles over profit/loss							
Changes in fair value of financial instruments		-1 270	-	-1 270	-1 270	103	-1 167
Income tax related to changes in fair value of financial instruments		355	-	355	355	-16	339
Items recorded in other comprehensive income in associates and joint arrangements		112	-	112	112	51	163
Currency translation effects		-	9 648	9 648	9 648	292	9 940
Items in other comprehensive income that will not recycles over profit/loss:							
Estimate deviation pensions		-129	-	-129	-129	-45	-174
Income tax related to estimate deviation pensions		37	-	37	37	12	49
Total comprehensive income for the period		-1 168	9 648	8 480	8 480	881	9 361
Dividend and Group contribution paid	-	-4 000	-	-4 000	-4 000	-198	-4 198
Business combinations	2 817	-	-	-	2 817	-	2 817
Transactions with non-controlling interests		-	-	-	-	111	111
Liability of the option to increase shareholding in subsidiary		-	-	-	-	-94	-94
Capital increase	624	-	-	-	624	135	760
Balance as of 31.12.2013	49 011	16 654	-2 327	14 328	63 338	7 769	71 107
Net profit/loss		2 629	-	2 629	2 629	171	2 800
Items in other comprehensive income that recycles over profit/loss							
Changes in fair value of financial instruments		117	-	117	117	-22	95
Income tax related to changes in fair value of instruments		-32	-	-32	-32	6	-26
Items recorded in other comprehensive income in associates and joint arrangements		-7	-	-7	-7	1	-6
Currency translation effects		-	-1 341	-1 341	-1 341	-53	-1 395
Total comprehensive income for the period		2 708	-1 341	1 366	1 366	103	1 468
Dividend and Group contribution paid	-	-	-	-	-	1	1
Liability of the option to increase shareholding in subsidiary		-	-	-	-	-81	-81
Capital increase	-	-	-	-	-	93	93
Balance as of 31.03.2014	49 011	19 362	-3 667	15 694	64 705	7 884	72 589

NOK million	First quarter		The year
	2014	2013	2013
STATEMENT OF CASH FLOW			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax	4 326	2 228	2 511
Profit/loss on sale of non current assets	26	2	-89
Depreciation, amortisation and impairments	740	648	3 045
Profit/loss from the sale of business	-	-	121
Profit/loss from the sale of shares, and associates and joint ventures	-	158	-153
Share of profit/loss from associates and joint ventures	-563	-202	-1 101
Unrealised changes in value	-543	1 195	7 795
Taxes	-1 650	-1 197	-2 629
Cash flow from operating activities	2 335	2 832	9 499
Changes in long term items	6	-127	-533
Changes in short term items	918	1 585	-1 911
Dividend from associates	121	1	1 051
Net cash flow operating activities	A	3 381	4 291
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in property, plant and equipment*	-1 909	-1 608	-9 248
Proceeds from sale of non-current assets	1	2 266	9 670
Business divestments, net liquidity inflow to the Group	-	-	327
Business combinations, net liquidity outflow from the Group	-	-	59
Loans to third parties	-4	-126	-298
Repayment of loans	72	57	94
Considerations regarding investments in other companies	-3	-8	-59
Net cash flow from investing activities	B	-1 842	581
CASH FLOW FROM FINANCING ACTIVITIES			
New debt	465	507	865
Repayment of debt	-78	-3 395	-4 714
Dividend and group contribution paid	-10	-	-3 094
Share issue in subsidiary to non-controlling interests	27	-	135
Net cash flow from financing activities	C	403	-6 807
Net change in cash and cash equivalents	A+B+C	1 942	1 984
Currency exchange rate effects on cash and cash equivalents	-30	25	400
Cash and cash equivalents 01.01	7 685	5 440	5 440
Cash and cash equivalents 31.03**	9 596	7 449	7 685
Unused committed credit lines	12 000	12 000	12 000
Unused overdraft facilities	2 165	1 867	2 200
Restricted Cash	-21	-272	-12

* Investments in the cash flow are MNOK 30 lower than investments in new capacity in the segment reporting due to acquisition of assets from investments not yet paid as of first quarter 2014.

** Included in cash and cash equivalents are NOK 107 million related to joint operations as of first quarter 2014.

NOK million	Statkraft AS Group	Nordic Hydropower	Continental Energy & Trading	International Hydropower	Wind Power	District Heating	Industrial Ownership	Other activities	Group Items
SEGMENTS									
1st quarter 2014									
Operating revenue external, underlying	11 832	2 577	7 930	845	-	209	2 048	10	-1 787
Operating revenue internal, underlying	-	956	9	1	414	-	56	124	-1 561
Gross operating revenues, underlying	11 832	3 533	7 939	845	414	209	2 104	135	-3 348
Net operating revenues, underlying	5 948	3 216	963	376	404	128	937	133	-209
Operating profit/loss, underlying	3 106	2 040	543	164	125	29	395	-176	-15
Unrealised value change energy derivatives	-	-80	-83	46	-	-	58	14	45
Non-recurring items	-	56	-	-	-	-	-	-	-56
Operating profit/loss	3 106	2 017	461	210	125	29	454	-162	-26
Share of profit/loss from associates and joint ventures	563	-	-	28	-	-	536	-	-
Profit/loss before financial items and tax	3 669	2 017	461	238	125	29	989	-162	-26
Balance sheet 31.03.2014									
Investment in associates and joint ventures	16 442	-	-	6 472	1	-	9 965	-	4
Other assets	141 468	54 687	5 237	14 113	12 546	3 214	14 782	33 029	3 859
Total assets	157 909	54 687	5 237	20 585	12 547	3 214	24 747	33 029	3 863
Depreciations, amortisation and impairments	-740	-316	-100	-26	-125	-35	-117	-21	-
Maintenance investments and other investments	363	233	13	8	-0	-	86	23	-
Investments in new generating capacity	1 577	64	6	774	523	77	100	33	-
Investments in other companies	3	-	-	3	-	-	1	-1	-
1st quarter 2013									
Operating revenue external, underlying	12 781	2 941	5 555	464	5	259	2 482	30	1 045
Operating revenue internal, underlying	-	1 425	-6	-	236	1	17	118	-1 791
Gross operating revenues, underlying	12 781	4 366	5 548	464	241	260	2 499	148	-747
Net operating revenues, underlying	6 443	4 079	461	266	232	140	971	147	147
Operating profit/loss, underlying	3 863	2 993	68	61	41	40	442	-93	310
Unrealised value change energy derivatives	-	282	-92	118	-	-	17	7	-331
Non-recurring items	-	-	-	-	-	-	-	-	-
Operating profit/loss	3 863	3 275	-24	179	41	40	459	-87	-21
Share of profit/loss from associates and joint ventures	202	-	-1	-39	-5	-	247	-	-
Profit/loss before financial items and tax	4 065	3 275	-25	140	36	40	706	-87	-21
Balance sheet 31.03.2013									
Investment in associates and joint ventures	16 568	-	-1	6 731	73	-	9 760	-	5
Other assets	132 245	49 644	4 908	11 647	9 785	2 975	14 447	61 568	-22 729
Total assets	148 813	49 644	4 907	18 378	9 858	2 975	24 207	61 568	-22 724
Depreciations, amortisation and impairments	-648	-289	-73	-47	-77	-35	-110	-17	-
Maintenance investments and other investments*	334	182	12	14	5	-	120	-	-
Investments in new generating capacity*	1 317	119	34	569	339	107	68	80	-
Investments in other companies	8	-	-	8	-	-	-	-	-

NOK million	Statkraft AS Group	Nordic Hydropower	Continental Energy & Trading	International Hydropower	Wind Power	District Heating	Industrial Ownership	Other activities	Group Items
SEGMENTS									
The Year 2013									
Operating revenue external, underlying	49 564	10 506	23 318	1 697	39	640	7 420	192	5 754
Operating revenue internal, underlying	-	3 813	17	-	1 029	2	53	477	-5 391
Gross operating revenues, underlying	49 564	14 318	23 335	1 697	1 067	642	7 472	669	362
Net operating revenues, underlying	24 246	13 238	1 764	1 017	1 026	392	3 174	665	2 970
Operating profit/loss, underlying	13 002	8 796	72	93	103	-4	1 109	-564	3 397
Unrealised value change energy derivatives	-	2 279	810	211	-	-	21	-43	-3 278
Non-recurring items	-	164	-97	162	-190	86	-	-	-125
Operating profit/loss	13 002	11 239	785	466	-87	82	1 130	-607	-7
Share of profit/loss from associates and joint ventures	1 101	-	3	458	-1	-	640	-	-
Profit/loss before financial items and tax	14 103	11 239	789	924	-88	82	1 770	-607	-7
Balance sheet 31.12.2013									
Investment in associates and joint ventures	16 002	-	-	6 559	1	-	9 438	-	4
Other assets	137 685	55 134	5 407	13 509	12 321	3 188	14 714	53 899	-20 487
Total assets	153 687	55 134	5 407	20 068	12 322	3 188	24 152	53 899	-20 483
Depreciations, amortisation and impairments	-3 045	-1 247	-330	-185	-595	-137	-474	-78	-
Maintenance investments and other investments	1 980	1 399	86	42	11	2	440	-	-
Investments in new generating capacity	11 303	4 476	316	2 672	2 531	417	497	393	-
Investments in other companies	62	-	-	50	1	-	-	11	-

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

Selected notes to the accounts

1. FRAMEWORK AND MATERIAL ACCOUNTING POLICIES

The Group's consolidated financial statements for the first quarter of 2014, ending 31 March 2014, have been prepared in accordance with the International Financial Reporting Standards (IFRS) and include Statkraft AS and its subsidiaries and associated companies. The interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting. As the information provided in the interim financial statements is less comprehensive than that contained in the annual financial statements, these statements should therefore be read in conjunction with the consolidated annual financial statements for 2013. The interim accounts have not been audited. The accounting principles applied in the interim financial statements are the same as those used for the annual financial statements.

2. PRESENTATION OF FINANCIAL STATEMENTS

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

3. ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

The most important assumptions regarding future events and other significant sources of uncertainty in the estimates that can have a significant risk of material changes to the amounts recognised in future accounting periods, are discussed in the annual financial statements for 2013.

In preparing the consolidated financial statements for the 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 2013.

4. SEGMENT REPORTING

The Group reports operating segments in accordance with how the Group management makes, follows up and evaluates its decisions. The operating segments have been identified on the basis of internal management information that is periodically reviewed by the management and used as a basis for resource allocation and key performance review.

5. UNREALISED EFFECTS PRESENTED IN THE INCOME STATEMENT

The table below shows the lines in the financial statements where the unrealised effects appear.

NOK million	First quarter 2014		Total
	Unrealised	Realised	
UNREALISED EFFECTS REPORTED IN P&L			
Sales revenues			
Long term contracts	-2 657	2 082	-574
Nordic and Continental Dynamic Asset Management Portfolio	-166	633	467
Trading and origination	58	82	141
End User	17	1 322	1 340
Other sales revenues	-	10 177	10 177
Eliminations	14	-15	-2
Total sales revenues	-2 733	14 281	11 549
Energy purchase	2 744	-8 321	-5 576
Net currency effects	642	401	1 043
Other financial items			
Net gains and losses on derivatives and securities	-111	-1	-112
Impairment and gain/loss of financial assets	-	-	-
Total unrealised effects	543		

NOK million	First quarter 2013			The Year 2013		
	Unrealised	Realised	Total	Unrealised	Realised	Total
UNREALISED EFFECTS REPORTED IN P&L						
Sales revenues						
Long term contracts	-288	1 741	1 453	1 285	6 949	8 234
Nordic and Continental Dynamic Asset Management Portfolio	-8	55	47	480	247	727
Trading and origination	-26	295	269	-223	904	681
End User	2	1 590	1 593	-28	4 631	4 603
Other sales revenues	-	9 219	9 219	-	33 969	33 969
Eliminations	7	4	10	-43	-23	-66
Total sales revenues	-313	12 904	12 591	1 471	46 678	48 148
Energy purchase	618	-6 653	-6 034	1 595	-25 922	-24 327
Net currency effects	-1 089	83	-1 006	-9 934	531	-9 403
Other financial items						
Net gains and losses on derivatives and securities	-337	1	-336	-924	-29	-954
Impairment and gain/loss of financial assets	-73	-158	-231	-2	-120	-123
Total unrealised effects	-1 195			-7 795		

6. CURRENCY EFFECTS ON INTERNAL LOANS

Net currency effects on internal loans as of the first quarter amounted to NOK 372 million, of which NOK 372 million was unrealised. The positive effect arose mainly as a result of a stronger NOK against EUR. Statkraft Treasury Centre (STC) provides loans to the Group's companies, mainly in the companies' local currency. STC prepares its accounts in EUR and reports currency effects of lending in the income statement. STC's financial reporting is converted to NOK in the consolidation, and currency effects for the net investment in STC are reported in other comprehensive income. This equalises currency gains and losses added to the equity through the income statement.

7. HEDGE ACCOUNTING

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

Statkraft has set up hedge accounting of the net investments in STC in EUR, as well as in Statkraft UK Ltd in GBP. The effect of this is that gains of NOK 121 million so far this year will be recognised in other comprehensive income instead of in the income statement.



Interim Report
Q1/2014
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