

**STATKRAFT AS
INTERIM REPORT Q4/11**

Q4

Key figures

Q4			Year	
2011	2010		2011	2010
From income statement (NOK mill.)				
5 764	8 939	Gross operating revenues	22 371	29 252
3 014	7 044	Net operating revenues	17 094	23 176
930	5 232	EBITDA	9 767	15 955
-890	4 162	Operating profit/loss	6 203	12 750
		Share of profit/loss from associated companies and joint ventures	898	766
-81	261			
1 257	-3 211	Net financial items	-3 635	-917
285	1 213	Profit/loss before tax	3 466	12 599
-673	692	Net profit/loss	40	7 451
Underlying result (NOK mill.)				
6 026	9 224	Gross operating revenues, underlying	22 298	28 990
5 053	7 837	Net operating revenues, underlying	18 120	22 721
3 028	5 686	EBITDA, underlying	10 851	15 161
2 310	5 052	Operating profit, underlying	8 390	12 618
50.2 %	61.6 %	EBITDA margin, underlying (%)	48.7 %	52.3 %
		ROACE - last 12 months (%)	13.9 %	19.7 %
Items excluded from underlying result (NOK mill.)				
-2 039	-793	Unrealised changes in the value of energy contracts	-1 152	62
-1 161	-96	Non-recurring items	-1 035	70
Balance sheet and investments (NOK mill.)				
		Total assets, consolidated operations	143 877	155 966
669	354	Maintenance investments	1 129	1 000
2 315	750	Investments in new capacity	5 217	1 852
286	85	Investments in shareholdings	1 923	888
Cash Flow (NOK mill.)				
1 088	2 702	Net changes in cash flow from operating activities	7 833	13 577
		Cash and cash equivalents	8 282	20 052
Production (TWh)				
15.7	17.9	Total volume sold	51.5	57.3
14.6	15.9	- of which hydropower	46.0	50.0
0.2	0.2	- of which wind power	0.8	0.6
0.9	1.7	- of which gas power	4.6	6.6
0.0	0.0	- of which bio power	0.1	0.1
Price (EUR/MWh)				
34.3	62.0	Average systemprice, Nord Pool	47.2	53.1
50.0	51.4	Average spotprice (base), EEX	51.1	44.6
61.7	63.9	Average spotprice (peak), EEX	61.2	55.0
22.9	20.7	Average gasprice, TTF	22.6	17.4
Staff (no.)				
		Full-time equivalents	3 358	3 301
Net operating revenues, segment underlying (NOK mill.)				
3 408	5 508	Nordic hydropower	12 045	15 662
408	718	Continental energy and trading	1 230	1 957
210	172	International hydropower	796	679
96	96	Wind power	329	261
109	128	District heating	357	359
859	1 181	Industrial ownership	3 198	3 550
214	178	Other activities	860	842
-250	-145	Eliminations	-695	-589
5 053	7 837	Statkraft Group	18 120	22 721
EBITDA, segment underlying (NOK mill.)				
2 587	4 823	Nordic hydropower	9 119	12 665
22	192	Continental energy and trading	-17	610
65	2	International hydropower	219	120
12	-20	Wind power	0	-66
37	77	District heating	146	154
445	741	Industrial ownership	1 746	2 055
-93	-170	Other activities	-267	-430
-48	40	Eliminations	-96	52
3 028	5 686	Statkraft Group	10 851	15 161

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

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Highlights

Fourth quarter of 2011

	<i>NOK million</i>	<i>Compared with 2010</i>
▪ Gross operating revenues, underlying	6 026	-35%
▪ EBITDA, underlying	3 028	-47%
▪ Profit before tax	285	-76%
▪ Net loss	-673	-197%

Fourth quarter

Decline in underlying operations driven by:

- Lower Nordic power prices (-45%) as a result of higher-than-normal inflow and temperatures. The price effect was partly offset by a high percentage of contract volumes.
- Lower Norwegian hydropower production (-13%).

Low result after tax as a result of:

- Negative unrealised changes in value for energy contracts (NOK -1777 million).
- Write-down of assets in gas and biomass power plants in Germany as well as the Sheringham Shoal offshore wind farm in the UK (NOK 1425 million).

The full year 2011

Decline in underlying operations driven by:

- Lower production to spot prices (-13%) due to tight resource situation in the first six months and relatively low prices in the last six months.

Low result after tax as a result of:

- Write-downs in the fourth quarter.
- Negative unrealised changes in value for energy contracts (NOK -1098 million).
- Write-down of the shareholding in E.ON AG (NOK -4103 million).

Highlights in the quarter

HSE

There were two fatal accidents among contractors in the fourth quarter. In November, a contractor died during work on a development project in Laos, in which Statkraft SF owns 20%, in connection with the construction of a power line. In December, a contractor died at a development project in Turkey in connection with a lifting operation.

Hydropower

Statkraft entered into a long-term power agreement with RHI Normag. New power

The full year 2011

	<i>NOK million</i>	<i>Compared with 2010</i>
▪ Gross operating revenues, underlying	22 298	-23%
▪ EBITDA, underlying	10 851	-28%
▪ Profit before tax	3 466	-72%
▪ Net profit	40	-99%

agreements with deliveries starting in 2011/2012 now amount to a total of 6.6 TWh. The Group's long-term contract volume is 20 TWh per year, including rental agreements that Statkraft SF has entered into with power-intensive industry.

Statkraft signed an agreement with Troms Kraft to purchase Bardufoss power plant for NOK 450 million. The transaction was reported to the Norwegian Competition Authority.

Wind power

The Sheringham Shoal offshore wind farm in the UK (50% shareholding) was written down by NOK 338 million, primarily as a result of delays and cost overruns.

Statkraft SCA Vind (60% shareholding) received legally binding licences for four new projects in Sweden. All seven projects in the SCA portfolio have now received legally binding licences.

Gas power

Assets in gas and biomass power plants in Germany were written down by NOK 1087 million. The supply of new renewable energy to the market over the course of 2011, combined with falling power prices and high gas prices, resulted in low margins for gas power plants in Germany. This, combined with the changes taking place in the German power market, caused the write-down. As a result, Statkraft has evaluated the gas and biomass power plants, and decided that the Emden 4 gas power plant in Germany will be put in cold reserve with reduced workforce.

District heating

The transaction involving the purchase of Bio Varme was carried out.

The district heating project in Ås (45 GWh) was granted a subsidy of NOK 38 million from Enova. The total investment is NOK 170 million.

Industrial ownership

Fjordkraft sold the shareholding in the Danish companies Scanenergi and Scanenergi Elsalg with a book gain of NOK 123 million.

Baltic Cable

Swedish authorities decided that Baltic Cable would no longer pay transmission costs to the Swedish systems operators, effective 1 January 2012. Annual savings as a result of

this are expected to amount to about NOK 55 million.

German regulatory authorities have stated that Baltic Cable should be considered a system operator and must be certified as such by 3 March 2012. Statkraft is considering whether there is a legal basis for contesting this position.

Financial performance¹

Fourth quarter

The Group's recorded profit before tax in the fourth quarter was NOK 285 million (NOK 1213 million) and NOK -673 million after tax (NOK 692 million). The decline is primarily due to lower Nordic power prices and volumes, unrealised changes in value for energy contracts as well as write-down of assets in gas and biomass power plants in Germany. The fourth quarter of 2010 had a significant write-down of the shares in E.ON AG.

Significantly lower Nordic power prices and production compared with the same quarter last year, as well as a negative development in unrealised changes in value for energy contracts resulted in a decline in the Group's recorded operating revenues. The lower prices were offset to some extent by a high percentage of industrial contracts to a fixed price and lower energy purchase and transmission costs. As a result, the recorded net operating revenues fell by 57% to NOK 3014 million.

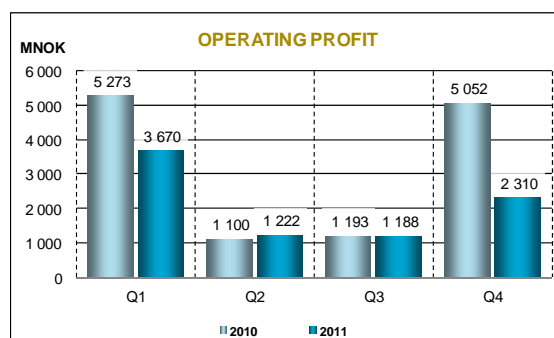
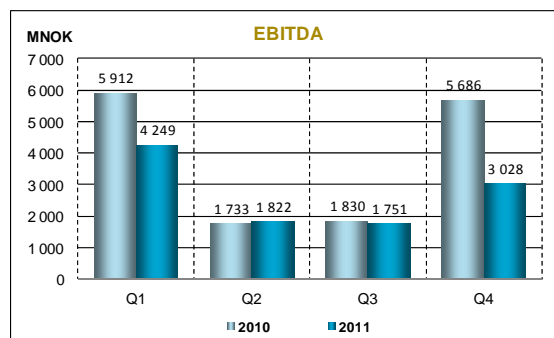
Underlying operating expenses were somewhat lower than in the fourth quarter of 2010, but write-downs in Germany resulted in a negative recorded operating result of NOK 890 million for the Group.

Share of profit from associates and joint ventures fell by 131% to NOK -81 million as a result of the write-down of the Sheringham Shoal offshore wind farm, negative unrealised changes in value for the Herdecke gas power plant and losses caused by the downtime for the La Higuera hydropower plant in Chile as a result of a rockslide in a tunnel.

Net financial items improved from NOK -3211 million to NOK 1257 million, primarily as a result of the write-down of the shareholding in E.ON AG in the fourth quarter of 2010 (NOK 4033 million).

EBITDA and operating result - underlying

The underlying operations were 47% lower as regards EBITDA (operating result before depreciation and write-downs) and 54% lower as regards operating result in the fourth quarter compared with the same period in 2010, primarily as a result of lower Nordic hydropower prices.



Operating revenues - underlying

The Group's gross operating revenues fell by 35% to NOK 6026 million in the fourth quarter, while net operating revenues fell by 36% to NOK 5053 million.

The Group produced a total of 15.7 TWh in the quarter (17.9 TWh), a decline of 12%. The decline was mainly related to lower hydropower production in Norway.

NET OPERATING REVENUES					
Q4			Year		
2011	2010	MNOK	2011	2010	
2 182	4 613	Net physical spot sales, including green certifi.	7 762	13 887	
109	84	Concessionary sales at statutory prices	401	308	
-15	389	Industrial sales at statutory prices	130	1 535	
1 675	722	Long-term commercial contracts	5 880	3 054	
36	78	Portfolio	-124	308	
260	358	Trading and Origination	834	732	
329	375	Distribution grid	1 114	1 421	
1 039	2 107	End user	4 902	5 986	
169	242	District heating, energy sales	581	634	
-12	-70	Other sales revenues	-50	45	
5 772	8 897	Sales revenues	21 431	27 911	
254	327	Other operating revenues	868	1 080	
6 026	9 224	Gross operating revenues	22 298	28 990	
-632	-878	Energy purchase	-2 964	-4 674	
-341	-509	Transmission costs	-1 215	-1 595	
5 053	7 837	Net operating revenue	18 120	22 721	

The decline in net physical spot sales and end-user revenues is due to lower power prices and volumes.

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

The decline in industrial sales at statutory prices is due to the final contract expiring in July 2011. The Group has continually entered into new long-term industrial contracts, which overall entail increased revenues from the physical contract portfolios.

Trading and origination declined by NOK 98 million from the fourth quarter of 2010, which was a quarter with particularly high revenues.

The decline in district heating is due to lower prices and production in the quarter, somewhat offset by revenues from Bio Varme, which is a new business.

Energy purchases amounted to NOK 632 million in the quarter (NOK 878 million). The decline is due to lower demand, somewhat offset by increased energy purchases in Brazilian power trading activities acquired in 2011.

Operating expenses - underlying

The operating expenses were NOK 2743 million in the fourth quarter (NOK 2785 million).

OPERATING EXPENSES					
Q4			Year		
2011	2010	MNOK	2011	2010	
-793	-849	Salaries and payroll costs	-2 759	-2 726	
-718	-635	Depreciations	-2 461	-2 543	
-349	-307	Property tax and licence fees	-1 254	-1 236	
-883	-994	Other operating expenses	-3 256	-3 598	
-2 743	-2 785	Operating expenses	-9 730	-10 103	

Salaries and payroll costs were reduced by NOK 56 million compared with the fourth quarter of 2010, mainly due to corrections in connection with pension provisions in the fourth quarter of 2010 as well as provisions in connection with restructuring in the fourth quarter of 2010.

The increase in depreciation of NOK 83 million is due to write-down of previously capitalised development costs and depreciation of excess value associated with waterfall rights subject to reversion to state ownership in Nepal.

Property tax and licence fees increased by NOK 42 million, mainly due to property tax rates in Sweden increasing from 2.2% to 2.8%, as well as accrual effects in the fourth quarter of 2011.

Other operating expenses fell by NOK 112 million compared with the fourth quarter of 2010. Adjusted for a reclassification from other operating expenses to sales revenues in the fourth quarter of 2010, the cost reduction

amounts to NOK 239 million. The decline is primarily due to a high one-off cost in the fourth quarter of 2010, higher rental costs from partly-owned power plants due to high power prices in the fourth quarter of 2010, as well as the sale of Skagerak Fibernet.

Items excluded from the underlying operating result

ITEMS EXCLUDED FROM UNDERLYING RESULT					
Q4			Year		
2011	2010		2011	2010	
Unrealised value changes energy contracts (excl.)					
-2 039	-793	Trading and origination)	-1 152	62	
-1 161	-97	Non-recurring items	-1 035	70	
-	-	- gain on sale of Sluppen Eiendom	126	-	
-	-	- gain on sale of Trondheim Energi Nett	-	393	
-	339	- pension commitment	-	339	
-74	-	- accumulated write downs	-74	-	
-1 087	-436	- impairments of non-current assets and receivables	-1087	-662	

Unrealised changes in value on energy contracts

Unrealised changes in value on energy contracts amounted to NOK -2039 million in the fourth quarter (NOK -793 million). The negative change in the fourth quarter is mainly due to gas purchase agreements in Norway and Germany as a result of higher contract prices than market prices. A change in the contracts has resulted in the power purchase agreement with Herdecke for the fourth quarter being valued at fair value. The change in fair value until 31 December 2011 in its entirety is charged to the income statement for the fourth quarter.

Significant non-recurring items

Significant non-recurring items amounted to NOK -1161 million in the fourth quarter (NOK -97 million). Non-current assets and receivables in connection to German gas and biomass power plants have been written down in the fourth quarter with NOK 1029 million and NOK 58 million respectively, totalling NOK 1087 million. The increase of new renewable energy to the market over the course of 2011, combined with falling power prices and high gas prices, resulted in low margins for gas power plants in Germany. This, combined with changes occurring in the German power market, has caused the write-down.

Reversion to state ownership for half the power plant in Nepal in 2020 has resulted in depreciation that has been expensed in the amount of NOK 74 million.

Share of profit from associated companies

The share of profit from associates amounted to NOK -81 million in the fourth quarter (NOK 261 million). The decline is primarily due to write-down of Sheringham Shoal as a result of delays and cost overruns, negative unrealised changes in value for the Herdecke gas power plant as well as operational interruptions at the La Higuera hydropower plant due to a rockslide in a tunnel. As a result of the rockslide, power had to be purchased at negative margins to cover power sales commitments. The lower result is offset by positive contributions from BKK and Agder Energi, which have unrealised changes in value.

Financial items

FINANCIAL ITEMS					
Q4			Year		
2011	2010	MNOK	2011	2010	
281	457	Financial income	2 015	2 060	
-174	-395	Financial expenses	-1 625	-1 607	
		Unrealised changes in value for			
1 150	-3 272	financial items	-4 024	-1 369	
1 257	-3 210	Net financial items	-3 634	-917	

Financial income fell by NOK 176 million, corresponding to 39%, compared with the fourth quarter of 2010. The return on investments of excess liquidity was NOK 19 million higher as a result of both higher market interest rates and higher average amount invested. Other financial income fell by NOK 195 million, primarily due to lower currency gains on bank deposits denominated in foreign currency and from hedging transactions.

Financial expenses were reduced by NOK 221 million, corresponding to 56%, compared with the same period in 2010, mainly due to decline in other financial expenses of NOK 192 million. Interest costs fell by NOK 29 million as a result of lower average debt. The effect of reduced debt was somewhat offset by higher market interest rates.

The Group has four loan portfolios in NOK, SEK, EUR and USD, respectively. The portfolios are exposed to both variable and fixed interest rates, with exposure to variable interest rates amounting to 63%. In 2011, the average floating interest rate has been 4.6% for loans in NOK, 2.9% for loans in SEK, 3.9% for loans in EUR and 3.6% for loans in USD. Debt in USD is in relation to project financing in SN Power.

Unrealised changes in value for financial items amounted to NOK 1150 million in the fourth

quarter of 2011, of which currency gains on internal loans amounted to NOK 1100 million. The gain primarily increased as a result of EUR declining in value compared with both NOK and SEK.

Taxes

The recorded tax expense was NOK 958 million in the fourth quarter (NOK 521 million). The increase is mainly in connection with recording of negative resource rent carryforwards as income in the fourth quarter of 2010 of about NOK 1400 million. The unrealised loss from the shareholding in E.ON AG in the fourth quarter of 2010, where the tax effect amounted to NOK 1129 million, had the opposite effect.

In spite of the result in the quarter there were high tax costs, mainly as a result of resource rent taxation.

The full year 2011

A strained resource situation in the first half of the year and relatively low prices in the second half resulted in lower Nordic hydropower production and lower operating revenues. Write-downs in Germany further contributed to a reduction of the recorded operating profit, which ended at NOK 6203 million (NOK 12 750 million).

The Group's recorded pre-tax result for 2011 was NOK 3466 million (NOK 12 599 million) and NOK 40 million after tax (NOK 7451 million). The decline is primarily due to lower Nordic power prices and production, unrealised changes in value as well as write-downs in Germany and the UK.

The share of profit from associates and joint ventures increased by NOK 132 million, primarily from the Philippines, BKK and Agder Energi. Net financial items were NOK 2718 million lower, primarily due to lower unrealised currency gains on intra-Group loans. The tax cost was NOK 1721 million lower, mainly as a result of a lower pre-tax result. The change in tax cost is influenced by the recording of negative resource rent carryforwards of NOK 1400 million as income in the fourth quarter of 2010.

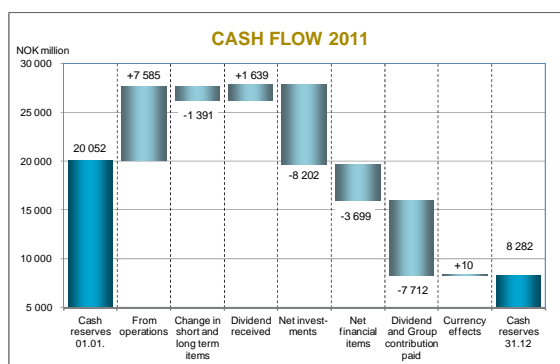
Return

Measured as ROACE – return on average capital employed - the Group achieved a return of 13.9% in 2011 compared with 19.7% in 2010. The decline of 5.8 percentage points is mainly due to the lower operating result.

Based on recorded result, the return on equity was 0.1% after tax, compared with 11.8% for the year 2010, and the return on total assets was 0.8% after tax, compared with 6.0% for the year 2010. The decline is primarily due to a weaker result, mainly as a result of lower Nordic power prices and hydropower production at spot prices, as well as unrealised changes in value for financial items. Average equity and total assets increased somewhat as a result of the equity injection from the owner in December 2010.

Cash flow and capital structure

The operating activities generated a cash flow of NOK 7 585 million in 2011 (NOK 13 307 million). Long and short-term items experienced a change of NOK -1391 million (NOK -876 million). Dividend received from associates was NOK 1 639 million (NOK 1 146 million). Net liquidity change from operating activities amounted to NOK 7 833 million (NOK 13 577 million).



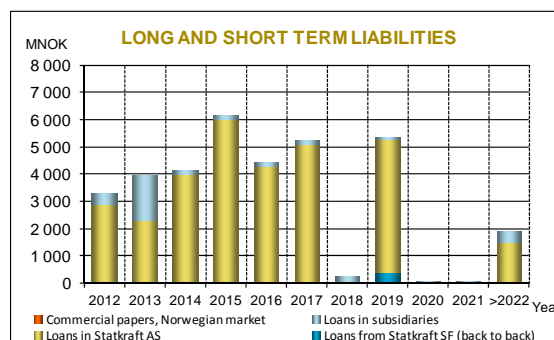
For the year as a whole, a total of NOK 8 202 million (NOK 2 297 million) was invested, of which NOK 4 145 million in the fourth quarter (NOK 1 107 million). The investments in increased capacity and maintenance in the quarter amounted to NOK 2 560 million. The largest investment items in 2011 were in connection with hydropower in Norway, Turkey and Peru, gas power in Germany, land-based wind power in the UK and Sweden as well as an increased shareholding in Baltic Cable.

The net liquidity change from financing amounted to NOK -11 411 million, down NOK 13 503 million from 2010. The reduction is due to the injection of new equity from the owner of NOK 14 billion in December 2010. New borrowings totalled NOK 376 million (NOK 4 431 million), while down payment of debt amounted to NOK 5 169 million (NOK 8 282 million).

Dividend disbursed and group contribution to Statkraft SF and minorities amounted to NOK 7 712 million in 2011 (NOK 7 964 million).

CASH FLOW		
	Year	
Figures in NOK million	2011	2010
Net cash flow from operating activities	7 833	13 577
Net cash flow from investing activities	-8 202	-2 297
Net cash flow from financing activities	-11 411	2 092
Net change in cash and cash equivalents	-11 780	13 372
Currency effect on cash flows	10	17
Cash and cash equivalents 1.1.	20 052	6 663
Cash and cash equivalents 31.12	8 282	20 052
Restricted cash	-786	-774

The net change in liquidity in 2011 was negative and amounted to NOK 11 780 million (positive change of NOK 13 372 million). The Group's cash and cash equivalents totalled NOK 8 282 million, compared with NOK 20 052 million at the beginning of the year.



At the end of the fourth quarter, the interest-bearing debt amounted to NOK 36 887 million, compared with NOK 40 486 million at the beginning of 2011. The interest-bearing debt-to-equity ratio was 36.0%, compared with 35.0% at year-end 2010. The increase is primarily due to lower equity.

Loans from Statkraft SF to Statkraft AS amounted to NOK 400 million at the end of the year.

At the end of 2011, current assets, except cash and cash equivalents, totalled NOK 18 661 million and current interest-free debt amounted to NOK 15 430 million.

Statkraft's equity totalled NOK 65 651 million, compared with NOK 75 302 million at the start of the year. This corresponds to 45.6% of total assets. The decline of 2.7 percentage points from 2010 is mainly due to a negative result after tax, disbursement of dividend and group contributions to Statkraft SF.

Staff and HSE

Full-time equivalents

At the end of the fourth quarter, the Group employed 3358 full-time equivalents, 23 more than at the end of the third quarter.

HSE

	Q4	The year	
	2011	2011	2010
LTI* (lost-time injuries per million hours)	4.5	4.5	3.4
TRI* (total recordable injuries per million hours)	9.5	10.0	6.8
F* (days lost through injury per million hours)	16.8	27.9	31.7
Absence due to illness (%)	3.6	3.4	3.4

* Data for 2011 include employees in all businesses where Statkraft owns 20% or more. Earlier data include only consolidated businesses.

Statkraft's goal is zero work accidents in connection with the Group's activities, but fatal accidents in associated and consolidated operations occurred also in 2011. This is a challenge which Statkraft takes very seriously, and the Group works in a focused and systematic manner to avoid accidents.

In November, a contractor died in connection with the development project THXP in Theun Hinboun Power Company (THPC) in Laos, where Statkraft SF owns 20%. The accident occurred in connection with the construction of a power pylon. Statkraft has carried out an accident investigation, in addition to the project's own internal investigation. Recommendations were presented to the steering group and board of THPC and have been approved for implementation.

In November, an employee of Skagerak Energi suffered serious burn injuries in connection with an explosion in a transformer. The accident was investigated, and improvement areas and specific measures will be identified.

In December, a contractor died in the Kargi development project in Turkey. The accident took place in connection with lifting operations. The accident has been investigated and improvement measures are being implemented. Turkish authorities have also investigated the accident.

In the fourth quarter, a total of 27 injuries, of which 16 were lost-time injuries, were recorded for the Group's employees. For lost-time injuries, this gives a LTI rate of 4.5, and a TRI rate of 9.5 for injuries with and without lost time. Statkraft's goal is a TRI rate below 5, and the

total number of injuries is considerably higher than the target.

Five injuries were recorded among contractors in operational activities in the fourth quarter, of which four were lost-time injuries. 37 injuries were recorded among contractors in project-related activities, of which 21 were lost-time injuries.

Operations have seen a negative development in the injury statistics for own employees and suppliers in 2011. As a result, a campaign was launched in Statkraft's operational activities in January 2012, focusing on training, information and compliance with protective measures.

In associated activities, Statkraft follows up the health and safety work through the respective boards of directors and monthly reporting.

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

Absence due to illness in the fourth quarter was 3.6%, which is below Statkraft's 4% target. However, parts of the organisation have an absence rate that exceeds 4%. This is primarily due to long-term absence caused by chronic illness that is not job-related. In Norway, work is underway to provide those absent on sick leave with closer follow up in cooperation with the occupational health service and the Inclusive Working Life scheme in order to reduce absence due to illness. In addition, individual plans have been formulated to help employees on long-term sick leave to return to work.

Environment

There were no serious environmental incidents in the fourth quarter of 2011. 56 less serious environmental incidents were recorded, most of them minor and short-term breaches of the river management regulations and minor oil or chemical discharges. The incidents are considered to have had little or no negative impact on the environment.

An incident with environmental and reputational risk occurred in connection with an outage at Nedre Røssåga power plant in December, when the water flow downstream was reduced from 105 m³/second to less than 15 m³/second for about 2.5 hours. The actual environmental consequences of the incident in Nedre Røssåga were considered to be low. The incident is under investigation.

Segments

Nordic hydropower

KEY FIGURES						
Q4			Year			
2011	2010	Change	NOK mill.	2011	2010	Change
2 594	5 821	-3 226	Gross operating revenues, underlying	12 674	16 632	-3 958
3 408	5 508	-2 100	Net operating revenue, underlying	12 045	15 662	-3 617
2 587	4 823	-2 236	EBITDA, underlying	9 119	12 665	-3 547
2 302	4 535	-2 233	Operating profit, underlying	8 002	11 555	-3 553
			Unrealised changes in the value of energy contracts			
-298	-513	215		-765	-16	-749
	80	-80	Non-recurring items		80	-80
2 005	4 102	-2 098	Operating profit, booked	7 236	11 619	-4 383
			Share of profit from associates and joint ventures			
-	2	-2		-	5	-5
215	153	62	Maintenance investments	469	437	32
597	203	394	Investments in new capacity	1 397	584	812

Highlights in the quarter

- High inflow (gross inflow about 50% higher than normal in Norway and Sweden) and higher temperatures than normal put additional pressure on spot prices.
- New long-term power agreement signed with RHI Normag's new plant at Herøya. 6.6 TWh per year in new power agreements with deliveries starting in 2011/2012. Total long-term contract volume of 20 TWh per year for the segment.
- Sweden was divided into four price areas from 1 November 2011. Statkraft has production in three of the areas.
- Common electricity certificate market for Norway and Sweden from 1 January 2012. Expected to contribute to improved market competition and more stable prices. Statkraft has extensive experience from the Swedish electricity certificate market.
- Statkraft and Troms Kraft signed an agreement to the effect that Statkraft will redeem Bardufoss power plant (normal production 225 GWh) for NOK 450 million. The transaction was reported to the Norwegian Competition Authority.

Financial performance

During the fourth quarter, the segment achieved an underlying operating profit of NOK 2302 million, a reduction of 49% from the fourth quarter of 2010. Net operating revenues

were 38% lower. The decline is due to lower volumes and a 45% reduction in the spot price. Higher contract volumes compensated somewhat for the reduction in spot sales. The cost level in the segment remained stable.

12.4 TWh was produced in the quarter, a decline of 10% compared with the fourth quarter of 2010. 7.2 TWh was delivered to spot sales (9.1 TWh), a decline of 20%, while the total contract volume increased by 11% to 5.2 TWh.

Operations

During the fourth quarter, the power plants had generally high uptime rates with stable operations and production.

The hurricane Dagmar triggered emergency preparedness due to communication line failure, but production was maintained without interruption.

Investments

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

After extensive challenges and measures, the progress of the project at Svartisen power plant is now according to the revised schedule, with test operation of the new 250-MW unit is scheduled for 15 March 2012.

Continental energy and trading

KEY FIGURES						
Q4			Year			
2011	2010	Change	NOK mill.	2011	2010	Change
978	1 747	-770	Gross operating revenues, underlying	4 106	5 530	-1 424
408	718	-311	Net operating revenue, underlying	1 230	1 957	-727
22	192	-170	EBITDA, underlying	-17	610	-627
-96	92	-188	Operating profit, underlying	-413	159	-572
			Unrealised changes in the value of energy			
-1 743	-269	-1 474	contracts	-260	-60	-200
-1 087	-168	-919	Non-recurring items	-1 087	-367	-720
-2 926	-351	-2 575	Operating profit, booked	-1 760	-273	-1 487
			Share of profit from associates and joint			
-260	-169	-91	ventures	-98	196	-294
245	18	227	Maintenance investments	303	161	142
597	118	479	Investments in new capacity	1 446	119	1 327
6	-	6	Investments in shareholdings	585	-	585

Highlights in the quarter

- Non-current assets and receivables in connection to German gas and biomass power plants have been written down by NOK 1087 million in the fourth quarter.
- The German Renewables Act (EEG) has introduced a new incentives system as of 2012 that permit trading of renewable energy through energy trading companies. Statkraft entered into contracts involving significant wind power volumes in the fourth quarter.
- In November, Swedish authorities decided that Baltic Cable would no longer pay transmission costs to the Swedish systems operator, effective 1 January 2012. Annual savings amount to about NOK 55 million.
- German regulatory authorities have stated that Baltic Cable should be considered a system operator and must be certified as such by 3 March 2012. Statkraft is considering whether there is a legal basis for contesting this position.

Financial performance

The underlying EBITDA was NOK 22 million in the fourth quarter, NOK 170 million less than in the same period in 2010. The underlying operating loss was NOK 96 million, a reduction of NOK 188 million. The net operating revenues were NOK 311 million lower. Trading and Origination achieved high revenues in the fourth quarter, but lower than in the fourth quarter of 2010, when the revenues were particularly high.

The revenues from gas power production were lower due to a negative margin between power and gas prices and 46% lower production.

Operating expenses were NOK 504 million in the quarter, NOK 123 million lower than in the fourth quarter of 2010, which had major non-recurring effects.

The share of profit from associates was NOK -260 million, NOK 91 million weaker than in the same period in 2010. The result in the fourth quarter is mainly related to unrealised changes in value for the power sales agreement and gas purchase agreement for Herdecke gas power plant. The purchased gas can be sold in the market from the fourth quarter, while it was previously used in own production. This has resulted in a change in the accounting principles, and the contract is recorded at fair value.

Operations

The uptime for the power plants was good in the quarter. Due to negative margins, the gas power production was low, at 0.9 TWh in the quarter. Total production was 1 TWh.

Investments

Investments in increased capacity in the fourth quarter are primarily in connection with Knap-sack II.

International hydropower

KEY FIGURES						
Q4			Year			
2011	2010	Change	NOK mill.	2011	2010	Change
318	186	132	Gross operating revenues, underlying	1 065	727	339
210	172	38	Net operating revenue, underlying	796	679	117
65	2	63	EBITDA, underlying	219	120	99
-43	-49	6	Operating profit, underlying	-1	-41	40
-18	-	-18	Unrealised changes in the value of energy contracts	-18	-	-18
-74	-116	42	Non-recurring items	-74	-143	69
-135	-165	30	Operating profit, booked	-93	-184	91
177	281	-105	Share of profit from associates and joint ventures	449	185	265
43	15	28	Maintenance investments	69	103	-34
415	121	294	Investments in new capacity	959	272	687
169	43	126	Investments in shareholdings	1 051	325	726

Highlights in the quarter

- The scope of the tunnel rockslide at the La Higuera power plant in Chile is extensive. The power plant is therefore not expected to resume normal operations until the second half of 2012.

Financial performance

The underlying EBITDA was NOK 65 million in the fourth quarter (NOK 2 million). The improvement is due to a combination of increased sales from existing and new business as well as a relatively large share of the development costs in 2010 being carried to expense in the fourth quarter of the year. Depreciation of operating equipment, depreciation of excess value in connection with plants subject to reversion to state ownership and write-down of previously capitalised development costs in Nepal amounted to a total of NOK 108 million and yielded an underlying operating loss of NOK 43 million (loss of NOK 49 million).

Gross operating revenues increased by NOK 132 million compared with the fourth quarter of 2010, primarily as a result of acquisitions in Zambia and Brazil (about NOK 110 million), higher production at the hydropower plants in Peru and Nepal and at the wind farm in Chile. Power prices were also higher in Peru. After power purchases of NOK 95 million and transmission costs of NOK 13 million, the increase in net operating revenues amounted to NOK 38 million, of which about NOK 22 million came from acquired operations in Zambia and Brazil.

The operating expenses in the quarter amounted to NOK 253 million

(NOK 221 million). The increase is due to new business in Zambia and Brazil, write-down of capitalised development costs in Nepal and depreciation of excess value in connection with construction of plants subject to reversion to state ownership.

The share of profit associates and joint ventures in India, Chile and in the Philippines constitute a significant percentage of SN Power's business. The share of profit in the quarter amounted to NOK 177 million (NOK 281 million). The main causes of the decline were the downtime for La Higuera and lower prices and production than in the same period in 2010 in India. The business in the Philippines delivered results that were better than expected and better than in the same period in 2010.

Operations

SN Power's and Statkraft Turkey's total production in consolidated operations was 0.6 TWh (0.5 TWh) in the fourth quarter. The increase is the result of phasing-in of new capacity in Zambia and increased production in Peru and Nepal. The availability of the power plants in Peru, India, Nepal, Sri Lanka and in the Philippines was generally good, while the water supply was low at the plants in Chile due to drought. La Higuera (155 MW) in Chile, which was acquired and started operations in June 2011, was shut down in late August due to a rockslide in the head race tunnel. The power plant is expected to be back in normal operation sometime in the second half of 2012.

The development projects in Turkey (Kargi, 102 MW, and Cetin, 401+116 MW), Peru

(Cheves, 168 MW) and Panama (Bajo Frio, 58 MW) are all progressing according to schedule. Given a normal winter, it is expected that the Duhangan part of the Allain Duhangan plant in India (192 MW) will be completed in the first half of 2012. In Chile, breakthrough was achieved in the final tunnel in La Confluencia (156 MW) on 10 September. Due to a stretch of about 300 metres of swelling clay, the final tunnel will not be completed until the first half of 2012. There is uncertainty as regards the final settlement with the main contractor for both La Higuera and La Confluencia.

Investments

Maintenance investments in the quarter were in connection with consolidated activities in Peru, Nepal, Chile and Zambia.

Investments in new capacity of NOK 415 million in the quarter are in connec-

tion with the construction of the hydropower plants Kargi (105 MW) and Cetin (517 MW) in Turkey, Cheves in Peru (168 MW) and Bajo Frio in Panama (58 MW). The three projects are wholly owned by Statkraft and SN Power, respectively, while Bajo Frio is owned 51% by Agua Imara and 49% by a local partner.

Investments in shareholdings of NOK 169 million in the quarter relate to increase in capital in companies that are partially owned by Statkraft and SN Power. The amount includes investments in India where SN Power and Tata Power together have bought a licence to develop a hydropower plant in Himachal Pradesh, in Chile where SN Power owns two previously mentioned hydropower plants together with Pacific Hydro, and in Albania where the Austrian company EVN and Statkraft develop the Devoll project together.

Wind power

KEY FIGURES						
Q4			Year			
2011	2010	Change	NOK mill.	2011	2010	Change
97	109	-12	Gross operating revenues, underlying	350	289	61
96	96	-0	Net operating revenue, underlying	329	261	68
12	-20	32	EBITDA, underlying	-0	-66	66
-15	-49	34	Operating profit, underlying	-104	-173	69
-	-106	106	Non-recurring items	-	-106	106
-15	-155	140	Operating profit, booked	-104	-280	176
-326	13	-339	Share of profit from associates and joint ventures	-389	-35	-354
-3	2	-4	Maintenance investments	1	3	-2
313	73	240	Investments in new capacity	491	130	361
12	42	-30	Investments in shareholdings	187	559	-372

Highlights in the quarter

- Statkraft SCA Wind (60% shareholding) received legally binding licences for four new projects. All seven projects in the SCA portfolio have now received legally binding licences.
- Statkraft has three land-based and one offshore wind power farm under development. The land-based farms, Baillie (52.5 MW) in the UK and Mörttjärnberget (85 MW) and Stamåsen (60 MW) in Sweden, are all on budget and schedule. The Sheringham Shoal offshore wind power project (50% shareholding, 317 MW) in the UK is expected to be completed in the third quarter of 2012, and has an investment cost totalling NOK 10 billion.
- Sheringham Shoal has been written down by NOK 338 million as a consequence of delays and cost overruns.

Financial performance²

The underlying EBITDA was NOK 12 million in the fourth quarter (NOK 20 million). The operating loss was NOK 15 million (loss of NOK 49 million).

The underlying operating result for wind farms in operation was NOK 57 million (NOK 47 million) before depreciation and NOK -30 million (NOK 18 million) after depreciation. Activities related to business development and projects charged the operations with NOK -46 million in the quarter (NOK -59 million).

² The revenues and the result for the wind farms were too high in the fourth quarter of 2009. A Group revenue correction was made in the first quarter of 2010 that resulted in a revenue and result reduction totalling NOK 22 million.

Gross operating revenues were NOK 12 million lower as a result of lower power prices.

Transmission costs were NOK 12 million lower than in the same quarter in 2010. Net operating revenues were on a par with last year.

Operating expenses amounted to NOK 111 million (NOK 145 million). As a consequence of multiple ongoing development projects, the costs are capitalized to a larger extent than previously.

The share of profit from associates and joint ventures was NOK -326 million in the quarter (NOK 13 million). The decline is mainly due to the write-down of Sheringham Shoal.

Operations

Total output for the wind farms amounted to 208 GWh in the quarter (190 GWh).

Investments

The investments in the period relates to land-based wind power, mainly in Sweden and the UK, of which NOK 87 million are in connection with removal obligations in the UK.

District heating

KEY FIGURES						
Q4				Year		
2011	2010	Change	NOK mill.	2011	2010	Change
164	233	-69	Gross operating revenues, underlying	555	612	-57
109	128	-19	Net operating revenue, underlying	357	359	-2
37	77	-40	EBITDA, underlying	146	154	-8
0	53	-52	Operating profit, underlying	40	59	-20
-	-6	6	Non-recurring items	-	-6	6
0	47	-46	Operating profit, booked	40	54	-14
			Share of profit from associates and joint ventures			
4	-0	5		4	-2	7
6	1	6	Maintenance investments	8	3	5
149	66	83	Investments in new capacity	401	191	210
97	-	97	Investments in shareholdings	97	-	97

Highlights in the quarter

- The transaction in connection with the purchase of Bio Varme has been completed.
- The district heating project in Ås (45 GWh) has been granted NOK 38 million in subsidies from Enova. The total investment amounts to NOK 170 million.
- Statkraft and Bodø Energi are working to realise waste-based district heating in Bodø. The project has been granted NOK 90 million in subsidies from Enova. The investment decision is expected in the fourth quarter of 2012.
- Two new bio-oil boilers have been installed and started operations to cover peak load needs in Kungsbacka.
- New bio-plants in Trosa and Vagnhärad have been completed and are ready for test operation.

Financial performance

The segment's underlying operating result was NOK 0 million in the fourth quarter (NOK 53 million).

Gross operating revenues amounted to NOK 164 million (NOK 233 million). The revenue reduction is primarily due to lower volumes as a consequence of a mild fourth quarter and lower prices. A total of 277 GWh was produced in the fourth quarter (377 GWh).

Energy purchase costs were reduced by NOK 50 million to NOK 55 million. The reduction is primarily due to considerably lower peak load percentage.

Operations

Uptime rates were high for the plants in the fourth quarter. The mild period has reduced the need for peak loads. The main delivery has been covered by waste and bio as base load and use of electric boilers. In Norway, low electricity prices have reduced sales revenues, but the same effect has not occurred in Sweden. The plants in Sweden have generated a significantly better operating result in 2011 than in previous years, due to less need for oil as peak load.

Investments

NOK 149 million has been invested in new capacity. The largest projects are Harstad, Trosa, Nidarvoll and the development of the district heating grid in Trondheim.

The project in Harstad is in the final phase and testing will take place in January and February 2012. The plant will be officially opened on 22 March.

Industrial ownership

KEY FIGURES						
Q4				Year		
2011	2010	Change	NOK mill.	2011	2010	Change
1 829	3 265	-1 436	Gross operating revenues, underlying	7 842	8 764	-922
859	1 181	-322	Net operating revenue, underlying	3 198	3 550	-352
445	741	-296	EBITDA, underlying	1 746	2 055	-309
326	611	-285	Operating profit, underlying	1 297	1 557	-260
			Unrealised changes in the value of energy contracts			
29	23	6		59	26	33
-	185	-185	Non-recurring items	-	185	-185
355	819	-464	Operating profit, booked	1 356	1 768	-413
			Share of profit from associates and joint ventures			
325	163	162		933	468	465
			Maintenance investments			
145	136	10		248	235	13
			Investments in new capacity			
170	112	58		348	356	-8
			Investments in shareholdings			
2	-	2		2	-	2

Highlights in the quarter

- The affiliated companies Agder Energi and BKK have, along with the four other shareholders, sold their shares in Ventelo to the private equity fund EQT VI.

Financial performance

Electricity prices were considerably lower in the fourth quarter compared with the same quarter in 2010. Higher temperatures have also reduced the demand for power.

The segment's underlying operating result was NOK 285 million lower than during the same period last year. This is primarily due to lower power sales revenues in Skagerak Energi as a consequence of lower power prices.

Lower prices have reduced Fjordkraft's gross sales by about NOK 1 billion. However, the company delivers to a larger number of end-users. Margins in the last quarter have been somewhat lower than in the rest of the year.

The share of profit from associates increased by NOK 162 million compared with the same

period last year. The main reason for the increase is substantial unrealised gains from energy contracts in BKK and Agder Energi. This more than compensated for the lower power prices.

BKK has increased production by 0.4 TWh, while Agder Energi has stable production compared with the same period last year.

Operations

30 000 customers in Western Norway were affected when the storm Dagmar struck BKK's area. The severe weather caused a number of outages in the regional grid and the distribution grid. The main grid continued to function, preventing the scope of the interruption from escalating.

Investments

Skagerak Energi's district heating investments in Tønsberg, Horten and Skien, with a budget limit totalling NOK 500 million, are proceeding according to plan.

Other activities

Small-scale hydro

The activities in Norway are conducted through Småkraft AS.

Production in the fourth quarter reached 76 GWh, 44 GWh higher than in the fourth quarter of 2010. At the end of the fourth quarter, Småkraft had 28 power plants in operation with an expected annual production totalling 328 GWh. At the same time, the company had nine power plants under construction, with a total production capacity of 97 GWh. In the fourth quarter, the company received five legally binding licences for the construction of new power plants, and it now has 21 licenses with a total capacity of 183 GWh. At the end of the fourth quarter, Småkraft had 111 license applications with a total potential of 1146 GWh up for processing with the Norwegian Water Resources and Energy Directorate (NVE). An additional 15 projects totalling about 181 GWh are being prepared for processing by the NVE. To date, Småkraft has entered into waterfall rights agreements which could yield an annual production of 2.5 TWh when the projects are completed.

Innovation

In order to strengthen its competitiveness within the core activities, Statkraft has long-term R&D programmes within hydropower, wind power and bio-energy. Through the R&D programmes, Statkraft is an important contributor to national and international research com-

munities, for example through participation in six research centres for environment-friendly energy (FME).

At the end of the fourth quarter, the R&D portfolio consisted of 72 projects divided among hydropower (40), wind power (25) and bio-energy (7).

Statkraft actively monitors the development in upcoming energy technologies, and the company is engaged in targeted development activities in osmotic power.

The E.ON AG shareholding

The Group owns 4.17% of E.ON AG. The dividend from the shares for 2010 amounted to NOK 992 million, and was recognised as income in the second quarter of 2011. The write-down of the shareholding in E.ON AG was NOK 4103 million in 2011 (NOK 4818 million), the recorded value by the end of the year was NOK 10 782 million. The shares are classified as financial assets (see comments on the financial statement, Note 5).

Financial performance

The underlying operating loss for the segment Other activities, including group functions and eliminations, was NOK 116 million in the fourth quarter (loss of NOK 181 million).

Outlook

High inflow and mild weather combined with relatively low production in the Nordic region in the fourth quarter have resulted in a positive resource situation going into 2012. This ensures that the Group has the flexibility to meet increased demand and changes in the Nordic resource situation. The Nordic power prices are relatively low for 2012. Statkraft's reservoir capacity and flexibility provides for high production should the price situation give the opportunity. The power market is volatile, with major uncertainty to the resource situation and demand, and therefore also the development in power prices.

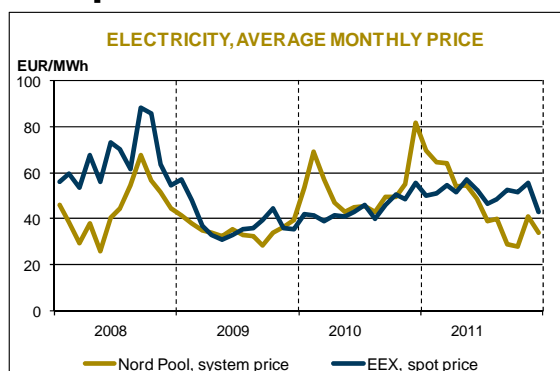
In addition, there is unusual high uncertainty regarding the economic situation and power demand in Europe. The German energy mar-

ket has entered a new phase following the strong supply increase of renewable energy capacity from wind and solar power, impacting both price levels and price fluctuations. The increase of new renewable energy, lower power prices and higher gas prices caused lower profitability for gas and biomass power plants. Statkraft has therefore decided that the Emden gas power plant will be put in cold reserve with reduced workforce.

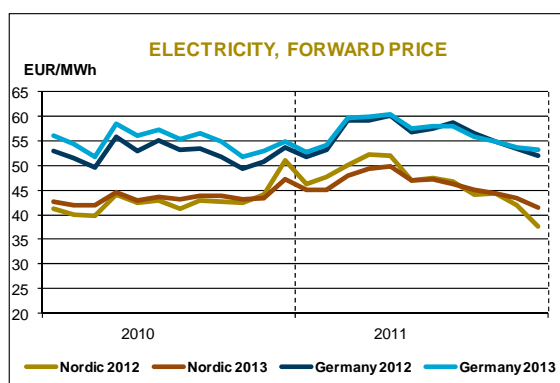
The board and corporate management are focusing on efficient operations, both domestically and abroad. In accordance with the Group's strategy there is a high project activity in Statkraft, in particular within wind power, hydropower and district heating.

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

The power market



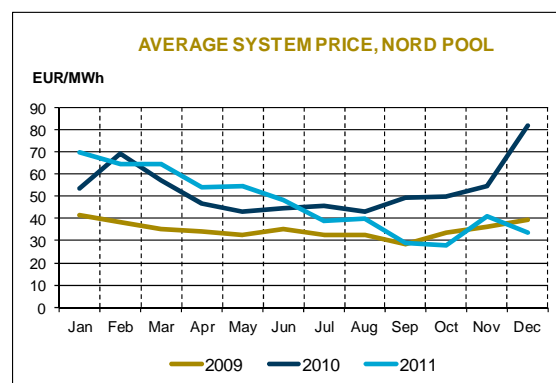
The preponderance of Statkraft's European production takes place in the Nordic region and Germany. The Group is also exposed in markets outside Europe through its subsidiary SN Power. Power prices are influenced by hydrological factors and commodity prices for thermal power plants. Gas is also an input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



Forward prices in the Nordic region fell throughout the quarter as a result of increased precipitation, mild temperatures, lower coal prices and falling forward prices in Germany. The forward prices in Germany fell as a result of the uncertainty in the financial markets, mild temperatures and low spot prices.

The Nordic power market

The Nordic power prices were low in the fourth quarter, and the average system price ended at 34.3 EUR/MWh in the quarter, a decline of 44.7% compared with the same period in 2010 (62.0 EUR/MWh).



Source: Nord Pool

The decline in power prices was primarily driven by increased precipitation, lower consumption, higher temperatures and more Swedish nuclear power. From 1 November, Sweden was split into four price areas. All price areas in Sweden, and in particular in southern Sweden, had higher prices than the system price on Nord Pool in November. In December, however, there were small price differences between the Swedish price areas and the system price as spot prices on the Continent fell while Swedish nuclear power production increased.

POWER CONSUMPTION AND OUTPUT IN THE NORDIC AREA

Q4		The year	
2011	2010	2011	2010
99.4	111.7	Nordic consumption	
101.6	105.8	Nordic output	
Net Nordic import (+)/		5.2	19.2
export (-)			
33.3	37.5	Norwegian consumption	
37.3	36.7	Norwegian output	
Net Norwegian import (+)/		-3.2	7.6
export (-)			

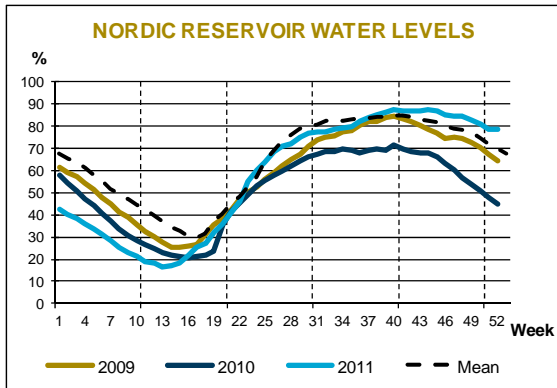
Sources: "Nord Pool Nordic electricity market information" and "Nord Pool Landsrapport Norge" (Nord Pool Country Report)

The Nordic power production was 4% lower in the fourth quarter than in same period in 2010. The net export from the Nordic region in the quarter was 2.2 TWh (net import 5.9 TWh).

Consumption in the Nordic region was 11% lower in the fourth quarter compared with the same quarter in the preceding year. Consumption in Norway fell by 11.2%.

The Norwegian power production was 1.7% higher in the fourth compared with the same quarter in 2010. Net export from Norway was 4.0 TWh in the quarter, compared to net imports of 0.8 TWh in the fourth quarter of 2010.

At the end of December, the net export was 3.2 TWh (net import 7.6 TWh) in 2011.

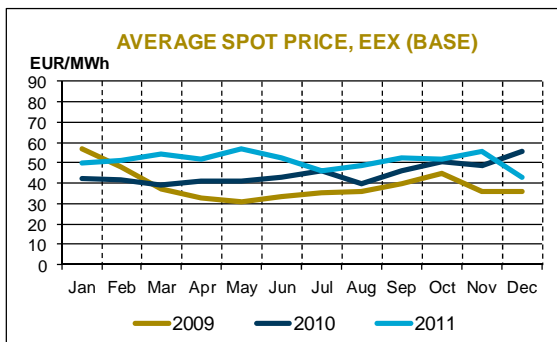


As a result of considerable precipitation, the overall reservoir water level in the Nordic region at the end of December was 112.1% of the normal level, corresponding to 95.1 TWh. The water level was 78.6% of maximum capacity, which is 121.2 TWh (45.0%).

The German power market

The average spot price in the German market was 2.8% lower in the fourth quarter than in the corresponding period in 2010, and ended at 50.0 EUR/MWh (51.4 EUR/MWh).

The price decline was characterised by higher than normal temperatures, high wind power production and increased precipitation.

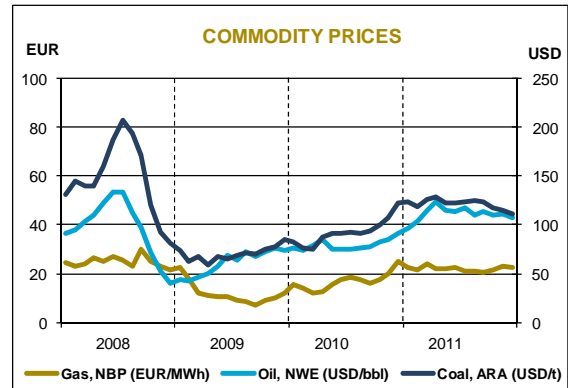


Source: European Energy Exchange (EEX)

Commodity prices

Commodity prices affect Statkraft directly as input factors in own production (gas), through financial trading with the products and as a result of the Group's contracts being indexed against various commodities. In addition,

Statkraft is influenced directly as a result of the commodities' influence on power prices.



Throughout 2011, oil prices have been supported by high and increasing demand from China and other growth economies, in spite of the uncertainty in connection with the European debt crisis. During the fourth quarter, the closest contracts moved around USD 110 per barrel (Brent oil), while contracts with delivery in 2012 traded for about USD 105 per barrel. The difference is primarily due to political uncertainty in the Middle East, particularly in Iran, and concern in relation to the financial unrest in Europe.

Gas prices fell in the fourth quarter as a consequence of good access to gas and low need for heating. At the end of the quarter, contracts with delivery in 2012 were traded for about 23 EUR/MWh.

Coal prices continued to fall in the fourth quarter, to USD 110 per tonne at the end of 2011. However, with EUR eroding in value compared with USD throughout the fourth quarter, coal prices nominated in EUR have been more stable.

Carbon prices continued to fall in the fourth quarter as a consequence of lower expectations for future economic growth in Europe. At the end of the quarter, December 2012 contracts were traded at about EUR 7.5 per tonne, against EUR 11 per tonne at the end of the third quarter.

Statkraft AS Group Interim Financial Statements

COMPREHENSIVE INCOME

Figures in NOK million	4th Quarter		The year	
	2011	2010	2011	2010
PROFIT AND LOSS				
Sales revenues	5 510	8 612	21 377	27 780
Other operating revenues	254	327	994	1 473
Gross operating revenues	5 764	8 938	22 371	29 252
Energy purchase	-632	-878	-2 964	-4 674
Transmission costs	-341	-509	-1 215	-1 595
Unrealised changes in the value of energy contracts	-1 777	-508	-1 098	193
Net operating revenues	3 014	7 044	17 094	23 176
Salaries and payroll costs	-793	-510	-2 759	-2 387
Depreciation, amortisation and impairments	-1 821	-1 070	-3 564	-3 205
Property tax and licence fees	-349	-307	-1 254	-1 236
Other operating expenses	-941	-995	-3 314	-3 598
Operating expenses	-3 904	-2 882	-10 891	-10 426
Operating profit/loss	-890	4 162	6 203	12 750
Share of profit/loss from associates and joint ventures	-81	261	898	766
Financial income	281	457	2 015	2 060
Financial expenses	-174	-395	-1 625	-1 607
Unrealised changes in the value of financial items	1 150	-3 272	-4 024	-1 369
Net financial items	1 257	-3 211	-3 635	-917
Profit/loss before tax	285	1 213	3 466	12 599
Tax expense	-958	-522	-3 427	-5 148
Net profit/loss	-673	692	40	7 451
Of which non-controlling interest	78	194	264	357
Of which majority interest	-750	498	-225	7 094
OTHER COMPREHENSIVE INCOME				
Changes in fair value of financial instruments	273	866	-103	-4 107
Reversed changes in fair value of financial instruments, recognised as loss under financial items	-	3 625	-	3 625
Estimate deviation pensions	-913	-265	-936	-274
Equity holdings in associates and joint ventures	-643	-91	-517	-79
Translation differences	-582	-1 333	-171	-2 583
Other comprehensive income	-1 865	2 802	-1 727	-3 418
Comprehensive income	-2 538	3 494	-1 687	4 033
Of which non-controlling interest	63	100	186	243
Of which majority interest	-2 600	3 394	-1 873	3 790

STATEMENT OF FINANCIAL POSITION

Figures in NOK million	31.12.2011	31.12.2010
ASSETS		
Intangible assets	3 108	2 981
Property, plant and equipment	81 240	77 791
Investments in associates and joint ventures	16 109	17 090
Other non-current financial assets	12 163	16 382
Derivatives	4 315	3 842
Non-current assets	116 934	118 085
Inventories	973	1 013
Receivables	12 010	10 748
Short-term financial investments	455	424
Derivatives	5 223	5 645
Cash and cash equivalents (included restricted cash)	8 282	20 052
Current assets	26 943	37 882
Assets	143 877	155 967
EQUITY AND LIABILITIES		
Paid-in capital	45 569	45 569
Retained earnings	12 840	22 449
Non-controlling interest	7 241	7 284
Equity	65 651	75 302
Provisions	21 403	15 758
Long-term interest-bearing liabilities	31 443	34 251
Derivatives	4 507	2 494
Long-term liabilities	57 354	52 502
Short-term interest-bearing liabilities	5 444	6 235
Taxes payable	3 396	3 458
Other interest-free liabilities	6 525	11 609
Derivatives	5 509	6 861
Current liabilities	20 874	28 163
Equity and liabilities	143 877	155 967

STATEMENT OF CHANGES IN EQUITY

Figures in NOK million	Paid-in capital	Other equity	Accumulated translation differences	Retained earnings	Total majority	Non-controlling interests	Total equity
Balance as of 01.01.2010	31 569	31 091	-5 026	26 065	57 634	7 267	64 901
Total comprehensive income for the period	-	6 356	-2 566	3 790	3 790	243	4 033
Dividend and Group contribution paid	-	-7 420	-	-7 420	-7 420	-101	-7 521
Transactions with non-controlling interests	-	14	-	14	14	-32	-18
Capital increase	14 000	-	-	-	14 000	241	14 241
Capital decrease	-	-	-	-	-	-334	-334
Balance as of 31.12.2010	45 569	30 041	-7 592	22 449	68 018	7 284	75 302
Total comprehensive income for the period	-	-1 510	-363	-1 873	-1 873	186	-1 687
Dividend and Group contribution paid	-	-7 432	-	-7 432	-7 432	-280	-7 712
Business combinations/divestments	-	-	-	-	-	138	138
Transactions with non-controlling interests	-	-304	-	-304	-304	-154	-458
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

STATEMENT OF CASH FLOW

Figures in NOK million	The year	
	2011	2010
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	3 466	12 599
Profit/loss on sale of non current assets	-34	26
Depreciation, amortisation and impairments	3 564	3 205
Profit/loss from the sale of business	-240	-371
Profit/loss from the sale of shares, and associates and joint ventures	-111	-
Share of profit/loss from associates and joint ventures	-898	-766
Unrealised changes in value	5 122	1 176
Taxes	-3 284	-2 562
Cash flow from operating activities	7 585	13 307
Changes in long term items	244	252
Changes in short term items	-1 635	-1 128
Dividend from associates	1 639	1 146
Net cash flow operating activities	A	7 833
CASH FLOW FROM INVESTING ACTIVITIES		
Investments in property, plant and equipment, maintenance	-1 129	-1 000
Investments in property, plant and equipment, new capacity*	-4 793	-1 852
Proceeds from sale of non-current assets	318	67
Capital reduction in associates and joint ventures	-	46
Business divestments, net liquidity inflow to the Group	452	1 358
Business combinations, net liquidity outflow from the Group**	-766	-
Loans to third parties	-1 708	-222
Repayment of loans	298	194
Proceeds from sale of other companies	66	-
Considerations regarding investments in other companies	-940	-888
Net cash flow from investing activities	B	-8 202
CASH FLOW FROM FINANCING ACTIVITIES		
New debt***	376	4 431
Repayment of debt	-5 169	-8 282
Capital increase	-	14 000
Reduction of capital to non-controlling interests	-	-334
Dividend and group contribution paid	-7 712	-7 964
Share issue in subsidiary to non-controlling interests	1 094	241
Net cash flow from financing activities	C	-11 411
Net change in cash and cash equivalents	A+B+C	-11 780
Currency exchange rate effects on cash and cash equivalents	10	17
Cash and cash equivalents 01.01	20 052	6 663
Cash and cash equivalents 31.12	8 282	20 052
Unused committed credit lines	12 000	8 000
Unused overdraft facilities	2 200	1 074
Restricted Cash	-786	-774
<p>*Investment in new capacity are MNOK 424 lower than investments in new capacity in the segment reporting, due to investments not yet paid. **Considerations for business combinations are MNOK 856. Consolidated cash from these companies are MNOK 90. ***New debt is lower than reported in Q3 2011, due to reclassification between overdraft facilities and cash and cash equivalent.</p>		

SEGMENTS

	Statkraft AS Group	Nordic Hydropower	Continental Energy & Trading	International Hydropower	Wind Power	District Heating	Industrial Ownership	Other activities	Group Items
Figures in NOK million									
4th Quarter 2011									
Operating revenue external	5 764	2 726	943	311	20	163	1 808	57	-263
Operating revenue internal	-	868	35	6	78	1	20	159	-1 167
Gross operating revenues	5 764	3 594	978	318	97	164	1 829	215	-1 430
Operating profit/loss	-890	2 302	-96	-43	-15	0	326	-116	-3 248
Share of profit/loss from associates and joint ventures	-81	-	-260	177	-326	4	325	-2	-
Profit/loss before financial items and tax	-972	2 302	-356	133	-340	5	651	-119	-3 248
The Year 2011									
Operating revenue external	22 371	8 388	4 280	1 047	39	554	7 799	232	31
Operating revenue internal	-	4 286	-174	19	311	1	43	632	-5 117
Gross operating revenues	22 371	12 674	4 106	1 065	350	555	7 842	864	-5 087
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	8 467	2 711	2 660	13 899	61 139	-15 627
Total assets	143 877	48 761	6 292	14 342	3 361	2 661	22 949	61 139	-15 628
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	-	-
4th Quarter 2010									
Operating revenue external	8 939	3 531	1 959	186	-3	231	3 253	-4 285	4 067
Operating revenue internal	-	2 290	-212	-	112	2	12	4 464	-6 668
Gross operating revenues	8 939	5 821	1 747	186	109	233	3 265	179	-2 601
Operating profit/loss	4 162	4 535	92	-49	-49	53	611	-181	-849
Share of profit/loss from associates and joint ventures	261	-	-169	281	13	-0	163	-26	-
Profit/loss before financial items and tax	4 424	4 535	-77	232	-36	52	774	-207	-849
The Year 2010									
Operating revenue external	29 252	12 173	6 253	726	-21	609	8 699	545	268
Operating revenue internal	-	4 459	-723	1	310	3	65	414	-4 529
Gross operating revenues	29 252	16 632	5 530	727	289	612	8 764	959	-4 261
Operating profit/loss	12 750	11 555	159	-41	-173	59	1 557	-551	184
Share of profit/loss from associates and joint ventures	766	-	196	185	-35	-2	468	-46	-
Profit/loss before financial items and tax	13 516	11 555	356	144	-208	57	2 025	-596	184
Balance sheet 31.12.2010									
Investment in associates and joint ventures	17 090	-	667	5 730	1 086	0	9 572	38	-3
Other assets	138 877	48 008	5 959	6 994	1 807	2 173	14 583	69 616	-10 263
Total assets	155 967	48 008	6 626	12 724	2 893	2 173	24 155	69 654	-10 266
Depreciations, amortisation and impairments									
	-3 205	-1 111	-451	-161	-107	-95	-498	-121	-662
Maintenance investments	1 000	437	161	103	3	3	235	59	-
Investments in new generating capacity	1 852	584	119	272	130	191	356	200	-
Investments in other companies	888	-	-	325	559	-	-	4	-

The result items for the segments, down to and including the operating profit/loss, show the result from the underlying operations, i.e. exclusive of unrealised changes in value for energy contracts and significant non-recurring items. The column for consolidated entries includes adjustments for unrealised changes in value, significant non-recurring items, eliminations and not allocated assets.

Comments regarding the financial statements

1. Framework and material accounting policies

The Group's consolidated financial statements for the fourth quarter of 2011, ending 31 December 2011, 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 2010. The interim accounts have not been audited. The accounting principles applied in the interim financial statements are the same as those used for the annual financial statements.

2. Presentation of financial accounts

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

3. Accounting judgements, estimates and assumptions

In applying the Group's accounting policies in connection with the preparation of the interim financial statements, 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 2010.

In preparing the consolidated financial statements for the fourth 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 2010.

4. Segment reporting

Statkraft's segment reporting is in accordance with IFRS 8. The Group reports operating

segments in accordance with how the corporate management makes, follows up and evaluates its decisions. The operating 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.

As a result of a change in the Group's strategy, Statkraft was reorganised in 2010. This reorganisation will be finalised with implementation of new segments effective as of 1 January 2011. The financial information in this report has been reclassified in accordance with the new segment structure.

The segments that have been implemented with effect from 1 January 2011 are:

Nordic hydropower is the largest segment and includes hydropower plants in the Nordic region. The production assets are mainly flexible and include hydropower plants in Norway, Sweden and Finland.

Continental energy and trading includes gas power plants in Germany and Norway, hydropower plants in Germany and the UK and bio-based power plants in Germany, as well as Baltic Cable, the subsea cable between Sweden and Germany.

The segment includes trading and origination, as well as revenue optimisation and risk mitigation related to both the Continental and Nordic production. This enables the Group to exploit its overall market expertise in the best possible manner.

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

Wind power includes Statkraft's investments in land-based and offshore wind power. The segment has land-based wind farms in operation in Norway, Sweden and the United Kingdom. Offshore wind concentrates on the UK market.

District heating operates in Norway and Sweden. Further growth will primarily take place in Norway where Statkraft is one of the two largest suppliers of district heating.

Industrial ownership includes management and development of Norwegian shareholdings. The segment includes companies that are consolidated in the consolidated accounts, and companies that are reported as associates.

Other activities include small-scale hydro-power, the shareholding of 4.17% in E.ON AG, Innovation and group functions.

Group entries include adjustment of non-recurring items, unrealised effects, eliminations and not allocated assets.

5. 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 10 782 million. Shares are classified as assets available for sale and recognised in the accounts at fair value with changes in value recorded in comprehensive income. Negative changes in value exceeding the value written down are recorded as loss on shares under financial items in the income statement. The change in value in 2011 is NOK -4085 million, of which NOK -4103 million has been recognised as a loss under unrealised changes in value, and where NOK 18 million has been recognised in comprehensive income.

6. Currency effects on internal loans

Currency effects on internal loans in 2011 amounted to NOK 246 million of the unrealised changes in value for financial items. The gain arose mainly as a result of the stronger NOK, SEK and GBP compared with EUR. Statkraft Treasury Centre (STC) provides loans to the Group's companies, mainly in the companies' local currency. STC prepares its accounts in EUR and reports currency effects of lending in the income statement. Subsidiaries with borrowing in 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.

7. Hedge accounting

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

From 1 January, Statkraft has established hedging for accounting purposes of the net investment in STC in EUR. The effect of this is that NOK 57 million in gains will not be recognised in the income statement, but recognised in comprehensive income.

8. Business combinations

The acquisition of Baillie Windfarm Ltd. took place in the first quarter, with a purchase amount of NOK 278 million. As of the fourth quarter, a preliminary allocation of the purchase amount has been carried out, mainly showing that the purchase amount reflects Statkraft's share of the recorded equity in the company.

Over the course of the second quarter, two acquisitions were made through SN Power. SN Power acquired all shares in Enerpar (Energias do Paraná Ltda.) in Brazil for NOK 410 million. As of the fourth quarter, a preliminary allocation of the purchase amount has been carried out, mainly showing that the purchase amount reflects Statkraft's share of the recorded equity in the company.

Furthermore, SN Power acquired 51% of the company Lunsemfwa Hydro Power Company Ltd in Zambia with a purchase price of NOK 244 million. As of the fourth quarter, a preliminary allocation of the purchase amount has been carried out, where fixed assets in the order of NOK 533 million have been recorded in the accounts, corresponding to a shareholding of 100%.

In the fourth quarter, Statkraft bought 98% of Bio Varme AS with a purchase price of NOK 96 million. As of the fourth quarter, a preliminary allocation of the purchase amount has been carried out, mainly showing that the purchase amount reflects Statkraft's share of the recorded equity in the company.

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