

Stat**nett**

Q2



Interim Report
02:13

Table of contents

02:13

004	Directors' report
012	Statement of comprehensive income
013	Balance sheet
014	Statement of changes in equity
015	Cash flow statement

In short

Highlights

Total operating revenues for the Statnett Group in the second quarter of 2013 amounted to NOK 1 124 million (NOK 1 238 million in the second quarter of 2012). The Group's operating revenues for the first half of 2013 totalled NOK 2 385 million (NOK 2 633 million in the first half of 2012).

In the second quarter of 2013, the Group reported a loss after tax of NOK 20 million (profit of NOK 187 million). The loss was mainly due to lower tariff revenues due to planned downward adjustment of tariffs in 2013 and higher operating costs in 2013. This was reflected in the lower revenue which amounted to NOK 244 million in the second quarter of 2013 (higher revenue of NOK 189 million).

The Group's profit after tax for the first half of 2013 was NOK 64 million (NOK 452 million). The reduction was due to lower tariff revenues caused by planned downward adjustment of tariffs in 2013, as well as lower congestion revenues in 2013 and higher operating costs in 2013. This was reflected in the lower revenue which amounted to NOK 402 million in the first half of 2013 (higher revenue of NOK 390 million). The lower revenue reduces Statnett's accumulated higher revenue balance as planned, as the higher revenue will be returned to Statnett's customers over time through adjustment of tariffs.

Statnett has implemented an amended reporting standard for pension liabilities (IAS 19R). This increases the reported pension liability by NOK 143 million. To compensate for this, Statnett's balance for higher revenue will be reduced correspondingly. Corrected for non-reported higher/lower revenue and estimated interest expenses, the profit after tax would have been NOK 434 million at the end of the first half of 2013.

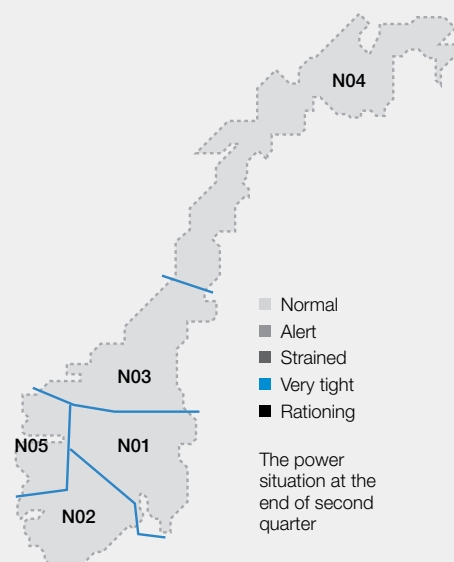
Heavy precipitation strengthened the hydrological balance by 12 TWh in the second quarter of 2013 and, compared with normal, there was a hydrological deficit of five TWh at the end of the period. There was a change in reservoir levels, from five TWh under median levels at the beginning of the quarter to one TWh above the median at the end of the quarter. On 15 May, Statnett changed the status of the NO5 market area (Bergen and surrounding areas), the northwestern part of NO2 (southern Norway) and NO3 (central Norway) from alert to normal due to the improved power situation.

In short

Important events

- On 16 May, there was an accident on the 132 kV power line between Varangerbotn and Skogfoss; a subcontractor employee fell from a pylon and suffered serious fractures. On 1 July, a serious incident occurred in Nesbyen where a personnel lift toppled over and two persons fell from a great height and sustained minor injuries.
- On 15 May, the energy situation for the NO₂, NO₅ and NO₃ areas was changed from alert to normal.
- Statnett has adopted a new schedule for Ørskog - Sogndal; the Ørskog - Høyanger section will be put into operation during 2015, whereas the Høyanger - Sogndal section will be completed in 2016.
- Statnett has submitted an application for a foreign licence to the Ministry of Petroleum and Energy (MPE) for the two interconnectors to Germany and the UK.
- The new subsea cable between Denmark and Norway, Skagerrak 4, has been installed as far as Kristiansand.
- The Norwegian Water Resources and Energy Directorate (NVE) has asked Statnett to start work on a data hub for the Norwegian electricity market. The data hub will perform tasks relating to storage and distribution of consumption data, implementation of supplier changes as well as settlement.
- In May, all members of the Norwegian Electrician and IT Workers' Union (EL&IT) went on a three-day strike. At the time the strike was called off, the situation was about to seriously impact security of supply. However, the Statnett organisation handled the situation satisfactorily and the actual impact on security of supply was minor.
- In May, Statnett assumed ownership of the new head office at Nydalen Allé 33 by exercising the purchase option negotiated in connection with the initial 15-year lease agreement with Avantor.
- Statnett and Sintef Energy have entered into a partnership in which Sintef will build a new energy laboratory in connection with Statnetts facilities in Trondheim.
- Statnett will become a partner in a new national centre for cyber and information security which will be established at Gjøvik University College.
- On 24 June, Synne Homble was elected to the Board of Directors in Statnett SF.
- Executive Vice President of Statnett Bente Hagem was elected deputy chair of the Board of Directors in ENTSO-E at the ENTSO-E general meeting.

Directors' report



Security of supply

At the beginning of the second quarter 2013, the power situation for some areas changed from normal to alert. A pressed power situation means that the flexibility in the power system is limited, as is the system's ability to handle low water inflow or long-term faults in transmission and production facilities.

At the beginning of the second quarter 2013, reservoir levels were 32 percent, five percentage points below median (from the 1993-2012 measuring period). The deviation equals five TWh. Above-normal temperatures and precipitation levels resulted in reservoir levels of 68 percent at the end of the period, two percentage points above median.

The hydrological balance strengthened by 12 TWh throughout the quarter and, compared with normal, there was a hydrological deficit of five TWh at the end of the period. With a total power consumption and production of 28 TWh there was no net power exchange during the period. Net exports were five TWh in the corresponding quarter in 2012.

On 20 May, the Nordic transmission system operators decided to end the test period for purchasing of secondary reserves (Frequency Restoration Reserves - FRR). The results from the test period will be evaluated and the secondary reserves market is scheduled to reopen in September 2013.

From 7 May, the Norwegian Electrician and IT Workers' Union (EL&IT) called a strike involving BKK, Skagerak, Troms and Eidsiva. The strike was stepped up from 14 May to also include Statnett, Lyse and Haugaland. The strike resulted in cancellation of several technical audits. The work on the Kanstadbotn - Kvitfossen interconnector was not completed as planned, which reduced security of supply to Lofoten. Some grid customers were without electricity due to faults in the distribution network. The strike was called off on 16 May.

During some periods in June there was low production shedding available in the system, which resulted in reduced export capacity between Norway (NO1) and Sweden (SE3).

There were few incidents in the second quarter of 2013 which

caused disruptions for end-users. Preliminary estimated outage costs for connected end-users (under the KILE (Quality-adjusted revenue cap for energy not supplied) scheme) amounted to NOK 25 million, compared with NOK 14 million in the corresponding period in 2012. Estimated outage costs in the first half of 2013 were NOK140 million, compared with NOK 18 million in the corresponding period of 2012.

There were few serious operational interruptions in the second quarter of 2013. The most important interruptions were:

- On 10 April, a transformer outage in Grytten led to a blackout in Rauma (Åndalsnes) Municipality. The blackout lasted for about 30 minutes.
- On 18 April, a transformer breakdown in Ørskog caused power outages from Kjelbotn (Ålesund) to Grov (Førde). About 180 000 people were without electricity for 90 minutes. The transformer was reconnected the following day.
- On 13 June, a power line outage occurred on the Sylling - Tegneby section due to a fault in the SF6 facility in Tegneby. The outage resulted in production shedding of approximately 1 150 MW which was activated due to high export volumes to Sweden. The export capacity to Sweden was reduced by approximately 1 000 MW following the outage. The power line remained disconnected until 11 July due to planned modifications.
- On 25 June, production shedding was triggered twice in southern Norway (2 x 800 MW) due to a faulty protection signal from the Sylling - Tegneby power line. On the same day production shedding was triggered twice in northern Norway (2 x 130 MW) when lightning caused a breakdown in the Ofoten - Ritsem power line.

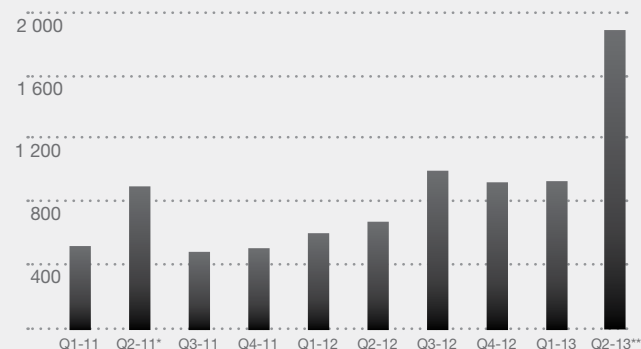
Investments

Statnett has major development projects under planning and implementation. The plans are presented in Statnett's grid development plan from 2011 and the updated investment plan 2012. The plans are in line with Report to the Storting, No. 14 (2011-2012), the Grid Report.

Statnett invested NOK 2 812 million (NOK 1 257 million) in the first six months of 2013, including both commissioned and ongoing investment projects.

Investments Statnett Group

MNOK



* Includes acquisition of assets from Hafslund NOK 323 million

** Includes acquisition of Nydalen Allè NOK 683 million

Overview of major investment projects

Project	Location	Expected investments NOK million
Ongoing major investment projects		
Ørskog - Sogndal	Møre og Romsdal/Sogn og Fjordane	4 600 - 5 600
Voltage upgrade		
Eastern Corridor (Kristiansand - Rød)	Vest-Agder/Telemark	1 350 - 1 950
Station investments (transformer capacity Eastern Norway, reactors for power reduction, spare transformers, Fedra, Frogner and others)		
Skagerrak 4	Norway/Denmark	1 400 - 1 700 ¹⁾
Ytre Oslofjord	Vestfold/Østfold	1 200 - 1 400
Sima - Samnanger	Hordaland	900 - 1 100
Varangerbotn - Skogfoss	Finnmark	480 - 580
Licences pending or appealed		
Ofoten - Balsfjord - Hammerfest	Nordland/Troms/Finnmark	8 000 - 12 000
Voltage upgrade Western Corridor		
Station investments (Hamang, Salten, transformers Western Norway and others)		1 500 - 2 200
Namsos - Trollheim	Trøndelag/Møre og Romsdal	4 000 - 6 000
Voltage upgrade in Central Norway		
Subsection Klæbu - Namsos	Trøndelag	700 - 1 000
Reinvestments Indre Oslofjord - interconnectors		670 - 870
Interconnectors		
Cabel to England		6 000 - 8 000 ¹⁾
Cabel to Germany		6 000 - 8 000 ¹⁾
ICT projects		
Renewal of Statnett's central operations system		400 - 500
New Regulation and Market System		200 - 250
Computer network for power system management		200 - 250

¹⁾ Statnett share

The amounts in the table show an anticipated interval including all costs of the project. Ongoing projects are shown in current value, other projects in 2013 NOK.

See www.statnett.no and the 2011 Grid Development Plan for more information about the projects.

Important project events in the second quarter of 2013

- *Ørskog - Sogndal*: Statnett has decided to postpone the final completion of the project until 2016. The Ministry of the Environment has granted Statnett a permit to cross the Sør-dalen nature reserve. However, unresolved issues relating to land access and the power line route prevent construction of some sections in Bremanger and Flora. The revised schedule is contingent on Statnett being granted the necessary licences and access in the autumn of 2013.
- *Voltage upgrades Eastern Corridor Kristiansand - Rød*: Statnett has signed a contract with Eitel Networks AS for power line work on the Bamble - Rød section. The construction work has started for the whole project.
- *Transformer capacity eastern Norway*: A final investment decision has been made for the entire project and work has been initiated.
- *Phase advancer Fedra*: A final investment decision has been made and work has been initiated.
- *Skagerrak 4*: The subsea cable between Denmark and Norway has been installed as far as Kristiansand. The cable will be connected to a cable which has already been installed from the Ålefjærfjord north of Kristiansand. Work is ongoing to complete the land cable to Kristiansand transformer station in Vennesla.
- *Ytre Oslofjord*: The production of the oil and PEX cables has started and the first sets of cables are scheduled to be installed in the autumn of 2013. The final set of oil cables will be installed in 2014.
- *Sima - Samnanger*: The casting of all foundations is complete and all pylons have been installed. As of July, 90 kilometres of the 102 kilometre power line had been installed.
- *Varangerbotn - Skogfoss*: The power line will be commissioned in 2013 as planned. Other reinvestments in stations will be commissioned in 2014.
- *Voltage upgrade Western Corridor*: A final investment decision has been made for the parts of the project requiring re-insulation between Kristiansand and Fedra. The work will start in August.
- *Namsos - Trollheim*: Statnett has signed a contract with the wind power operators in Fosen for coordinated progress and

continuation of the engineering work.

- *Voltage upgrade central Norway*: Statnett has made an investment decision in principle to upgrade the voltage on the Klæbu - Namsos section.
- *Interconnectors*: A partner agreement has been signed for a cable to the UK. An application has been submitted for a foreign trade licence for cables to Germany and the UK. A request has been submitted for a cable and related installation for the German cable project.

Financial results

The interim report has been submitted in accordance with International Standards for Financial Reporting (IFRS) and interpretations stipulated by the International Accounting Standards Board (IASB). The accounting standards for presentation of financial accounts (IAS) and interim reports (IAS34) have been adhered to. The accounting policies and calculation methods used in the interim financial statements are the same as in the most recent annual financial statement.

Operating revenues

The Group's operating revenues in the second quarter of 2013 totalled NOK 1 124 million (NOK 1 238 million in the second quarter of 2012). Operating revenues from regulated operations totalled NOK 1 087 million (NOK 1 171 million), while other operating revenues amounted to NOK 37 million (NOK 67 million). The reduction was mainly due to lower tariff revenues due to planned downward adjustment of tariffs in 2013.

Total operating revenues for the Statnett Group for the first half of 2013 amounted to NOK 2 385 million (NOK 2 633 million). Operating revenues from regulated operations totalled NOK 2 298 million (NOK 2 515 million), while other operating revenues amounted to NOK 87 million (NOK 118 million). The reduction was mainly due to lower tariff revenues and congestion revenues in 2013.

Statnett's operating revenues mainly derive from grid operations regulated by the NVE, which stipulates a cap (permitted revenue) for Statnett's revenues. Operating revenues from regulated activities in Statnett consist primarily of fixed grid tariffs

from the customers as well as congestion revenues (price differences between areas in the Nordic region and towards the Netherlands). If the total revenues from grid operations for one year diverge from the permitted revenue, so-called higher or lower revenue will occur. Higher/lower revenue will level out over time through adjustment of future grid tariffs. In the second quarter of 2013, Statnett's lower revenue amounted to NOK 244 million (higher revenue of NOK 189 million). Lower revenue for the first six months of 2013 amounted to NOK 402 million (higher revenue of NOK 390 million). Accumulated higher revenue including interest was NOK 2 940 million at the end of the first half of 2013.

Operating costs

The Group's operating costs totalled NOK 1 103 million in the second quarter of 2013 (NOK 895 million). The increase was mainly due to increased costs to system services and transmission loss as well as higher depreciation and write-downs.

System services costs were NOK 60 million higher in the second quarter of 2013 than in the corresponding period in 2012, primarily due to higher costs for purchase of primary and secondary reserves. The Nordic market for secondary reserves was launched in Norway in December 2012. The introduction of secondary reserves has had a positive impact on the grid frequency, and has resulted in increased system services costs.

In the second quarter of 2013, transmission losses were NOK 47 million higher than in the corresponding period in 2012. This was due to higher electricity prices in 2013.

Wage costs for the second quarter of 2013 were on a par with the corresponding period in 2012. An increase in staff led to higher costs throughout 2013 due to increased construction, operation and maintenance activities. This was offset by lower pension costs following implementation of the revised accounting standard for calculation of pension costs (IAS 19R) including changes in actuarial assumptions applied to pension calculations. See Note 1 for more information.

Depreciation and write-downs in the second quarter of 2013

were NOK 127 million higher than in the corresponding period of 2012. This was due to a net increase in the value of commissioned facilities, as well as extraordinary depreciation and write-downs relating to Statnett's former head office in Oslo and the Sydvestlink project.

In the second quarter of 2013, other operating costs were on a par with the corresponding period in 2012.

Operating costs in the first half of 2013 amounted to NOK 2 192 million (NOK 1 854 million).

System services costs increased by NOK 102 million due to increased costs of primary, secondary and tertiary reserves.

Transmission losses were NOK 55 million higher in the first half of 2013 than in the corresponding period in 2012 due to higher energy prices in 2013.

In the first half of 2013, wage costs were on a par with the corresponding period in 2012. See the above for a more detailed explanation.

Depreciation and write-downs in the first half of 2013 were NOK 143 million higher than in the corresponding period in 2012. See the above for a more detailed explanation.

Other operating costs were NOK 46 million higher in the first half of 2013 than in the corresponding period in 2012. This was primarily due to non-recurring costs related to the head office move, as well as increased maintenance costs in 2013.

Operating profit

The Group's operating profit in the second quarter of 2013 was NOK 21 million (NOK 343 million). The Group's operating profit for the first half of 2013 was NOK 193 million (NOK 779 million).

Financial items

Net financial items amounted to a loss of NOK 54 million in the second quarter of 2013 (loss of NOK 80 million). Net financial items for the first half of 2013 amounted to a loss of NOK 110 million (loss of NOK 152 million).

Net profit/loss

In the second quarter of 2013, the Group reported a loss after tax of NOK 20 million (profit of NOK 187 million). The Group's profit after tax for the first half of 2013 was NOK 64 million (NOK 452 million). The profit after tax at the end of the first half of 2013, adjusted for changes in higher/ lower revenue and estimated interest costs, was NOK 434 million.

Cash flow and balance sheet

The Group's operating activities generated an accumulated cash flow of NOK 432 million in the first half of 2013. The net cash flow from investment activities totalled NOK -2 807 million. In total, loans were paid down by NOK 2 692 million, and new loans of NOK 6 995 million were raised. At the end of the first half of 2013, the Group's liquid assets and market-based securities amounted to NOK 3 239 million (NOK 2 571 million).

At the end of the first half of 2013, the Group had total assets of NOK 29 875 million (NOK 25 661 million), and interest-bearing debt amounted to NOK 18 554 million. The market value of recognised interest swap and currency swap agreements (fair value hedges) related to interest-bearing debt was NOK 608 million. Net interest-bearing debt, corrected for this, totalled NOK 17 946 million.

Subsidiaries and associated companies

Statnett SF wholly owns Statnett Transport AS. In the first half of 2013, operating revenues for Statnett Transport amounted to NOK 55 million (NOK 50 million) and the loss before tax was NOK two million (profit of NOK two million).

At the end of the first half of 2013, Statnett SF had an ownership interest of 28.8 per cent in Nord Pool Spot AS. Statnett's share of the result in Nord Pool Spot AS contributed NOK 6 million (NOK 4 million) to the Statnett Group's profit in the first half of 2013.

Risk

Statnett practises unified risk management which reflects that the enterprise manages critical infrastructure in a vulnerable society, and that the enterprise is in a growth phase with a signi-

ficant project volume. Statnett's tolerance for risks with a potential impact on HSE and supply of electrical power is low. A secure power supply in general forms the basis for a stable supply of electricity to the end-users, value creation and realisation of climate-friendly solutions. Important activities for managing risk in connection with supply of electrical power include:

- Asset management including new investments and reinvestments, maintenance and security measures
- Exercising Statnett's system responsibility
- Preparedness

Statnett's risk management covers the enterprise's entire perspective, including strategic, commercial, operational and financial aspects. Statnett's risk management is an integrated part of the company's activities, coordinated across divisions by means of a common methodical foundation and framework. There is focus on risks with a potential impact on HSE, power supply, financial aspects, reputation or compliance. Consequences at enterprise level will take priority.

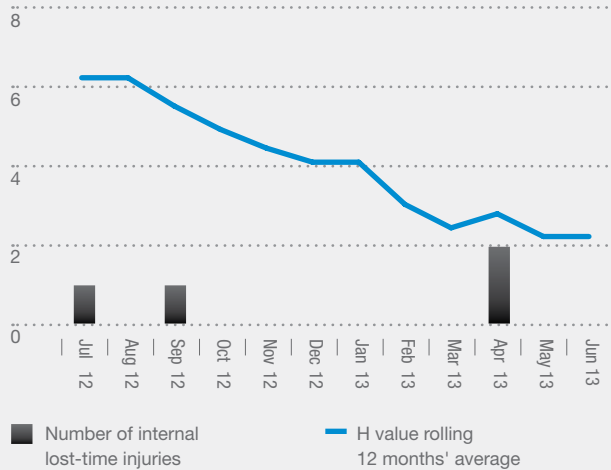
Market risks are managed centrally in Statnett, and checks are conducted to ensure that exposure does not exceed mandates. Assets, responsibility and personnel are insured at Group level. A coordinated mapping of exposure is conducted and an insurance portfolio has been established through Statnett Forsikring AS and the open insurance market.

Statnett has established a financial policy and framework for financial management, including limits in connection with credit risk, settlement risk and counterparty risk, as well as instructions for implementation of financial transactions. Control procedures have been established which are carried out independently.

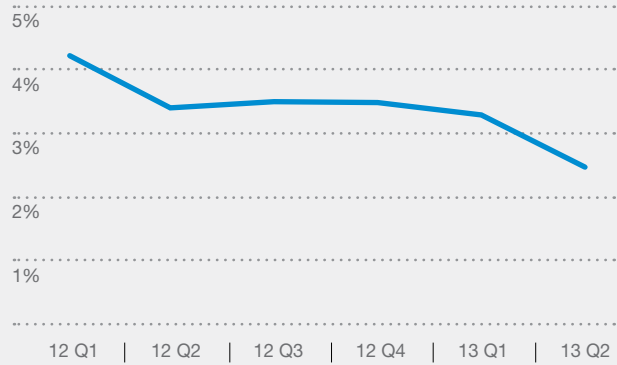
The enterprise has a credit facility totalling NOK 3.5 billion with a five-year term to support an ability to fund at least 12 months' operation and investments without incurring any new debt. Statnett has long-term credit ratings of A+ and A2 from Standard & Poor's and Moody's Investor Service, respectively.

Please see Statnett's annual report 2012 for more information about risk.

H value and lost time injuries



Absence due to illness



Corporate social responsibility

Corporate social responsibility (CSR) is an integrated part of Statnett's fundamental values, being the core of the management system and contains the tools needed to conduct activities in the right way. CSR in Statnett is about understanding the expectations of the community, and handling these expectations in a manner which generates mutual respect. The key elements are embedded in Statnett's objectives, which stipulate that Statnett will maintain security of supply through a grid with sufficient capacity and high quality, that Statnett's services will generate value for the customers and society at large, and that Statnett will pave the way for realisation of Norway's climate objectives. CSR in Statnett entails integration of social and environmental considerations in the company's daily operations and that CSR is embedded in the company's continuous corporate governance and anchored in the enterprise's management and organisation. See Statnett's annual report 2012 for more information about CSR.

Health, Safety and Environment (HSE)

In total, seven lost-time injuries were reported in the second quarter of 2013; two internal lost-time injuries and five contractor/supplier lost-time injuries. One of the lost-time injuries was a serious work accident which occurred on the 132 kV Varangerbotn - Skogfoss power line where a subcontractor employee fell from a pylon and suffered serious fractures. Statnett has launched an internal investigation of the incident.

In July a serious incident occurred in Nesbyen where a personnel lift with two employees toppled over during work at a height of 20 metres. The two people involved received only minor injuries, and the incident resulted in lost time for one person. Statnett has launched an internal investigation of the incident.

The Group's overall absence due to illness was 2.3 percent in the second quarter of 2013, compared with 3.3 percent in the corresponding period in 2012.

Outlook

Statnett is in a phase of intense building activity and several projects will be completed in 2013 and in the next few years. The Sima - Samnanger and Ørskog - Sogndal projects are important power lines to secure supply to the Bergen area and central Norway, respectively. Statnett is also focusing on completing the Eastern Corridor and the cable projects Ytre Oslofjord and Skagerrak 4.

There will be intense building activity in this period. This places great demands on Statnett when it comes to coordinating a number of projects in existing facilities while operating the power system. Statnett is strengthening operative preparedness to improve its ability to handle any unforeseen and critical incidents.

Statnett is working on the construction of interconnectors to Germany and the UK, which are scheduled for completion in 2018 and 2020, respectively. These projects are important for the development of the Northern European power grid and are a top priority for all parties involved. These projects will help ensure security of supply during cold and dry spells and contribute to balance variations in German and British renewable power production throughout the day. Power exchange capacity generates value creation in Norway. Moreover, the projects will support the ambitions to increase generation of renewable energy throughout the region and the EU's climate and energy targets. Furthermore, the new interconnectors will strengthen the integration of the Northern European power market.

Statnett currently holds a final licence for approximately 20 percent of the project portfolio. To be able to implement the planned development projects according to schedule, Statnett is dependent on an efficient licensing process and an external supplier market that can offer sufficient capacity in the years to come. Statnett is eager to further improve collaboration with all involved parties to secure important input to the planning and realisation of new power lines. In this regard, initiatives have been taken in relation to local and regional authorities as well as other stakeholders. Among other initiatives, Statnett has strengthened cooperation with regional grid companies to ensure the best possible knowledge of local conditions.

Due to an increase in the company's investment activities in new and existing grid facilities, the number of Statnett facilities will increase significantly. New facilities will be commissioned and some of the old facilities will be phased out. Statnett is concerned with managing the company's facilities in a uniform and prudent manner. PAS 55, which is a quality standard representing best practice for optimum asset management, will be one of several measures to ensure that Statnett maintains high cost efficiency in its operations and during the development of the next generation main grid.

The effort to prevent serious incidents will be further intensified. The ambition is that, in five years' time, Statnett and external suppliers should be at a similar level as the petroleum industry. To succeed, Statnett needs to further increase the focus on safety and quality of deliveries from external technological environments and suppliers.

Statnett is involved in international cooperation both at a European and Nordic level. This work is important as many of the framework conditions are stipulated by the EU and are relevant

for Norway through the EEA agreement. The establishment of a common European power market makes it necessary to harmonise the framework for the electricity market, as well as for system and grid operations. As the Norwegian power system differs from the European system it is essential that the framework conditions are formulated to secure Norwegian security of supply and help promote value creation. The Nordic TSOs cooperate on many key issues at the European level.

Statnett has experienced strong growth in recent years. Statnett is currently implementing a necessary restructuring of its organisation to increase the company's implementation ability. Statnett has initiated measures to increase productivity in the enterprise through increased growth without a corresponding increase in costs.

The increased investments will result in higher tariffs in the years to come. Statnett has a balance for higher revenue which will be returned to Statnett's customers through reduced tariffs in the coming years.

Oslo, 22 August 2013

The Board of Directors, Statnett SF

Statement of comprehensive income

Statnett Group

<i>(Amounts in NOK million)</i>	Second quarter		Year to date		
	2013	2012	2013	2012	Year 2012
OPERATING REVENUE					
Operating revenue regulated operations	1 087	1 171	2 298	2 515	5 090
Other operating revenue	37	67	87	118	244
Total operating revenue	1 124	1 238	2 385	2 633	5 334
OPERATING COSTS					
System services	157	97	337	235	505
Transmission losses	157	110	385	330	591
Salaries and personnel costs	181	198	388	396	802
Depreciation and write-downs of tangible fixed assets	318	191	526	383	827
Other operating costs	290	299	556	510	1 176
Total operating costs	1 103	895	2 192	1 854	3 901
Operating profit	21	343	193	779	1 433
Income from associate	2	1	6	4	9
Financial income	35	16	53	40	95
Financial costs	91	97	169	196	375
Profit before tax	-33	263	83	627	1 162
Tax	-13	76	19	175	325
Profit for the period	-20	187	64	452	837
OTHER COMPREHENSIVE INCOME					
Changes in fair value for cash flow hedges	24	-11	28	-6	-58
Tax effect	-7	3	-8	2	16
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods	17	-8	20	-4	-42
Changes in estimate deviations of pension liabilities	1	-	-	-	627
Tax effect	1	-	-	-	-175
Other comprehensive income not to be reclassified					
to profit or loss in subsequent periods	-	-	-	-	452
Other comprehensive income	17	-8	20	-4	410
Total comprehensive income	-3	179	84	448	1 247

Balance sheet

Statnett Group

<i>(Amounts in NOK million)</i>	<i>Note</i>	30.06.13	30.06.12	31.12.12
ASSETS				
INTANGIBLE FIXED ASSETS				
Goodwill		53	53	53
Other intangible fixed assets		13	13	13
Total intangible fixed assets		66	66	66
FIXED ASSETS				
Tangible fixed assets		18 545	17 286	17 877
Plant under construction		5 898	3 369	4 277
Investment in associate		60	43	54
Financial fixed assets		1 184	1 195	1 242
Total fixed assets		25 687	21 893	23 450
CURRENT ASSETS				
Trade accounts receivable and other short-term receivables		883	1 131	976
Market-based securities		678	648	668
Liquid assets		2 561	1 923	634
Total current assets		4 122	3 702	2 278
Total assets		29 875	25 661	25 794
EQUITY AND DEBTLIABILITIES				
EQUITY				
Contributed capital		2 700	2 700	2 700
Other equity accrued	1	6 119	5 353	6 152
Total equity		8 819	8 053	8 852
LONG-TERM LIABILITIES				
Deferred tax	1	558	232	465
Pension liabilities	1	469	1 083	551
Other liabilities		66	73	75
Long-term interest-bearing debt		17 645	11 908	12 484
Total long-term liabilities		18 738	13 296	13 575
CURRENT LIABILITIES				
Short-term interest-bearing debt		909	2 959	1 906
Trade account payable and other short-term debt		1 395	1 221	1 251
Tax payable		14	132	210
Total current liabilities		2 318	4 312	3 367
Total equity and liabilities		29 875	25 661	25 794

Statement of changes in equity

Statnett Group

<i>(Amounts in NOK million)</i>	<i>Note</i>	Total equity	Other equity accrued	Other items	Contributed capital
Equity as at 1.1.2012		8 277	5 616	-39	2 700
Implementation effect of IAS 19R	1	-555	-555	-	-
Equity as at 1.1.2012		7 722	5 061	-39	2 700
Profit/loss for the year		837	837	-	-
Other comprehensive income		410	-	410	-
Dividends declared		-117	-117	-	-
Equity as at 31.12.2012		8 852	5 781	371	2 700
Equity as at 1.1.2012		8 277	5 616	-39	2 700
Implementation effect of IAS 19R	1	-555	-555	-	-
Equity as at 1.1.2012		7 722	5 061	-39	2 700
Profit/loss for the period		452	452	-	-
Other comprehensive income		-4	-	-4	-
Dividend declared		-117	-117	-	-
Equity as at 30.6.2012		8 053	5 396	-43	2 700
Equity as at 31.12.2012, in accordance with annual report 2012		8 955	6 336	-81	2 700
Implementation effect of IAS 19R	1	-103	-555	452	-
Equity as at 1.1.2013		8 852	5 781	371	2 700
Profit/loss for the period		64	64	-	-
Other comprehensive income		20	-	20	-
Dividend declared		-117	-117	-	-
Equity as at 30.6.2013		8 819	5 728	391	2 700

Cash flow statement

Statnett Group

<i>(Amounts in NOK million)</i>	30.06.13	30.06.12	31.12.12
Cash flow from operating activities			
Profit before tax	83	627	1 162
Loss/gain(-) on sale of fixed assets	-2	5	3
Ordinary depreciation and write-downs	526	383	827
Paid tax for the period	-210	-271	-271
Interest recognised in the income statement for the period	191	193	376
Interest received for the period	22	24	43
Interest paid for the period	-160	-201	-432
Changes in trade accounts receivable/payable	122	-270	65
Changes in other accruals	-134	101	-338
Result from companies using equity method	-6	-4	-9
Net cash flow from operating activities	432	587	1 426
Cash flow from investing activities			
Proceeds from sale of tangible fixed assets	4	6	52
Purchase of tangible fixed assets and plants under construction	-2 129	-1 249	-3 152
Purchase of subsidiary	-491	-	-
Change in long term loan receivables	-191	-	-
Dividend received	-	15	15
Net cash flow from investing activities	-2 807	-1 228	-3 085
Cash flow from financing activities			
Proceeds from new interest-bearing borrowings	6 995	2 700	5 903
Repayment of interest-bearing debt	-2 692	-1 090	-4 439
Proceeds from sale of market-based securities	158	80	220
Purchase of market-based securities	-159	-128	-276
Dividends paid	-	-	-117
Net cash-flow from financing activities	4 302	1 562	1 291
Net cash flow for the period	1 927	921	-368
Cash and cash equivalents at the start of the period	634	1 002	1 002
Cash and cash equivalents at the close of the period	2 561	1 923	634

Restricted bank deposit amounting to NOK 77 million is included in cash and cash equivalents as at June 30, 2013.

Unused credit facilities of NOK 3 500 million are not included in cash and cash equivalents.

Note 1 - Accounting policies

The interim accounts for the first six months of 2013 have been presented in accordance with IAS 34. The interim accounts do not contain all the additional information required in the annual accounts, and should therefore be read in the context of the consolidated accounts presented on 31 December 2012.

The accounting policies that have been applied for the interim accounts for the first half of 2013 are consistent with the accounting policies that were applied for the consolidated accounts presented on 31 December 2013 with the following exceptions:

Pension

As of 1 January 2013, the Group has implemented the amendments in IAS 19 Employee Benefits (adopted by the EU in June 2012) ("IAS 19R") and changed its basis for calculation of pension liabilities and pension costs. The Group previously applied the corridor method for recognition of unamortised actuarial gains and losses. According to IAS 19R, the use of the corridor method is no longer permitted, and all actuarial gains and losses must be recognised under other comprehensive income in the income statement. Actuarial gains and losses as at 1 January 2012 amounting to NOK 771 million have been set at zero (NOK 144 million as at 1 January 2013). Consequently, pension liabilities increased by NOK 771 million as at 1 January 2012, whereas equity was reduced by NOK 555 million (after tax).

The Group has chosen to present the net interest expenses element as wage and personnel costs and not as net finance costs, as this provides the best information about the Group's pension costs.

Return on pension assets was previously calculated using the long-term projected yield on pension assets. Pursuant to IAS 19R, net interest expenses associated with the pension scheme consist of interest on the liability less the return on the assets, both calculated using the discount rate. The difference between actual and recognised return on pension assets is recognised consecutively in other comprehensive income.

The change in recognition principle for unamortised actuarial gains and losses has resulted in virtually unchanged recognised pension costs in 2012. The change in actuarial gains/losses of NOK 627 million was recorded as income in other comprehensive income in the fourth quarter of 2012.

Below follows an overview of the effects on the accounts as a result of the implementation:

(Amounts in NOK million)

Statnett Group	Pension liabilities	Deferred tax	Equity
Estimate deviations as at 1.1.2012	771	216	555
Estimate deviations as at 1.1.2013	144	41	103
Changes in estimate deviations during 2012, included in other comprehensive income	627	175	452

Note 2 - Operating revenues regulated operations

Statnett's operating revenues mainly derive from regulated grid operations. Operating revenues from regulated activities in Statnett's financial reporting consist primarily of fixed grid tariffs from the customers as well as congestion revenues (price differences between areas in the Nordic region and towards the Netherlands). Statnett's grid operations are regulated by the NVE, which stipulates a cap for Statnett's revenues (permitted revenue). If the total revenues from grid operations for one year diverge from the permitted revenue, so-called higher or lower revenue will occur. Higher/lower revenue will level out over time through adjustment of future grid tariffs.

Tariff revenues were reduced from NOK 2 241 million in the second half of 2012 to NOK 2 165 million in the same period in 2013. Congestion revenues were reduced from NOK 380 million in the first half of 2012 to NOK 301 million in the same period in 2013.

Lower revenue in the first half of 2013 amounted to NOK 402 million (higher revenue of NOK 390 million) for the period. Setting the actuarial gains/losses on pensions to zero as of 1 January 2013 means that NOK 143 million of pension expenses is not included in the revenue cap basis. To compensate for this, the higher revenue balance will be reduced by NOK 143 million. Accumulated higher revenue, including interest and compensation, amounted to NOK 2 940 million at the end of the first half of 2013.

(Amounts in NOK million)

Statnett Group	Year to date		
	2013	2012	Year 2012
Tariff revenues	2 165	2 241	4 399
Congestion revenues	301	380	877
Income from other owners in shared grids	-168	-106	-186
Total operating revenues regulated activities	2 298	2 515	5 090
Total permitted revenue	2 700	2 125	4 025
This year's higher/lower (-/+) revenue, excl. interest	402	-390	-1 065
This year's provision for interest higher/lower (-/+) revenue	-30	-24	-45
Higher/lower (-/+) revenue decision	-	-	272
Changes in higher/lower (-/+) revenue regarding pension liabilities as at 1.1.2013	143	-	-
Changed balance for higher/lower (-/+) revenue	515	-414	- 838
Balance higher/lower (-/+) revenue, incl. interest as at 1 Jan.	-3 455	-2 617	-2 617
Changed balance for higher/lower (-/+) revenue, incl. interest	515	-414	-838
Balance higher/lower (-/+) revenue, incl. interest year to date	-2 940	-3 031	-3 455

Impact of grid outages on profit

Statnett is in dialogue with the NVE regarding how to handle outages at Nyhamna with regard to system services costs and classification in the KILE scheme. The financial consequences for Statnett of such grid interruptions/outages have therefore not been clarified. A provision has been made in the accounts for the first quarter following the same principle as for previous incidents in connection with the outage on the Viklandet - Fræna power line in March 2013.

Note 3 – Financial items

Financial assets and liabilities

The fair value of forward exchange contracts is determined by applying the forward exchange rate on the balance sheet date. The fair value of currency swap and interest rate swap is calculated as the present value of future cash flows. Fair value is mainly confirmed by the financial institution with which Statnett has entered into such contracts.

The fair value of financial assets and long-term liabilities accounted for at amortised cost has been calculated:

- using quoted market prices,
- using interest rate terms for liabilities with a corresponding maturity and credit risk, or
- using the present value of estimated cash flows discounted by the interest rate that applies to corresponding liabilities and assets on the balance sheet date.

As at 30. juni 2013 (Amounts in NOK million)

Statnett Group	Category	Book value	Fair value
Assets			
Long-term receivables	Loans and receivables	125	125
Subord. capital in Statnett SF's pension fund	Fair value through profit/loss	75	75
Financial assets available for sale	Available for sale	5	5
Derivatives	Fair value through profit/loss	979	979
Total financial fixed assets		1 184	1 184
Trade accounts receivable and other short-term receivables			
Trade accounts receivable	Loans and receivables	80	80
Derivatives	Fair value through profit/loss	28	28
Other short-term receivables	Loans and receivables	775	775
Total trade accounts and other short-term receivables		883	883
Investment in market-based securities	Fair value through profit/loss	678	678
Liquid assets	Fair value through profit/loss	2 561	2 561
Liabilities			
Long-term interest-bearing debt	Other liabilities	17 203	17 389
Derivatives	Fair value through profit/loss	442	442
Total long-term interest-bearing debt		17 645	17 831
Short-term interest-bearing debt			
Short-term interest-bearing debt	Other liabilities	891	898
Derivatives	Fair value through profit/loss	18	18
Total short-term interest-bearing debt		909	916
Trade accounts payable and other short-term debt	Other liabilities	1 395	1 395

Fair value hierarchy

Level 1: Fair value is used for quoted prices from active markets for identical financial instruments. No adjustments are made with regard to these prices.

Level 2: Fair value is measured using other observable input than for Level 1, either direct (prices) or indirect (derived from prices).

Level 3: Fair value is measured using input based on non observable market data.

Financial assets and liabilities measured at fair value

As at 30. juni 2013 (Amounts in NOK million)

Statnett Group	Level 1	Level 2	Level 3	Total
Assets				
Subord. capital in Statnett SF's pension fund	-	-	75	75
Financial assets available for sale	-	-	5	5
Derivatives	-	1 007	-	1 007
Investment in market-based securities	678	-	-	678
Liquid assets	2 561	-	-	2 561
Total assets	3 239	1 007	80	4 326
Liabilities				
Derivatives	-	460	-	460
Total liabilities	-	460	-	460

During the period there has not been any transactions between level 1 and 2

Reconciliation of level 3 in fair value measurements

Opening balance 1 January 2013	80
Net unrealized gain/loss for the period	-
Closing balance 30 June 2013	80

Note 4 - Purchase of subsidiary

On 22 May 2013, Statnett SF purchased all shares in Nydalshøyden Bygg C AS, owner of Nydalen Allé 33. Nydalshøyden Bygg C AS owns Statnett's head office and has no other business activities.

The acquisition is regarded as an asset purchase, and all identified excess value has been allocated to the building.

On the acquisition date, the following identifiable assets and liabilities were included in the consolidated accounts:

(Amounts in NOK million)

Items	Fair value on the acquisition date
Assets	
Tangible fixed assets	788
Trade accounts receivable and other short-term receivables	16
Equity	
Other equity accrued	14
Liabilities	
Deffered tax	80
Long-term interest-bearing debt	191
Trade account payable and other short-term debt	28
Property value	491

Declaration from the board of directors and CEO

We declare that, to the best of our knowledge, the accounts for the period 1 January to 30 June 2013 have been prepared in accordance with IAS 34 – Interim Financial reporting, and that the formation in the accounts provides a correct impression of the group's assets, liabilities, financial position and result as a whole. We also declare that, to the best of our knowledge, the half-year report provides a correct overview of important events in the accounting period and their influence on the halfyearaccounts, the most important risk and uncertainty factors facing the business in the next accounting period, as well as significant transactions with closely related parties.

Oslo, 22 August 2013

The Board of Directors, Statnett SF

Kolbjørn Almlid
Chairman of the Board

Per Hjorth
Deputy Chairman

Maria Sandsmark
Board Member

Egil Gjesteland
Board Member

Synne Larsen Homble
Board Member

Kirsten Indgjerd Værdal
Board Member

Steinar Jøråndstad
*Board Member,
employee representative*

Pål Erland Opgård
*Board Member,
employee representative*

Kjerstin Bakke
*Board Member,
employee representative*

Auke Lont
President and CEO

Statnett

Statnett SF

Postadresse:

PB 4904 Nydalen
0423 Oslo

Besøksadresse:

Nydalen Allè 33
0484 Oslo

Tel: 23 90 30 00

Fax: 23 90 30 01

E-post: firmapost@statnett.no

www.statnett.no