

Stat**nett**

Q1



Interim Report  
**01:12**

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# In short

## Highlights

Total operating revenues for the Statnett Group in the first quarter of 2012 amounted to NOK 1 395 million (NOK 1 652 million in the first quarter of 2011).

The Group reported a profit after tax of NOK 265 million in the first quarter of 2012 (NOK 394 million). The reduction was due to downward adjustment of tariffs for 2012 and lower congestion revenues in the period. This was reflected in the higher revenue which totalled NOK 201 million in first quarter of 2012 (NOK 329 million). The higher revenue will be returned to Statnett's customers over time through adjustment of tariffs. The profit adjusted for changes in higher/lower revenue after tax and calculated interest cost on higher revenue was NOK 111 million.

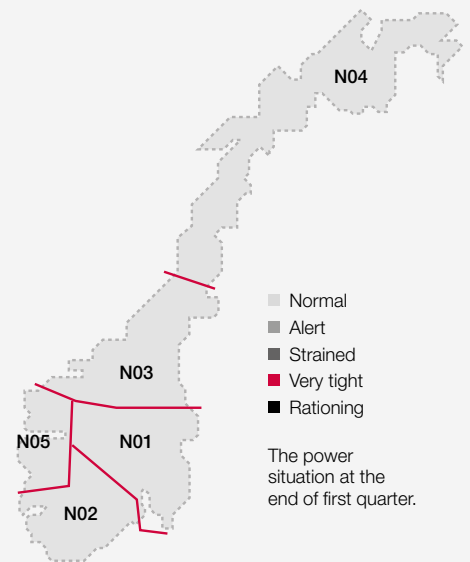
The first quarter of 2012 was characterised by above-normal temperatures and precipitation levels combined with high reservoir levels, production and exports. A Norwegian production record was set on 2 February, and international power exchanges were the highest ever recorded on 10 February.

Statnett has an increasing project portfolio and there has been steady progress in Statnett's development and reinvestment projects throughout the quarter.

## Important events

- The Norwegian government's Grid Report was issued on 2 March 2012. The Grid Report, "Building Norway - about grid developments", forms the basis for Statnett's plans for development of the next generation main grid. The report also contains guidelines for a more efficient decision-making processes in connection with new grid projects.
- 2 May the Norwegian Water Resources and Energy Directorate (NVE) granted Statnett a license to build and operate a 420 kV power line from Ofoten, via Balsfjord, to Hammerfest. This is the longest power line project in Norway (513 km). Statnett was also granted a license for new and expansion of existing transformer stations on the route.
- Sima - Samnanger: The Ministry of the Environment has granted Statnett a dispensation from the Cultural Heritage Act for building along the originally licensed route across Dyraneseidet.
- Statnett's Board of Directors has made an investment decision for the whole Ørskog - Sogndal (Fardal) project after Statnett was granted a final licence for the entire section.
- On 14 March the market was opened for intra-day trading on NorNed. The cross-border intraday solution links the Dutch-Belgian intraday market with the Nordic intraday market. This will further increase liquidity in the markets.
- NVE has decided to introduce coordinated tariffs for regional grids (the regional grid scheme). In the same decision Statnett was assigned responsibility for the scheme, which will enter into force on 1 January 2014. The objective of the regional grid scheme is to distribute the cost of future grid investments in the regional grid at a national level.
- The Swedish-Norwegian green certificate market was launched on 1 January 2012. Statnett is responsible for keeping the certificate register in Norway and the first green certificates were issued on 8 February.

# Directors' report



## Security of supply

The power situation in Norway has been good throughout the first quarter of 2012. Temperatures and precipitation levels were higher than normal for the period and resulted in high inflow for the season. The amount of snow in the mountains increased throughout the quarter, and at the end of the period the snow level was at the median level (compared with a simulation performed by the NVE). Reservoir levels were above the median in the period (from the 1993 - 2011 measuring period), and at the end of the quarter the water levels were at approximately 50 per cent. This is 14 percentage points above the median and three percentage points above the maximum level for the measuring period.

The overall power consumption in the first quarter was 38 TWh and the overall power production was 43 TWh. This resulted in net exports of 5 TWh for the quarter. In the corresponding period in 2011, the import volume was 6 TWh. The exports were primarily due to high production on the basis of the high reservoir levels. A Norwegian production record of 25 910 MW was set on 2 February, and international power exchanges were the highest ever recorded on 10 February, 5 153 MW.

Spot prices in Norway and the Nordic region have remained low for the season, with the lowest prices in Southern Norway. Price differences between the elspot areas were small.

There were several operational interruptions in the first quarter that resulted in loss of consumption or lower security of supply. The most important events:

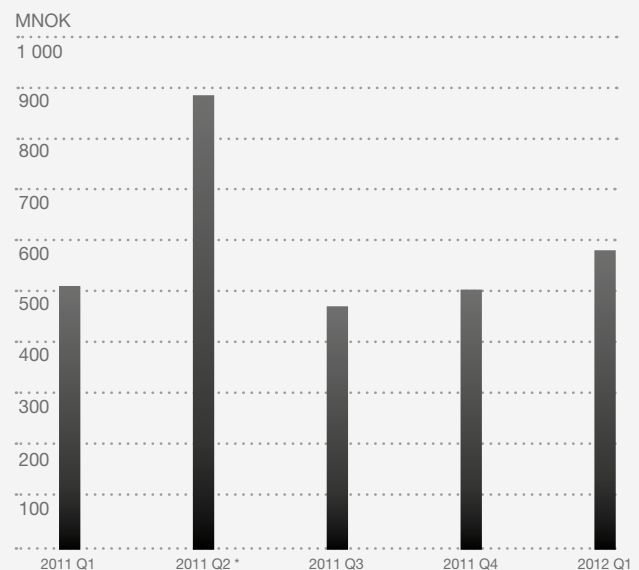
- The operating situation to Troms and Finnmark counties was affected by the transformer breakdown in Kvandal in October 2011. On 2 February, a pylon broke down on the connection between the Varangerbotn and Finland, which further deteriorated the situation. The connection to Finland was restored on 10 February, and on 15 February a back-up transformer was put into operation in Kvandal. Security of supply to this area was close to normal at the end of the quarter.

- On 12 January, a fault occurred at the Fardal substation and the Fardal - Hove power line was out of operation. Consequently, there was only one source of power supply to Bergen until 18 January. The fault seriously affected Hydro's plant in Årdal.
- On 26 January, transformer outages occurred in Vang (Hamar) causing a load outage of 100 MW which lasted for about three hours.

## Investments

Statnett has major development projects under planning and implementation in order to maintain security of supply, create value for customers and society and facilitate lower greenhouse gas emissions. Statnett invested NOK 585 million in the first quarter of 2012 (NOK 517 million), which is the sum of commissioned and ongoing investment projects.

### Investments Statnett Group



\* Includes acquisition of assets from Hafslund NOK 323 million

## Overview of major investment projects

Project	Location	Cost
<b>Ongoing major investment projects</b>		
		<i>Funds granted</i>
Ørskog - Sogndal (Fardal)	Møre og Romsdal/Sogn og Fjordane	NOK 5 500 million
Skagerrak 4	Norway/Denmark	Statnett share NOK 1 700 million
Ytre Oslofjord	Vestfold/Østfold	NOK 1 200 million
Sima - Samnanger	Hordaland	NOK 1 045 million
Major investment in transformer stations		NOK 700 million
Voltage upgrade in southern Norway		
Subsection Kristiansand - Bamble (eastern corridor)	Vest-Agder/Telemark	NOK 650 million
Varangerbotn - Skogfoss	Finnmark	NOK 500 million
Increased preparedness: New back-up transformers		NOK 250 million
Sauda - Liastølen	Rogaland	NOK 200 million
<b>Licences pending or appealed</b>		
		<i>Estimated cost</i>
Voltage upgrade western corridor	Vest-Agder/Rogaland	NOK 5 000 - 7 000 million <sup>1</sup>
Balsfjord - Hammerfest	Troms/Finnmark	NOK 4 000 - 6 000 million
Ofoten - Balsfjord	Nordland/Troms	NOK 2 000 - 3 000 million
Storheia - Snillfjord - Trollheim/Orkdal	Sør-Trøndelag/Møre og Romsdal	NOK 2 000 - 3 000 million
Namsos - Roan - Storheia	Trøndelag	NOK 800 - 1 200 million
Grid reinforcement Grenland region (eastern corridor)	Telemark	NOK 700 - 1 000 million
Voltage upgrade in Central Norway		
Subsection Klæbu - Namsos	Trøndelag	NOK 700 - 1 000 million
Hamang station	Akershus	NOK 400 - 600 million
<b>Planning proposal submitted</b>		
		<i>Estimated cost</i>
The South-West Link	Norway/Sweden	NOK 2 000 - 4 000 million
"Arctic Circle" Skaidi - Varangerbotn	Finnmark	NOK 2 000 - 4 000 million
<b>ICT projects</b>		
		<i>Funds granted</i>
Renewal of Statnett's central operations system		NOK 490 million
New Regulation and Market System		NOK 240 million
Computer network for power system management		NOK 220 million
Modernisation of ICT infrastructure in Statnett stations		NOK 130 million

<sup>1</sup> Sections are under licensing

## Important project events in the first quarter of 2012

See [www.statnett.no](http://www.statnett.no) and the 2011 Grid Development Plan for more information about the projects.

### Commissioned projects

- Several minor projects were commissioned in the first quarter.

### Ongoing major investment projects

- Ørskog - Sogndal (Fardal): Construction activities have started on the line and substations.
- Skagerrak 4: Construction work is ongoing in Kristiansand and on the cable route in Norway.
- Ytre Oslofjord: The installation of cables was scheduled for completion in October 2012. Due to technical irregularities on the oil cables, the cables must be remanufactured. Negotiations with the supplier have been completed and the oil cables will be delivered and the project completed by year-end 2013.
- Sima - Samnanger: The Ministry of the Environment has granted Statnett a dispensation from the Cultural Heritage Act for building along the originally licensed routes. The work is proceeding according to plan and completion is scheduled for 2013.
- Voltage upgrade Kristiansand - Bamble (eastern corridor): Final licence from the Ministry of Petroleum and Energy (MPE) has been received.
- Varangerbotn - Skogfoss: The construction of pylons is progressing well and construction work is ongoing at both stations.
- Sauda - Liastølen: Scheduled to be put into operation in June 2012.

### Licences pending or appealed

- Voltage upgrade western corridor: A licence application is being prepared for an alternative location of the Fedra substation in connection with a voltage upgrade on the Fedra - Tonstad section. License applications for the Kristiansand - Fedra and Tonstad - Tjørhom - Lyse sections were submitted to the Norwegian Water Resources and Energy Directorate (NVE) in 2011 and are currently being circulated for consultative comments.
- Ofoten - Balsfjord and Balsfjord - Hammerfest: The NVE has granted Statnett a license to build and operate the power line. Statnett was also granted a license for new and expansion of existing transformer stations on the route.

- Storheia - Snillfjord - Trollheim/Orkdal: Additional assessments were submitted to the NVE in 2011. A licence from the NVE is expected in 2012.
- Namsos - Roan - Storheia: The project has been appealed to the MPE. An appeal inspection was conducted by the MPE in 2011 and a decision from the MPE is expected in 2012.
- Grid reinforcement Grenland Bamble – Rød (eastern corridor): The final NVE inspection is scheduled for May 2012.
- Voltage upgrades Klæbu – Namsos: The NVE has granted Statnett a licence.

### Planning proposal submitted

- The South-West Link: Statnett has notified the NVE regarding the Norwegian part of the project. The notification contains several alternative routes, including subsea interconnectors. A licence application is scheduled for submission at the end of 2012/beginning of 2013.
- "Arctic Circle" Skaidi - Varangerbotn: The impact assessment programme has been received from the NVE. The work relating to the licence application and its associated impact assessments is performed in accordance with the Grid Development Plan, which stipulates that the power line will be built after completion of the Ofoten - Balsfjord - Hammerfest. Consequently, the power line is not likely to be commissioned until after 2020.

## Financial results

The quarterly report has been submitted in accordance with International Standards for Financial Reporting (IFRS) and interpretations stipulated by the International Accounting Standards Board (IAS). The accounting standards for presentation of financial accounts (IAS) and interim reports (IAS34) have been adhered to. The accounting principles 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 first quarter of 2012 totalled NOK 1 395 million (NOK 1 652 million in the first quarter of 2011). Operating revenues from regulated operations was NOK 1 344 million (NOK 1 608 million), while other operating revenues amounted to NOK 51 million (NOK 44 million). The

reduction in operating revenues was due to lower tariff revenues on the basis of lower stipulated tariffs for 2012 than for 2011, lower electricity prices in 2012, as well as lower congestion revenues in the Nordic region in 2012. The lower congestion revenues are a result of high reservoir levels and a balanced power situation in the southern price areas of Norway in the first quarter of 2012, compared with the same period in 2011.

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, higher or lower revenue will occur. Higher/lower revenue will level out over time through adjustment of future grid tariffs. In the first quarter of 2012, Statnett's higher revenue amounted to NOK 201 million (NOK 329 million). Accumulated higher revenue including interest was NOK 2 831 million at the end of the first quarter of 2012.

#### **Operating costs**

The Group's operating costs totalled NOK 959 million in the first quarter of 2012 (NOK 1 031 million). The reduction was mainly due to lower transmission losses. Increased wage costs and system services costs in 2012 reduced the deviation somewhat.

In the first quarter of 2012 system services costs increased by NOK 21 million. Due to high production, thus less available power, increased the need to purchase tertiary reserves. Moreover, the cold weather in the first two weeks of February 2012 resulted in high prices on tertiary reserves. However, special regulation costs were lower in the first quarter of 2012 compared with the corresponding period in 2011 due to a fault on the Ofoten - Kvandal power line in 2011.

Transmission losses were NOK 134 million lower in the first quarter of 2012 than in the corresponding period in 2011 due to lower energy prices in 2012.

Wage costs increased by NOK 37 million in the first quarter of 2012 compared with the corresponding period in 2011. This was due to an increase in pension costs resulting from changes in actuarial assumptions in pension calculations. In addition there has been an increase in staff throughout 2011 as a result of increased activity in development projects, operation and maintenance.

Depreciation and write-downs increased by NOK 10 million in the first quarter of 2012 compared with the corresponding period in 2011. This was due to a net increase in the value of commissioned assets.

Other operating costs in the first quarter of 2012 were on a par with the costs in the corresponding period of 2011.

#### **Operating profit**

The Group's operating profit in the first quarter of 2012 was NOK 436 million (NOK 621 million).

#### **Financial items**

Net financial items amounted to a loss of NOK 75 million in the first quarter of 2012 (loss of NOK 69 million). The increase in financial costs was mainly due to higher interest rates in 2012.

#### **Net profit**

The Group's profit after tax in the first quarter of 2012 was NOK 265 million (NOK 394 million). The reduction is due to lower tariff revenues and lower congestion revenues in the period. The profit adjusted for changes in higher/lower revenue after tax was NOK 120 million.

#### **Cash flow and balance sheet**

The Group's operating activities generated an accumulated cash flow of NOK 251 million in the first quarter of 2012. The net cash flow from investment activities totalled a loss of NOK 581 million. In total, loans were paid down by NOK 999 million, and new loans of NOK 1 500 million were raised. At the end of the first quarter, the Group's liquid assets and market-based securities amounted to NOK 1 778 million (NOK 1 346 million).

At the end of the first quarter of 2012, the Group had total assets of NOK 24 137 million (NOK 21 740 million), and interest-

bearing debt amounted to NOK 13 535 million. The market value of recognised interest swap and currency swap agreements (fair value hedges) related to interest-bearing debt was NOK 1 182 million. Interest-bearing debt, corrected for this, totalled NOK 12 353 million.

#### **Subsidiaries and associated companies**

Statnett SF owns Statnett Transport AS a 100 percent. In the first quarter of 2012, operating revenues for Statnett Transport amounted to NOK 19 million (NOK 23 million) and the loss before tax was NOK 4 million (loss of NOK 1 million).

Statnett SF owns 30 percent of Nord Pool Spot AS. Statnett's share of the result in Nord Pool ASA contributed NOK 3 million (NOK 1 million) to the Statnett Group's profit in the first quarter of 2012.

## **Risk**

#### **Operational risk**

Statnett's activities expose the company to risks. Statnett's risk management strategy mainly focuses on risks which may have a potential impact on the electricity supply, health, safety and the environment (HSE), Statnett's value creation for society and Statnett's financial situation. Risk management is part of the operational management of the company and is reported to the Board of Directors on a six months' basis.

A significant part of Statnett's work relating to development, operations and maintenance, involves operations where there is a risk of serious personal injury. An increase in project volume increases the risk of serious incidents. Furthermore, an HSE risk will exist in connection with fault correction, often combined with arduous terrain and challenging weather conditions. This risk is reduced by implementing documented work processes, safe job analyses, a strong management focus on HSE, as well as the reporting of incidents and near misses in a learning perspective.

The energy sector is regulated and the development trend points towards even more regulation to achieve political objectives. Furthermore, power lines historically represent controversial disruptions to the landscape and Statnett's facility upgrades will affect

many of the country's municipalities in the coming decades. Statnett is dependent on society's acceptance of any disruptions to the landscape as a consequence of the activities. Any changes relating to regulation of the power sector are unlikely to affect Statnett's vision to construct the next generation power grid. However, execution may become more challenging without society's full acceptance of Statnett's activities.

Operating margins in the grid are limited and many of the assets are aging. Consequently, significant investment plans are in place and several major projects are under construction. There are risks associated with the realisation of these projects in accordance with the existing plans. Delays and deferrals lead to extended periods with higher electricity supply risks and reduced value creation. An important cause of delays is that the authorities' licensing process takes longer than expected. Statnett seeks to reduce the risk through good processes, including dialogue with local stakeholders, and high quality of licence applications. With significant investment plans, access and prioritisation of resources internally and a tight external labour market, particularly within electric power expertise, will constitute a risk factor. In order to increase the company's implementation ability, new contract models are introduced where a greater share of the work is performed by external contractors. Statnett will be dependent on the contractors establishing sufficient capacity.

Fault in components during N-0 operation is the risk which most often causes interruptions in the power supply. N-0 operation means that a fault in a single component will cause a power outage for end-users. In recent years, important areas as Stavanger, Bergen and Northern Norway have been supplied by N-0 operation up to 3 000 hours a year. This is expected to continue until the investment plans have been realised. To reduce the risk during N-0 operations, Statnett is implementing preventive maintenance measures and improving the company's emergency preparedness work.

There have been few incidents in the first quarter of 2012 which have impacted end-users. Estimated costs of energy not supplied for connected end users (under the KILE scheme) amounted to NOK 4 million in the first quarter of 2012, compared with NOK 73 million in the same period in 2011.



## Financial risk

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.

Statnett's permitted revenues from grid activities are partly calculated as return on the enterprise's grid capital. The calculation is based on the interest rate on five-year government bonds and a risk supplement. Statnett's revenues are therefore affected by fluctuating interest rates. In order to reduce the enterprise's total interest rate risk, Statnett seeks to achieve as good a match as possible between movements in interest rates on loans and the interest rate used to calculate return on the enterprise's grid capital. Developments in the financial markets in 2011 and expected development in 2012 show low Norwegian government interest rates combined with increased borrowing rates. A continued situation with low government interest rates and high borrowing rates will represent a challenge for Statnett's financial result and cash flow. Statnett, other grid companies and industry bodies have entered into a dialogue with the NVE regarding a possible NVE interest rate adjustment to better match the grid companies' financing costs.

Statnett has access to multiple credit markets and has established a spread maturity structure on the debt portfolio. This reduces the risk of Statnett not being granted refinancing on the company's loans during periods with low capital availability. The enterprise has a credit facility totalling NOK 3.5 billion with a five-year term to be able to fund up to 12 months' operation and investments without incurring any new debt. Statnett has long-term borrowing ratings of A+ and A2 from Standard & Poor's and Moody's Investor Service, respectively.

Statnett assumes credit risk through placing surplus liquidity with securities issuers. Statnett has limits which set credit rating requirements for counterparties and maximum exposure limits for each individual investment of surplus liquidity. Statnett is also exposed to credit risk related to the company's collection of main grid tariffs, and as responsible for balance settlement in the regulating power market. Routines have been established for provision of security relating to trade on the regulating power market.

Statnett's revenues are mainly in Norwegian Kroner (NOK), whereas some of the Group's expenses are in foreign currencies. Currency risk is minimised through several measures, including using currency swap agreements to hedge purchases in the currency obligations in investment projects. All Statnett loans in foreign currency are converted to NOK through currency swap agreements.

## Corporate social responsibility

Corporate social responsibility (CSR) is an integrated part of Statnett's value base, being the core of the management system and contains the tools needed to conduct the 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 2011 for more information about CSR.

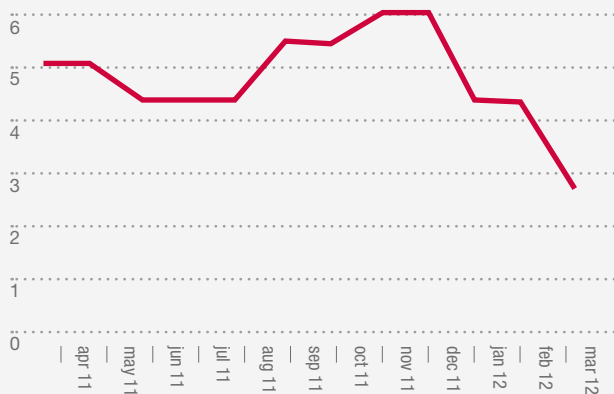
## Health, Safety and Environment (HSE)

After the fatal accident under the work of the Sauda - Liastølen project in 2011, an externally-led investigation was set up to clarify the causal and improvement needs. The accident is still being investigated by the Police and the Norwegian Labour Inspection Authority.

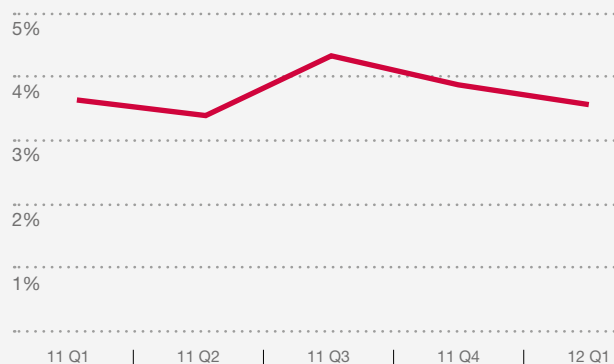
In the first quarter of 2012 there were one internal incident in Statnett which resulted in personal injuries and one incident involving contractor personnel. In addition, two critical incidents occurred; a blasting cap detonation at Kristiansand substation and an incident involving a snow scooter. These incidents did not result in personal injuries.

The Group's overall absence due to illness was 3.6 percent in the first quarter of 2012, which was on a par with the corresponding period in 2011.

**H value rolling 12 months' average**



**Absence due to illness**



## Outlook

To ensure security of supply, Statnett will invest NOK 40-50 million in the years to come. Statnett presented its Grid Development Plan in November 2011. The plan forms the foundation of the next generation main grid, which will be completed by 2030. In the next five-year period Statnett will develop a larger project volume, and the period will be a structuring and experience phase for the organisation, by, among other measures, adopting new contract models to increase Statnett's scalability. This will involve both new power lines and facilities, and upgrades of existing ones. There will be extensive building activities in this period and the aging main grid with narrow margins will be subject to further pressure. It is an essential requirement that development activities take into account the constraints that this entails. At the same time, Statnett will strengthen the company's operational preparedness to increase its ability to handle unforeseen and critical incidents.

To be able to realise 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 coming years. Statnett is concerned 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.

Due to the increase in investment activities in new and existing grid facilities, Statnett's asset base 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, and aims to become PAS 55 compliant in 2012. PAS 55 is a quality standard which represents best practice for optimal asset management in a lifetime perspective. This 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.

As transmission system operator in the Norwegian power market, the NVE has assigned Statnett the task of introducing coordinated tariffs of the regional grid scheme as of 1 January 2014. Combined with assessing and having overall responsibility for the development of a common ICT solution for smart grid systems by 2017, these tasks will require significant effort and changes in the years ahead.

**Oslo, 11 May 2012**

The Board of Directors, Statnett SF

# Statement of comprehensive income

Statnett Group

<i>(Amounts in NOK million)</i>	First quarter		
	2012	2011	Year 2011
<b>OPERATING REVENUE</b>			
Operating revenue regulated operations	1 344	1 608	5 316
Other operating revenue	51	44	181
<b>Total operating revenue</b>	<b>1 395</b>	<b>1 652</b>	<b>5 497</b>
<b>OPERATING COSTS</b>			
System services	138	117	575
Transmission losses	220	354	854
Wage costs	198	161	660
Depreciation and write-downs of tangible fixed assets	192	182	798
Other operating costs	211	217	982
<b>Total operating costs</b>	<b>959</b>	<b>1 031</b>	<b>3 869</b>
<b>Operating profit</b>	<b>436</b>	<b>621</b>	<b>1 628</b>
Revenues from associate	3	1	5
Financial income	24	16	80
Financial costs	99	85	356
<b>Profit before tax</b>	<b>364</b>	<b>553</b>	<b>1 357</b>
Tax	99	159	357
<b>Profit for the period</b>	<b>265</b>	<b>394</b>	<b>1 000</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Changes in fair value for cash flow hedges	5	21	-51
Tax related to other comprehensive income	-1	-6	15
<b>Other comprehensive income</b>	<b>4</b>	<b>15</b>	<b>-36</b>
<b>Total comprehensive income</b>	<b>269</b>	<b>409</b>	<b>964</b>

# Balance sheet

Statnett Group

(Amounts in NOK million)

	31.03.12	31.03.11	31.12.11
<b>ASSETS</b>			
<b>INTANGIBLE FIXED ASSETS</b>			
Goodwill	53	53	53
Other intangible fixed assets	13	13	13
<b>Total intangible fixed assets</b>	<b>66</b>	<b>66</b>	<b>66</b>
<b>NON CURRENT FIXED ASSETS</b>			
Deferred tax assets	-	1	-
Tangible fixed assets	17 345	16 475	17 396
Plant under construction	2 832	2 093	2 437
Investment in associate	57	51	54
Long-term investments	971	884	1 188
<b>Total fixed assets</b>	<b>21 205</b>	<b>19 504</b>	<b>21 075</b>
<b>CURRENT ASSETS</b>			
Trade accounts receivable and other short-term receivables	1 088	824	1 138
Investment in commercial market-based securities	670	521	600
Liquid assets	1 108	825	1 002
<b>Total current assets</b>	<b>2 866</b>	<b>2 170</b>	<b>2 740</b>
<b>Total current assets</b>	<b>24 137</b>	<b>21 740</b>	<b>23 881</b>
<b>EQUITY AND DEBT LIABILITIES</b>			
<b>EQUITY</b>			
Contributed capital	2 700	2 700	2 700
Retained earnings	5 846	5 367	5 577
Non-controlling interest	-	-30	-
<b>Total equity</b>	<b>8 546</b>	<b>8 037</b>	<b>8 277</b>
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred tax	429	396	406
Pension liabilities	253	254	353
Other liabilities	66	151	66
Long-term interest-bearing debt	11 754	9 710	10 974
<b>Total long-term liabilities and debt</b>	<b>12 502</b>	<b>10 511</b>	<b>11 799</b>
<b>CURRENT LIABILITIES</b>			
Short-term interest-bearing debt	1 781	1 268	2 302
Trade account payable and other short-term debt	1 076	1 256	1 232
Tax payable	232	668	271
<b>Total current liabilities</b>	<b>3 089</b>	<b>3 192</b>	<b>3 805</b>
<b>Total equity and debt liabilities</b>	<b>24 137</b>	<b>21 740</b>	<b>23 881</b>

# Statement of changes in equity

Statnett Group

<i>(Amounts in NOK million)</i>	Total equity	Non-controlling interest	Total equity allocated to the owner of Statnett SF	Other equity accrued	Funds	Contributed capital
<b>Equity as at 01.01.2011</b>	7 628	-22	7 650	4 953	-3	2 700
Profit/loss for the year	1 000	-21	1 021	1 021	-	-
Other comprehensive income	-36	-	-36	-	-36	-
Dividends paid	-315	-	-315	-315	-	-
Non-controlling interest	-	43	-43	-43	-	-
<b>Equity as at 31.12.2011</b>	<b>8 277</b>	<b>-</b>	<b>8 277</b>	<b>5 616</b>	<b>-39</b>	<b>2 700</b>
<b>Equity as at 01.01.2011</b>	7 628	-22	7 650	4 953	-3	2 700
Profit/loss for the period	394	-8	402	402	-	-
Other comprehensive income	15	-	15	-	15	-
<b>Equity as at 31.03.2011</b>	<b>8 037</b>	<b>-30</b>	<b>8 067</b>	<b>5 355</b>	<b>12</b>	<b>2 700</b>
<b>Egenkapital 01.01.2012</b>	8 277	-	8 277	5 616	-39	2 700
Profit/loss for the period	265	-	265	265	-	-
Other comprehensive income	4	-	4	-	4	-
<b>Equity as at 31.03.2012</b>	<b>8 546</b>	<b>-</b>	<b>8 546</b>	<b>5 881</b>	<b>-35</b>	<b>2 700</b>

# Cash flow statement

Statnett Group

<i>(Amounts in NOK million)</i>	<b>31.03.12</b>	<b>31.03.11</b>	<b>31.12.11</b>
<b>Cash flow from operating activities</b>			
Profit before tax	364	553	1 357
Loss/gain(-) on sale of fixed assets	1	1	-3
Ordinary depreciation and write-downs	192	182	798
Paid tax for the period	-116	-	-566
Interest recognised in the income statement for the period	96	68	320
Interest received for the period	13	10	43
Interest paid for the period	-96	-55	-332
Changes in trade accounts receivable/payable	-343	140	503
Changes in other accruals	143	-254	-592
Profit/loss from companies using equity method	-3	1	-5
<b>Net cash flow from operating activities</b>	<b>251</b>	<b>646</b>	<b>1 523</b>
<b>Cash flow from investing activities</b>			
Proceeds from sale of tangible fixed assets	4	-	12
Purchase of tangible fixed assets and plants under construction	-585	-517	-2 384
Changes in long-term loan receivables	-	-2	-
Dividend received	-	-	2
<b>Net cash flow from investing activities</b>	<b>-581</b>	<b>-519</b>	<b>-2 370</b>
<b>Cash flow from financing activities</b>			
Proceeds from new interest-bearing borrowings	1 500	-	2 781
Repayment of interest-bearing debt	-999	-500	-1 738
Proceeds from sale of market-based securities	22	69	367
Purchase of market-based securities	-87	-	-375
Dividends paid	-	-	-315
<b>Net cash-flow from financing activities</b>	<b>436</b>	<b>-431</b>	<b>720</b>
<b>Net cash flow for the period</b>	<b>106</b>	<b>-304</b>	<b>-127</b>
Cash and cash equivalents at the start of the period	1 002	1 129	1 129
Cash and cash equivalents at the close of the period	1 108	825	1 002

Included under the item cash and cash equivalents as at March 2012 are reserved tax withholdings to the amount of NOK 49 million in the Group.

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

## Note 1 – Accounting principles

The interim accounts for the first quarter 2012 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 2011.

The accounting principles that have been applied for the interim accounts for the first quarter of 2012 are consistent with the accounting principles that were applied for the consolidated accounts presented on 31 December 2011.

## Note 2 - Amendments to IAS 19 Employee Benefits - Pensions

Amendments to IAS 19 Employee Benefits have been announced. The amendments will be effective for fiscal years starting on 1 January 2013 or later. However, the amendments have still not been approved by the EU. Earlier application is permitted, provided that the EU approves the amendments. The Group expects to implement the amended standard as of 1 January 2013.

Cf. Note 1 Accounting Principles in the 2011 Annual Report for more details.

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