

Interim Report January–June



2013

Substantial impairment charges, reorganisation of operations and new efficiency measures

April–June 2013

- Net sales rose 1.5% to SEK 37,266 million (36,703)
- The underlying operating profit¹ rose 11.6% to SEK 5,325 million (4,772)
- Operating profit amounted to SEK -25,916 million (4,729). As a result of deteriorated market conditions and higher business risks, Vattenfall has recognised impairment losses of SEK 29.7 billion, which have been charged against operating profit. This corresponds to just under 6% of the company's total assets. The impairment losses do not affect the cash flow
- Profit for the period (after tax) amounted to SEK -23,259 million (852). Profit was charged with SEK 24.5 billion, owing to the tax effects associated with the impairment losses
- Electricity generation increased by 1.7% to 41.8 TWh (41.1)
- Reorganisation of operations
- New efficiency measures

January–June 2013

- Net sales rose 1.4% to SEK 86,925 million (85,697)
- The underlying operating profit¹ rose 3.3% to SEK 16,950 million (16,401)
- Operating profit amounted to SEK -15,110 million (23,639)
- Profit for the period (after tax) amounted to SEK -17,064 million (14,680)
- Electricity generation increased by 5.0% to 93.8 TWh (89.3)

¹) Operating profit excluding items affecting comparability (for specification of items affecting comparability, see page 6).

Vattenfall discloses the information provided in this interim report pursuant to the Swedish Securities Market Act.

CEO's comments

"Like other European power producers, Vattenfall is feeling the effects of increasingly adverse market conditions and higher business risks. We are now of the opinion that the market will not recover in the foreseeable future, and to reflect the elevated business risk, we have valuated our future cash flows with a higher risk factor. As a result of this, we are writing down the book value of assets, entailing impairment charges of SEK 29.7 billion against operating profit. Of this amount, SEK 14.5 billion pertains to hard coal and gas power plants in the Netherlands, SEK 4.1 billion to hard coal power plants in Germany, SEK 2.5 billion to combined heat and power plants in the Nordic countries, SEK 6.8 billion to goodwill primarily in the Trading operations and SEK 1.8 billion to other assets. The impairment losses do not affect Vattenfall's cash flow.

We are reorganising our operations to enhance our financial and strategic flexibility, and we are taking additional, strong measures.

- *We are reorganising the Group's operations in two regions: the Nordic countries and Continental Europe/UK. Uncertainty has risen about the development of the common energy market in Europe, especially in Continental Europe. The new structure will enable the regions to focus on their respective core issues and will open up opportunities for risk-sharing in the Continental operations over time.*
- *We are reducing our costs further. The planned savings for 2014 have been raised from SEK 1.5 billion to SEK 2.5 billion, and for 2015 we have set a new savings target of SEK 2 billion. Efficiency improvement of the operations will continue. We have instituted a hiring freeze and strong restrictions on the use of external consultants. Since 2010 Vattenfall has reduced its annual costs by SEK 7.5 billion.*
- *We are also scaling back our five-year investment programme. Investments for the period 2014–2018 will be reduced to SEK 105 billion, compared with the investment programme for 2013–2017 of SEK 123 billion. We will give priority to already approved investment projects, with continued focus on renewable energy.*

Despite the substantial impairment losses, Vattenfall still stands strong, and we are meeting our financial targets for our capital structure."



Øystein Løseth
President and CEO

Key data

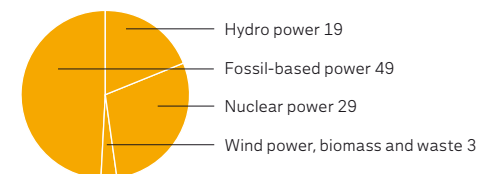
Amounts in SEK million unless indicated otherwise	Q2 2013	Q2 2012 ¹	Change %	Q1-2 2013	Q1-2 2012 ¹	Change %	Full year 2012 ¹	Last 12 months
Net sales	37,266	36,703	1.5	86,925	85,697	1.4	167,313	168,541
Operating profit before depreciation and amortisation (EBITDA)	8,190	9,684	-15.4	23,942	33,464	-28.5	54,271	44,749
Operating profit (EBIT)	-25,916	4,729	—	-15,110	23,639	—	25,958	-12,791
Underlying operating profit	5,325	4,772	11.6	16,950	16,401	3.3	27,530	28,079
Profit for the period	-23,259	852	—	-17,064	14,680	—	17,047	-14,697
Funds from operations (FFO)	5,999	3,947	52.0	18,597	16,664	11.6	34,419	36,352
Net debt	112,369	123,207	-8.8	112,369	123,207	-8.8	111,907	
Adjusted net debt	162,507	156,498	3.8	162,507	156,498	3.8	153,943	
Return on capital employed, %	-4.2 ²	12.0 ²	—	-4.2 ²	12.0 ²	—	8.3	
Net debt/equity, %	88.0	83.4	—	88.0	83.4	—	74.9	
Funds from operations (FFO)/adjusted net debt, %	22.4 ²	23.4 ²	—	22.4 ²	23.4 ²	—	22.4	
Adjusted net debt/operating profit before depreciation and amortisation (EBITDA), times	3.6 ²	2.7 ²	—	3.6 ²	2.7 ²	—	2.8	
Electricity generation, TWh	41.8	41.1	1.7	93.8	89.3	5.0	178.9	183.4
Hydro power	8.2	10.6	-22.6	19.4	22.3	-13.0	42.2	39.3
Nuclear power	12.0	11.6	3.4	26.5	24.1	10.0	48.9	51.3
Fossil-based power	20.5	17.8	15.2	45.4	40.4	12.4	81.7	86.7
Wind power	0.8	0.9	-11.1	1.8	1.8	—	3.6	3.6
Biomass, waste	0.3	0.2	50.0	0.7	0.7	—	2.5	2.5
Sales of electricity, TWh	44.1	46.1	-4.3	100.8	100.2	0.6	202.3	202.9
Sales of heat, TWh	5.8	5.6	3.6	18.7	18.5	1.1	30.3	30.5
Sales of gas, TWh	9.7	8.9	9.0	35.0	30.4	15.1	52.4	57.0
Number of employees, full-time equivalents	32,467	33,104	-1.9	32,467	33,104	-1.9	32,794	

1) Certain values for 2012 have been recalculated compared with previously published information in Vattenfall's 2012 Annual Report. See note 6, page 32.

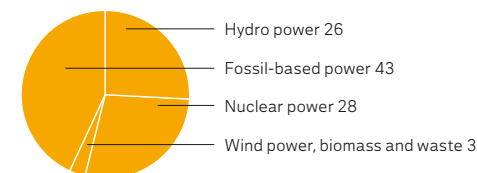
2) Last 12-month values.

See pages 35–36 for definitions and calculations of key ratios.

Electricity generation, Q2 2013, %



Electricity generation, Q2 2012, %



Important events during the second quarter

Impairment losses

As a result of deteriorated market conditions and higher business risks, Vattenfall has recognised impairment losses of SEK 29.7 billion, which have been charged against operating profit. These are mitigated by a positive tax effect of SEK 5.2 billion. Profit for the period was charged with impairment losses of SEK 24.5 billion. The impairment losses do not affect Vattenfall's cash flow.

Of total impairment losses of SEK 29.7 billion charged against operating profit, SEK 14.5 billion pertains to hard coal and gas power plants in the Netherlands, SEK 4.1 billion to hard coal power plants in Germany, SEK 2.5 billion to combined heat and power plants in the Nordic countries, SEK 6.8 billion to goodwill primarily in the Trading operations, and SEK 1.8 billion to other assets.

For more information about impairment, see Note 3 on page 27.

Changes in the Board and Executive Group Management

At Vattenfall's Annual General Meeting on 24 April 2013, Lars G. Nordström was re-elected as Chairman of the Board. Eli Arnstad, Patrik Jönsson, Håkan Erixon, Gunilla Berg, Håkan Buskhe and Jan-Åke Jonsson were re-elected as directors on the Board, while Cecilia Vieweg declined re-election. Jan-Åke Jonsson left the Board on 29 May 2013.

No extra compensation paid to Øystein Løseth in connection with Nuon acquisition

An independent investigation appointed by Vattenfall's board has determined that Vattenfall's CEO Øystein Løseth did not receive any extra compensation in connection with Vattenfall's acquisition of the Dutch energy company Nuon. This was announced by Christer Danielsson, the lawyer appointed to head the independent investigation.

Events after the balance sheet date

Payment for shares in N.V. Nuon Energy

On 1 July 2013 Vattenfall made payment, as planned, of EUR 1,180 million, or SEK 10.3 billion for 15% of the shares in N.V. Nuon Energy. Vattenfall thereafter owns 79% of the shares. Vattenfall paid for 49% of the shares in July 2009, and pursuant to the original agreement, the remaining consideration is to be paid in three tranches. Now 21% remains, which will be paid for on 1 July 2015.

Vattenfall to erect 94 wind power turbines in the UK

Vattenfall has decided to build two new wind farms in the UK. The investment is worth approximately GBP 460 million, or SEK 4.7 billion. The largest of the two wind farms, Pen y Cymoedd, comprising 76 wind turbines with combined capacity of 228 MW, will be built in southern Wales. The wind farm is expected to begin generating power by the end of 2016.

Construction of the 18-turbine Clashindarroch Wind Farm in Aberdeenshire, Scotland, was recently started and is expected to be completed in early 2015. The wind farm will have combined capacity of 36.9 MW.

Sale of Amager power station

Vattenfall announced on 15 July that the company has reached an agreement with the Danish municipal utility HOFOR on the sale of the Amager combined heat and power station in Denmark. The enterprise value amounts to approximately DKK 2 billion.

Other important events are described under the respective operating segments on pages 11–12.

Sales, profit and cash flow

Amounts in SEK million	Q2 2013	Q2 2012	Change, %	Q1-2 2013	Q1-2 2012	Change, %
Net sales	37,266	36,703	1.5	86,925	85,697	1.4

Comment: Consolidated net sales for the second quarter of 2013 increased by SEK 0.6 billion compared with the corresponding period in 2012. For the first half of 2013, net sales rose by SEK 1.2 billion. The increase is mainly attributable to higher average prices achieved and slightly higher volumes.

Amounts in SEK million	Q2 2013	Q2 2012	Change, %	Q1-2 2013	Q1-2 2012	Change, %
Operating profit (EBIT)	-25,916	4,729	—	-15,110	23,639	—
Items affecting comparability	-31,241	-43	—	-32,060	7,238	—
Underlying operating profit	5,325	4,772	11.6	16,950	16,401	3.3

Comment, Q2:

The underlying operating profit improved by SEK 0.5 billion, which is explained by the following:

- Higher average prices achieved (SEK 0.8 billion)
- Higher generation volumes (SEK 0.2 billion)
- Higher fuel costs and higher costs for purchases of CO₂ emission allowances (SEK -1.5 billion)
- Lower operating expenses (SEK 1.6 billion, net)
- Other items, net (SEK -0.6 billion)

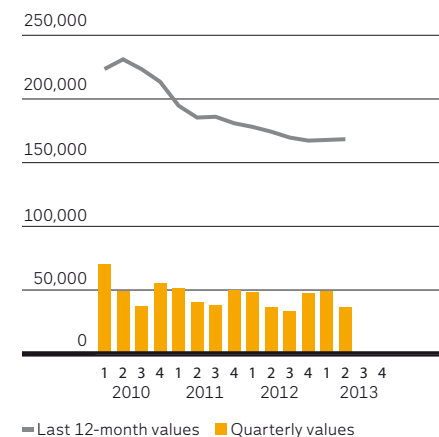
Comment, Q1-2:

The underlying operating profit improved by SEK 0.5 billion, which is explained by the following:

- Higher average prices achieved (SEK 0.6 billion)
- Higher generation volumes (SEK 1.4 billion)
- Higher fuel costs and higher costs for purchases of CO₂ emission allowances (SEK -3.0 billion)
- Lower operating expenses (SEK 1.5 billion, net). The higher operating expenses during the first quarter of 2013 are attributable to higher generation volumes

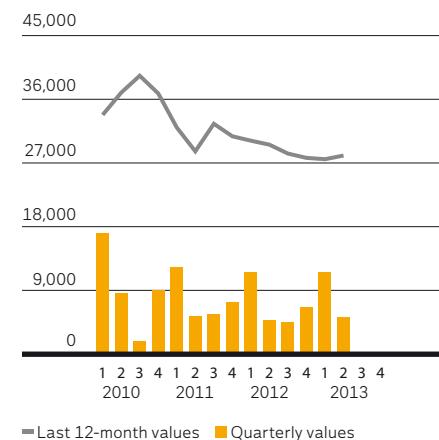
Net sales

SEK million



Underlying operating profit

SEK million



Sales, profit and cash flow, cont.

Amounts in SEK million	Q2 2013	Q2 2012	Change, %	Q1-2 2013	Q1-2 2012	Change, %
Items affecting comparability affecting operating profit (EBIT):						
Capital gains	24	222	-89.2	31	8,311	-99.6
Capital losses	-60	-35	71.4	-67	-48	39.6
Impairment losses	-29,617	-29	—	-29,697	-64	—
Unrealised changes in the fair value of energy derivatives	-934	-61	—	-612	-410	49.3
Unrealised changes in the fair value of inventories	-32	-70	54.3	-632	38	—
Restructuring costs	-220	-76	—	-681	-108	—
Other items affecting comparability	-402	6	—	-402	-481	16.4
Total	-31,241	-43	—	-32,060	7,238	—

Comment: Items affecting comparability in the second quarter of 2013 amounted to SEK -31.2 billion. These consist mainly of impairment of gas and hard coal power plants, and goodwill (SEK -29.6 billion). This is mitigated by a positive tax effect of SEK 5.2 billion. Other items affecting comparability consist of unrealised changes in the fair value of energy derivatives and inventories (SEK -1.0 billion), restructuring costs (SEK -0.2 billion), and higher provisions for handling nuclear fuel in Germany (SEK -0.4 billion).

Items affecting comparability for the first half of 2012 include capital gains during the first quarter of 2012 on the sale of Vattenfall's electricity distribution and heat business in Finland.

Amounts in SEK million	Q2 2013	Q2 2012	Change, %	Q1-2 2013	Q1-2 2012	Change, %
Profit for the period	-23,259	852	—	-17,064	14,680	—

Comment: Profit after tax for the second quarter of 2013 was charged with a total of SEK 24.5 billion in impairment losses.

The high profit after tax for the first half of 2012 is mainly attributable to the capital gain on the sale of Vattenfall's electricity distribution and heating business in Finland.

Amounts in SEK million	Q2 2013	Q2 2012	Change, %	Q1-2 2013	Q1-2 2012	Change, %
Net financial items	-2,584	-3,195	19.1	-4,990	-5,640	-11.5
– of which, interest income	91	387	76.5	175	654	-73.2
– of which, interest expenses	-957	-1,492	35.9	-1,717	-2,754	-37.7
– of which impairment and provisions	-238	-334	28.7	-492	-1,148	—
– of which, other	-1,480	-1,758	15.8	-2,956	-2,392	23.6
Interest received ¹	183	217	15.7	533	320	66.6
Interest paid ¹	-1,037	-1,756	40.9	-2,436	-3,200	-23.9

1) Pertains to cash flows.

Comment: Net financial items for the second quarter of 2013 improved compared with the corresponding quarter in 2012. Interest expenses decreased as a result of a lower level of net debt and lower average interest rates. Impairment and provisions pertain to an impairment loss for Vattenfall's shareholding in the Polish energy company Enea S.A.

Amounts in SEK million	Q2 2013	Q2 2012	Change, %	Q1-2 2013	Q1-2 2012	Change, %
Funds from operations (FFO)	5,999	3,947	52.0	18,597	16,664	11.6
Cash flow from changes in operating assets and operating liabilities (working capital)	5,474	4,441	23.3	-2,369	-4,085	-42.0
Cash flow from operating activities	11,473	8,388	36.8	16,228	12,579	29.0

Comment: Funds from operations (FFO) increased by SEK 2.1 billion compared with the second quarter of 2012. FFO for the first half of 2013 increased by SEK 1.9 billion. The increase is mainly attributable to lower paid tax and lower interest payments.

Cash flow from changes in working capital increased by SEK 5.5 billion during the quarter. This is mainly explained by a decrease in operating receivables, by SEK 8.9 billion in total. Other changes – mainly in margin calls, inventories and operating liabilities – had a negative impact on working capital by a combined amount of SEK 3.4 billion.

For the first half of the year, cash flow from changes in working capital decreased by SEK -2.4 billion. This is mainly explained by a decrease in operating liabilities, by SEK 5.2 billion in total. Other changes – mainly in margin calls, inventories and operating liabilities – had a positive impact on working capital by a combined amount of SEK 2.8 billion.

Financial position

Amounts in SEK million	30 June 2013	31 Dec. 2012	Change, %
Cash and cash equivalents, and short-term investments	35,076	46,495	-24.6
Receivable from Vattenfall's Swedish pension foundation	—	1,807	-100.0
Committed credit facilities (unutilised)	32,305	32,172	0.4

Comment: The decrease in cash and cash equivalents, and short-term investments, is mainly attributable to repayment of external loans and payment of the shareholder dividend.

Committed credit facilities consist of a EUR 2.55 billion Revolving Credit Facility that expires on 20 January 2016 and a 12-month EUR 1.3 billion revolving Multi Option Facility (unutilised amount EUR 1.3 billion), contracted in August 2011.

As per 30 June 2013, available liquid assets and/or committed credit facilities amounted to 36% of net sales. Vattenfall's target is to maintain this level at no less than 10% of the Group's net sales, but at least the equivalent of the next 90 days' maturities.

Amounts in SEK million	30 June 2013	31 Dec. 2012	Change, %
Interest-bearing liabilities	147,749	160,261	-7.8
Net debt	112,369	111,907	0.4
Adjusted net debt (see page 18)	162,507	153,943	5.6
Average interest rate, %¹	3.3	3.4	—
Duration, years¹	2.9	3.3	—
Average time to maturity, years¹	5.4	5.3	—

1) Including Hybrid Capital and loans from owners with non-controlling interests (minority owners) and associated companies.

Comment: Total interest-bearing liabilities have decreased by SEK 12.5 billion since 31 December 2012, mainly through repayment of external loans (SEK 16.6 billion).

Net debt as per 30 June 2013 was level with the amount on 31 December 2012. Compared with the level on 31 March 2013, net debt increased by SEK 5 billion, mainly due to payment of the dividend and currency effects.

Adjusted net debt increased by SEK 8.6 billion compared with at 31 December 2012, mainly due to a higher pension liability and paid margin calls in the treasury operations.

Credit ratings

The current credit ratings for Vattenfall's long-term borrowing are A- (Standard & Poor's) and A2 (Moody's). Vattenfall's rating outlook is "stable" from Standard & Poor's and "negative" from Moody's. On 25 June Moody's announced that it has placed Vattenfall under review for a possible downgrade.

Investments and divestments

Amounts in SEK million	Q2 2013	Q2 2012	Change, %	Q1-2 2013	Q1-2 2012	Change, %
Maintenance investments	3,111	3,845	-19.1	5,121	5,995	-14.6
Growth investments	3,455	2,355	46.7	6,745	5,977	12.8
– of which, shares	4	122	-96.7	11	177	-93.8
Total investments	6,566	6,200	5.9	11,866	11,972	-0.9
Divestments	157	499	-68.5	198	21,516	-99.1
– of which, shares	48	—	—	52	20,945	-99.8

Comment: Investments during the second quarter of 2013 were slightly higher than in the corresponding quarter in 2012. The increase in growth investments pertains mainly to the DanTysk wind farm in Germany. Vattenfall's investment programme for the coming five years (2014–2018) has been reduced to SEK 105 billion compared with the investment programme for 2013–2017 of SEK 123 billion.

Divestments in 2012 pertain to the proceeds received during the first quarter of 2012 from the sales of Vattenfall's electricity distribution and heat business in Finland (SEK 13.2 billion), Vattenfall's heat operation in Poland (SEK 5.8 billion), and Vattenfall's operations in Belgium (SEK 1.9 billion).

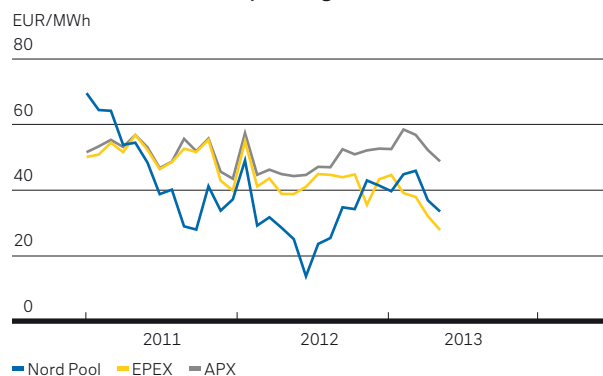
Specification of investments

Amounts in SEK million	Q2 2013	Q2 2012	Change, %	Q1-2 2013	Q1-2 2012	Full year 2012
Electricity generation						
Hydro power	266	234	13.7	428	456	1,245
Nuclear power	807	853	-5.3	1,409	1,340	3,011
Coal power	1,080	1,326	-18.5	1,743	2,216	4,511
Gas	429	1,208	-64.5	1,107	2,599	4,977
Wind power	1,240	120	—	2,138	824	2,716
Biomass, waste	1	—	—	1	9	16
Other	457	-33	—	957	384	1,170
Total electricity generation	4,280	3,708	15.4	7,782	7,828	17,646
CHP/heat						
Fossil-based power	297	336	-11.7	502	554	2,264
Biomass, waste	154	51	—	171	61	334
Other	190	220	-13.6	312	405	1,003
Total CHP/heat	641	607	5.5	985	1,020	3,601
Electricity networks						
Electricity networks	1,029	895	15.0	1,697	1,444	4,658
Total electricity networks	1,029	895	15.0	1,697	1,444	4,658
Purchased of shares	4	122	-96.8	11	177	345
Other, excl. purchases of shares	612	868	-29.4	1,391	1,502	3,331
Total	6,566	6,200	5.9	11,866	11,972	29,581

Comment: The investments in fossil-based electricity generation (coal-fired power and gas) pertain mainly to projects in Germany and the Netherlands that are nearing completion and that were decided on during the years 2006–2007.

Wholesale price trend

Electricity spot prices in the Nordic countries, Germany and the Netherlands, monthly averages

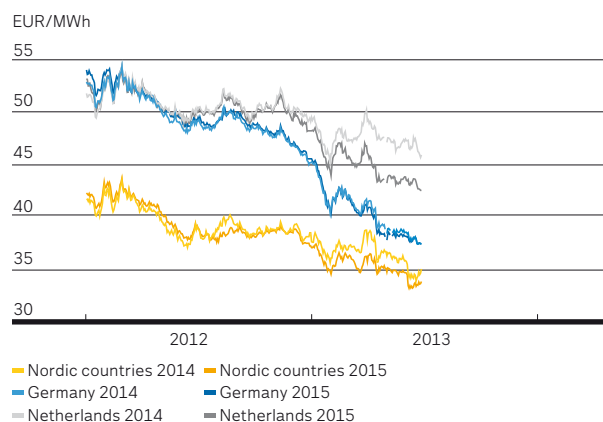


Electricity spot prices in the Nordic market were an average of 36% higher (EUR 10/MWh) compared with the second quarter of 2012, due to lower precipitation and a lower hydrological balance. However, spot prices were an average of 8% lower compared with the first quarter of 2013.

In Germany, average spot prices were 19% lower than in the second quarter of 2012, owing to lower prices for coal and CO₂ emission allowances, higher hydro power generation on the Continent and higher availability of nuclear power in France.

Time period EUR/MWh	Nord Pool Spot (Nordic countries)	EPEX (Germany)	APX (Netherlands)
Q2 2013	38.8	32.6	52.6
Q2 2012	28.4	40.4	45.1
Change (%)	36.6	-19.3	16.6

Electricity futures prices in the Nordic countries, Germany and the Netherlands

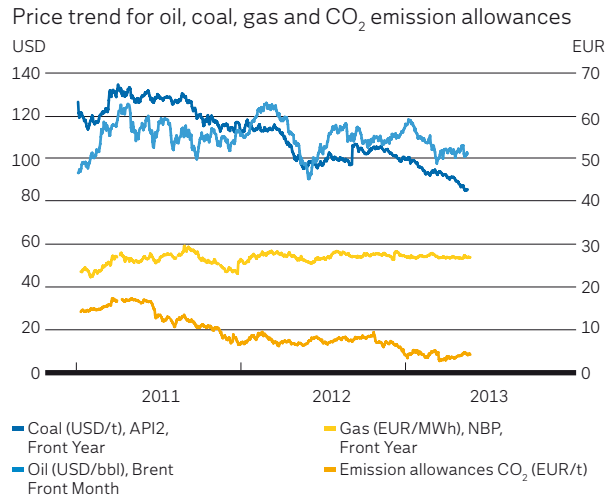


Electricity futures prices fell by between 8% and 28% compared with the second quarter of 2012. This is mainly due to lower commodity prices (especially the price of coal), lower prices for CO₂ emission allowances and a lower hydrological balance. Compared with the first quarter of 2013, futures prices were between 1% and 8% lower.

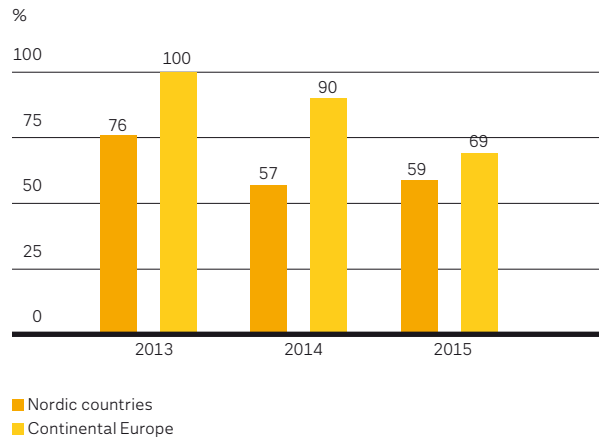
Time period EUR/MWh	Nordic countries		Germany		Netherlands	
	2014	2015	2014	2015	2014	2015
Q2 2013	36.0	34.7	38.9	38.5	47.3	43.8
Q2 2012	41.6	42.2	52.4	53.2	51.9	52.2
Change (%)	-13.4	-17.8	-25.8	-27.6	-8.9	-16.1
Q1 2013	37.2	35.9	42.1	42.1	47.7	46.1
Change (%)	-3.2	-3.3	-7.6	-8.6	-0.8	-5.0

Sources: NASDAQ OMX Commodities, European Energy Exchange (EEX) and APX.

Wholesale price trend, cont.



Vattenfall's hedge ratios (%) as per 30 June 2013



Oil prices (Brent crude) fell 8% compared with the preceding quarter, mainly due to higher supply and lower demand in the Chinese and European markets. Coal prices also continued to fall compared with the preceding quarter due to oversupply in the market and a slowdown in the Chinese economy. The price of gas was relatively stable during the quarter and fell only marginally compared with the preceding quarter. The price of CO₂ emission allowances reached a new record low of EUR 2.46/tonne on 17 April 2013 as a result of the EU Parliament's vote against the back-loading proposal. However, prices recovered slightly during the quarter and traded at an average of EUR 3.9/tonne.

Vattenfall's price hedging

Since Vattenfall continuously hedges its future electricity generation through sales in the forward and futures markets, spot prices have only a limited impact on Vattenfall's earnings in the near term.

The chart shows the share of planned electricity generation that Vattenfall has hedged in the Nordic countries and Continental Europe (Germany and the Netherlands). The figure for 2013 shows the remainder of the year.

Average price hedges as per 30 June 2013

EUR/MWh	2013	2014	2015
Nordic countries	44	41	40
Continental Europe	55	50	47

Compared with 31 March 2013, Vattenfall's price hedge ratios have increased for both markets for the period 2014–2015. Price hedges in EUR are slightly lower.

Vattenfall's operating segments – Generation

Amounts in SEK million	Q2 2013	Q2 2012	Change, %	Q1-2 2013	Q1-2 2012	Change, %	Full year 2012	Last 12 months
Net sales	26,048	25,655	1.5	61,471	61,174	0.5	118,956	119,253
External net sales ¹	14,658	13,139	11.6	32,014	30,276	5.7	61,159	62,897
Underlying operating profit	4,904	3,592	36.5	12,970	12,042	7.7	20,484	21,412
Sales of heat, TWh	1.8	1.7	5.9	6.1	6.8	-10.3	9.9	9.1
Electricity generation ² , TWh	39.6	39.1	1.3	87.8	83.3	5.4	167.9	172.4
– of which, hydro power	8.2	10.6	-22.6	19.4	22.3	-13.0	42.2	39.4
– of which, nuclear power	12.0	11.6	3.4	26.5	24.1	10.0	48.9	51.3
– of which, fossil-based power	18.5	15.9	16.4	39.9	34.9	14.3	72.5	77.5
– of which, wind power	0.8	0.9	-11.1	1.8	1.8	—	3.6	3.6
– of which, biomass, waste	0.1	0.1	—	0.2	0.2	—	0.7	0.7
Sales of electricity, TWh	17.5	17.6	-0.6	40.7	38.1	6.8	79.5	82.1
Number of employees, full-time equivalents	17,232	16,631	3.6	17,232	16,631	3.6	16,928	—

The Generation operating segment is Vattenfall's interface towards the wholesale market and includes BD Sustainable Energy Projects, BD Production, BD Asset Optimisation and Trading, and BD Nuclear Power. Operations during the second quarter of 2013 were conducted in Sweden, Denmark, Finland, Germany, the Netherlands and the UK.

1) Excluding intra-Group transactions.

2) Of electricity generation during the first and second quarters of 2013, Vattenfall disposed over 78.5 TWh (74.4 TWh), while the rest went to the minority part-owners or was deducted as replacement power.

Underlying operating profit Q2

The underlying operating profit improved by SEK 1.3 billion. This is mainly attributable to average higher electricity prices achieved and lower operating expenses. Higher fuel cost and higher costs for purchases of CO₂ emission allowances had a negative impact on earnings.

Underlying operating profit Q1–2

The underlying operating profit improved by SEK 0.9 billion.

Electricity generation Q2

Hydro power generation decreased by 2.4 TWh to 8.2 TWh (10.6), which is explained by exceptionally high hydro power generation in 2012 as a result of high water supply. Water storage levels in Nordic reservoirs amounted to 68% (71%) at the end of the second quarter of 2013, which is slightly lower than normal.

Nuclear power generation increased by 0.4 TWh to 12.0 TWh (11.6). Combined availability of Vattenfall's nuclear power plants was 88% (82%). Forsmark had availability of 90% (92%) and generated 5.8 TWh (5.8). Availability at Ringhals improved to 86% (71%), and generation increased to 6.2 TWh (5.8).

Fossil-based generation increased by 16.4% to 18.5 TWh (15.9). Electricity generation in Germany increased to 13.4 TWh (12.4), owing to higher availability for the lignite-powered plants. Boxberg Unit R, which has been in full operation since autumn 2012, contributed 1.2 TWh (0.6). Electricity generation in the Netherlands increased to 3.6 TWh (2.6). In Denmark, fossil-based power generation increased by 0.6 TWh to 1.4 TWh.

Wind power generation was virtually unchanged at 0.8 TWh (0.9).

Important events Q2

- Vattenfall announced that as a result of the extensive upgrade of the nuclear reactors in Forsmark and Ringhals, the company can now plan for an operating time of up to 60 years for five reactors (Ringhals 3 and 4, and all three reactors in Forsmark), and 50 years for Ringhals 1 and 2. The previously planned operating time for Vattenfall's reactors was at least 50 years.

- On 30 May, Forsmark 3 experienced a disruption in regular electricity measurement for approximately 20 minutes. The event was categorised as a category 1 event in accordance with the Swedish Radiation Safety Authority's (SSM's) guidelines, which means that SSM must give its approval for when the reactor may be started up again. Such clearance was received on 24 June, under the condition that a number of measures are taken. The reactor was off-line for its annual audit at the time of the event.
- In June SSM lifted its special oversight of Ringhals, citing that the change work in the company has had increasing impact in the operations. Ringhals had been under special oversight since July 2009.
- Vattenfall offered to buy real estate nearby the Ringhals nuclear power plant. The offer is part of the several-year analysis process involving possible replacement investments for nuclear power in Ringhals.
- Vattenfall decided, for the time being, not to commission the newly built Magnum gas power plan in the Netherlands for full commercial operation.
- The Zuidlob onshore wind farm, west of Zeewolde in the Netherlands, was commissioned. The wind farm comprises 36 wind turbines, with combined installed capacity of 150 MW.

Vattenfall's operating segments – Distribution and Sales

Amounts in SEK million	Q2 2013	Q2 2012	Change, %	Q1-2 2013	Q1-2 2012	Change, %	Full year 2012	Last 12 months
Net sales	28,051	28,666	-2.1	68,213	68,859	-0.9	130,671	130,025
External net sales ¹	26,841	27,274	-1.6	65,045	64,943	0.2	123,495	123,597
– of which, Distribution	3,598	3,338	7.8	7,748	7,273	6.5	14,216	14,691
– of which, Heat	3,015	3,114	-3.2	8,342	8,089	3.1	14,785	15,038
Underlying operating profit	908	1,222	-25.7	5,407	4,813	12.3	7,855	8,449
– of which, Distribution	1,042	937	11.2	2,844	2,706	5.1	5,428	5,566
– of which, Heat	-150	277	—	1,807	2,142	-15.6	2,727	2,392
Sales of gas, TWh	9.7	8.9	9.0	35.0	30.4	15.1	52.4	57.0
Sales of heat, TWh	4.0	3.9	2.6	12.6	11.7	7.7	20.4	21.3
Electricity generation ² , TWh	2.2	2.0	10.0	6.0	6.0	—	11.0	11.0
– of which, fossil-based power	2.0	1.9	5.3	5.5	5.5	—	9.2	9.2
– of which, biomass, waste	0.2	0.1	100.0	0.5	0.5	—	1.8	1.8
Sales of electricity, TWh	26.6	28.5	-6.7	60.1	62.1	-3.2	122.8	120.8
– of which, private customers	6.0	6.4	-6.3	14.9	15.4	-3.2	29.5	29.0
– of which, resellers	4.9	4.9	—	10.9	11.0	-0.9	22.0	21.9
– of which, business customers	15.7	17.1	-8.2	34.2	35.7	-4.2	71.3	69.8
Transited volume, excl. production transiting	26.3	23.0	14.3	51.3	51.5	-0.4	99.9	99.7
Number of employees, full-time equivalents	10,881	11,517	-5.5	10,881	11,517	-5.5	11,235	—

The Distribution and Sales operating segment and Business Division is responsible for Vattenfall's electricity sales and heat businesses, electricity distribution and other downstream businesses. The Division is responsible for all relationships with Vattenfall's end customers. Operations during the second quarter of 2013 were conducted in Sweden, Denmark, Finland, Norway, Germany, France and the Netherlands.

1) Excluding intra-Group transactions.

2) Of electricity generation during the first and second quarters of 2013, Vattenfall disposed over 6.0 TWh (6.0 TWh), while the rest went to the minority part-owners or was deducted as replacement power.

Underlying operating profit Q2

The underlying operating profit decreased by SEK 0.3 billion, mainly owing to lower heat revenues and higher fuel costs. Lower operating expenses had a positive impact.

Underlying operating profit Q1–2

The underlying operating profit improved by SEK 0.6 billion. This is mainly explained by an improved gross margin as a result of higher gas sales, lower operating expenses and higher earnings from associated companies.

Sales of electricity, gas and heat, and electricity generation Q2

Sales of electricity to private customers decreased by 0.4 TWh to 6.0 TWh. Sales to resellers were unchanged (4.9 TWh). Sales to business customers decreased by 1.4 TWh to 15.7 TWh.

Sales of gas to end customers increased to 9.7 TWh (8.9). The increase is mainly attributable to colder weather.

Sales of heat increased to 4.0 TWh (3.9).

Electricity generation increased by 0.2 TWh to 2.2 TWh. The increase is mainly due to the fact that the Lichterfelde gas-fired combined heat and power plant was put in operation as a result of colder weather.

Important events Q2

- Vattenfall and Facebook signed a five-year electricity supply contract for 100% hydro power from the Lule River in northern Sweden. Through Environmental Product Declarations (EDPs), Vattenfall guarantees the supply of 100% renewable electricity from the Lule River.
- Vattenfall launched a new service in Sweden, Energikontrollen, whereby Vattenfall's energy experts help small and medium-sized businesses monitor their electricity use in real time and provide advice to customers on how they can reduce their energy consumption.
- Vattenfall Eldistribution was the first of Sweden's major electricity network companies to offer its customers hourly metering at no extra charge.

Other

Amounts in SEK million	Q2 2013	Q2 2012	Change, %	Q1-2 2013	Q1-2 2012	Change, %	Full year 2012	Last 12 months
Net sales	1,352	1,425	-5.1	2,598	2,906	-10.6	5,445	5,137
External net sales ¹	76	4	—	155	122	27.0	245	278
Underlying operating profit	-487	-42	—	-1,427	-454	—	-809	-1,782
Number of employees, full-time equivalents	4,354	4,956	-12.1	4,354	4,956	-12.1	4,631	—

“Other” comprises all Staff Functions including Treasury activities and Shared Service Centres.

1) Excluding intra-Group transactions.

Comment: Costs for Staff Functions are partly allocated to the operating segments.

Consolidated income statement

Amounts in SEK million	Q2 2013	Q2 2012 ¹	Q1-2 2013	Q1-2 2012 ¹	Full year 2012 ¹	Last 12 months
Net sales	37,266	36,703	86,925	85,697	167,313	168,541
Cost of products sold ²	-58,229	-27,477	-93,472	-61,233	-131,698	-163,937
Gross profit	-20,963	9,226	-6,547	24,464	35,615	4,604
Selling expenses, administrative expenses and research and development costs ³	-5,478	-4,505	-9,768	-8,792	-18,501	-19,477
Other operating income and expenses, net	183	-114	567	7,857	8,708	1,418
Participations in the results of associated companies	342	122	638	110	136	664
Operating profit (EBIT)⁴	-25,916	4,729	-15,110	23,639	25,958	-12,791
Financial income ^{5,7}	142	173	278	1,010	2,636	1,904
Financial expenses ^{6,7}	-2,726	-3,368	-5,268	-6,650	-10,476	-9,094
Profit before tax	-28,500	1,534	-20,100	17,999	18,118	-19,981
Income tax expense	5,241	-682	3,036	-3,319	-1,071	5,284
Profit for the period	-23,259	852	-17,064	14,680	17,047	-14,697
Profit for the period attributable to:						
Owner of the Parent Company	-23,707	874	-17,466	14,570	16,759	-15,277
Non-controlling interests (minority interests)	448	-22	402	110	288	580
Total	-23,259	852	-17,064	14,680	17,047	-14,697
Earnings per share						
Number of shares in Vattenfall AB, thousands	131,700	131,700	131,700	131,700	131,700	131,700
Earnings per share, basic and diluted (SEK)	-180.01	6.64	-132.62	110.63	127.25	-116.00
Supplementary information						
Operating profit before depreciation and amortisation (EBITDA)	8,190	9,684	23,942	33,464	54,271	44,749
Financial items, net excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	-2,079	-2,313	-3,389	-4,147	-6,190	-5,432
Underlying operating profit (Operating profit (EBIT) excluding items affecting comparability)	5,325	4,772	16,950	16,401	27,530	28,079
1) Certain amounts for 2012 have been recalculated compared with previously published information in Vattenfall's 2012 Annual Report. See Note 6, page 32.						
2) Of which, depreciation, amortisation and impairment losses related to intangible assets (non-current) and property, plant and equipment	-33,805	-4,780	-38,598	-9,524	-27,712	-56,786
3) Of which, depreciation, amortisation and impairment losses related to intangible assets (non-current) and property, plant and equipment	-301	-175	-454	-301	-601	-754
4) Including items affecting comparability attributable to:						
Capital gains/losses, net	-36	187	-36	8,263	8,010	-289
Impairment losses and impairment losses reversed, net, pertaining intangible assets (non-current) and property, plant and equipment	-29,617	-29	-29,697	-64	-8,648	-38,281
Unrealised changes in the fair value of energy derivatives	-934	-61	-612	-410	729	527
Unrealised changes in the fair value of inventories	-32	-70	-632	38	-395	-1,065
Restructuring costs	-220	-76	-681	-108	-824	-1,397
Other items affecting comparability	-402	6	-402	-481	-444	-365
Total of items affecting comparability in Operating profit which also constitute the difference between Operating profit and Underlying operating profit	-31,241	-43	-32,060	7,238	-1,572	-40,870
5) Including return from the Swedish Nuclear Waste Fund	358	-72	-40	228	1,430	1,162
6) Including interest components related to pension costs	-286	-263	-561	-523	-1,021	-1,059
6) Including discounting effects attributable to provisions	-863	-810	-1,561	-1,721	-3,080	-2,920
7) Items affecting comparability recognised as financial income and expenses, net	-215	-344	-469	-1,148	-1,090	-411

Consolidated statement of comprehensive income

Amounts in SEK million	Q2 2013	Q2 2012 ¹	Q1-2 2013	Q1-2 2012 ¹	Full year 2012 ¹	Last 12 months
Profit for the period	-23,259	852	-17,064	14,680	17,047	-14,697
Other comprehensive income:						
<i>Items that will be reclassified to profit or loss when specific conditions are met:</i>						
Cash flow hedges:						
Changes in fair value	5,093	2,146	6,956	6,475	7,025	7,506
Dissolved against the income statement	-2,858	-1,744	-4,587	-3,335	-2,476	-3,728
Transferred to cost of hedged item	-17	76	-28	106	70	-64
Tax attributable to cash flow hedges	-609	-252	-779	-952	-1,381	-1,208
Total cash flow hedges	1,609	226	1,562	2,294	3,238	2,506
Hedging of net investments in foreign operations	-4,452	775	-1,764	1,949	4,035	322
Tax attributable to hedging of net investments in foreign operations	979	-203	388	-497	-1,049	-164
Total hedging of net investments in foreign operations	-3,473	572	-1,376	1,452	2,986	158
Translation differences	7,553	-1,135	2,152	-3,110	-7,242	-1,980
Translation differences and exchange rate effects net, divested companies	—	—	—	79	79	—
Revaluation of available-for-sale financial assets	—	18	—	—	30	30
Transferred to the income statement, available-for-sale financial assets	—	—	-30	—	—	-30
Total	5,689	-319	2,308	715	-909	684
<i>Items that will not be reclassified to profit or loss:</i>						
Remeasurement pertaining to defined benefit obligations	-1,018	-36	-1,030	-73	-3,953	-4,910
Tax attributable to remeasurement pertaining to defined benefit obligations	306	10	374	21	1,248	1,601
Total	-712	-26	-656	-52	-2,705	-3,309
Total other comprehensive income, net after tax	4,977	-345	1,652	663	-3,614	-2,625
Total comprehensive income for the period	-18,282	507	-15,412	15,343	13,433	-17,322
Total comprehensive income for the period attributable to:						
Owner of the Parent Company	-18,921	620	-16,107	15,348	13,349	-18,106
Non-controlling interests (minority interests)	639	-113	695	-5	84	784
Total	-18,282	507	-15,412	15,343	13,433	-17,322

1) Certain amounts for 2012 have been recalculated compared with previously published information in Vattenfall's 2012 Annual Report. See Note 6, page 32.

Operating segments, Vattenfall Group

Amounts in SEK million	External net sales					Internal net sales					Total net sales				
	Q2 2013	Q2 2012	Q1-2 2013	Q1-2 2012	Full year 2012	Q2 2013	Q2 2012	Q1-2 2013	Q1-2 2012	Full year 2012	Q2 2013	Q2 2012	Q1-2 2013	Q1-2 2012	Full year 2012
Generation	14,658	13,139	32,014	30,276	61,159	11,390	12,516	29,457	30,898	57,797	26,048	25,655	61,471	61,174	118,956
Distribution and Sales	26,841	27,274	65,045	64,943	123,495	1,210	1,392	3,168	3,916	7,176	28,051	28,666	68,213	68,859	130,671
Other ¹	76	4	155	122	245	1,276	1,421	2,443	2,784	5,200	1,352	1,425	2,598	2,906	5,445
Eliminations ²	-4,309	-3,714	-10,289	-9,644	-17,586	-13,876	-15,329	-35,068	-37,598	-70,173	-18,185	-19,043	-45,357	-47,242	-87,759
Total	37,266	36,703	86,925	85,697	167,313	—	—	—	—	—	37,266	36,703	86,925	85,697	167,313

Amounts in SEK million	Profit					Underlying operating profit				
	Q2 2013	Q2 2012 ³	Q1-2 2013	Q1-2 2012 ³	Full year 2012 ³	Q2 2013	Q2 2012 ³	Q1-2 2013	Q1-2 2012 ³	Full year 2012 ³
Generation	-24,758	3,439	-17,126	11,175	11,011	4,904	3,592	12,970	12,042	20,484
Distribution and Sales	-569	1,330	3,894	4,920	7,926	908	1,222	5,407	4,813	7,855
Other ¹	-589	-40	-1,878	7,544	7,021	-487	-42	-1,427	-454	-809
Operating profit (EBIT)	-25,916	4,729	-15,110	23,639	25,958	5,325	4,772	16,950	16,401	27,530
Financial income and expenses	-2,584	-3,195	-4,990	-5,640	-7,840					
Profit before tax	-28,500	1,534	-20,100	17,999	18,118					

1) Mainly includes all Staff Functions including Treasury activities and Shared Service Centres.

2) For external net sales, the elimination pertains to sales to the Nordic electricity exchange.

3) Certain amounts for 2012 have been recalculated compared with previously published information in Vattenfall's 2012 Annual Report. See Note 6, page 32.

Vattenfall Group, information about geographical areas¹

Amounts in SEK million	External net sales					Internal net sales					Total net sales				
	Q2 2013	Q2 2012	Q1-2 2013	Q1-2 2012	Full year 2012	Q2 2013	Q2 2012	Q1-2 2013	Q1-2 2012	Full year 2012	Q2 2013	Q2 2012	Q1-2 2013	Q1-2 2012	Full year 2012
Sweden	10,948	10,713	24,710	24,223	49,483	724	1,016	1,853	3,750	6,940	11,672	11,729	26,563	27,973	56,423
Germany	18,364	17,399	40,474	39,172	77,205	10,388	6,417	21,705	12,761	38,061	28,752	23,816	62,179	51,933	115,266
Netherlands	6,254	6,983	17,989	18,559	33,537	9,248	5,191	20,170	12,271	35,323	15,502	12,174	38,159	30,830	68,860
Other countries	2,540	2,336	5,702	5,651	10,678	798	400	1,681	1,029	2,171	3,338	2,736	7,383	6,680	12,849
Eliminations	-840	-728	-1,950	-1,908	-3,590	-21,158	-13,024	-45,409	-29,811	-82,495	-21,998	-13,752	-47,359	-31,719	-86,085
Total	37,266	36,703	86,925	85,697	167,313	—	—	—	—	—	37,266	36,703	86,925	85,697	167,313

Amounts in SEK million	Operating profit (EBIT)					Underlying operating profit				
	Q2 2013	Q2 2012 ²	Q1-2 2013	Q1-2 2012 ²	Full year 2012 ²	Q2 2013	Q2 2012 ²	Q1-2 2013	Q1-2 2012 ²	Full year 2012 ²
Sweden	2,711	2,043	8,087	16,160	23,461	2,325	2,511	7,951	9,238	15,779
Germany	-2,781	3,164	2,006	6,905	11,569	3,675	2,637	8,443	6,462	10,970
Netherlands	-23,023	-714	-22,803	-178	-9,999	-756	-466	62	125	-2
Other countries	-2,823	236	-2,400	752	927	81	90	494	576	783
Total	-25,916	4,729	-15,110	23,639	25,958	5,325	4,772	16,950	16,401	27,530

1) Pertains to consolidated financial information allocated to geographical areas.

2) Certain amounts for 2012 have been recalculated compared with previously published information in Vattenfall's 2012 Annual Report. See Note 6, page 32.

Consolidated balance sheet

Amounts in SEK million	30 June 2013	30 June 2012 ¹	31 Dec. 2012 ¹	1 Jan. 2012 ¹
Assets				
Non-current assets				
Intangible assets: non-current	31,983	44,675	39,045	46,229
Property, plant and equipment	259,021	278,869	279,284	279,445
Investment property	479	514	489	539
Biological assets	12	10	11	8
Participations in associated companies and joint ventures	12,304	12,221	11,620	12,344
Other shares and participations	2,475	2,945	2,980	3,235
Share in the Swedish Nuclear Waste Fund	30,064	28,691	29,954	28,430
Derivative assets	20,662	22,298	23,756	20,691
Current tax assets, non-current	845	992	807	990
Prepaid expenses	225	179	168	188
Deferred tax assets	4,630	1,604	1,018	1,303
Other non-current receivables	3,924	5,653	5,249	5,732
Total non-current assets	366,624	398,651	394,381	399,134
Current assets				
Inventories	18,495	18,912	19,463	18,564
Biological assets	4	2	3	1
Intangible assets: current	3,948	1,325	6,083	5,627
Trade receivables and other receivables	32,426	29,342	34,409	41,880
Advance payments paid	3,783	4,102	5,396	6,368
Derivative assets	14,878	10,228	12,498	9,408
Prepaid expenses and accrued income	6,869	6,307	7,806	6,450
Current tax assets	1,454	2,450	1,830	1,853
Short-term investments	11,973	25,767	28,450	17,417
Cash and cash equivalents	23,103	16,547	18,045	11,268
Assets held for sale	4,828	—	—	6,588
Total current assets	121,761	114,982	133,983	125,424
Total assets	488,385	513,633	528,364	524,558

Amounts in SEK million	30 June 2013	30 June 2012 ¹	31 Dec. 2012 ¹	1 Jan. 2012 ¹
Equity and liabilities				
Equity				
Attributable to owner of the Parent Company	117,858	140,394	140,764	128,964
Attributable to non-controlling interests (minority interests)	9,833	7,358	8,608	6,827
Total equity	127,691	147,752	149,372	135,791
Non-current liabilities				
Hybrid Capital	8,746	8,725	8,543	8,883
Other interest-bearing liabilities	98,896	135,073	112,524	149,602
Pension provisions	33,329	22,676	30,584	22,904
Other interest-bearing provisions	67,784	64,536	67,640	65,632
Derivative liabilities	12,044	13,625	15,193	12,590
Deferred tax liabilities	28,642	34,842	32,537	34,510
Other noninterest-bearing liabilities	5,837	8,038	7,534	8,238
Total non-current liabilities	255,278	287,515	274,555	302,359
Current liabilities				
Trade payables and other liabilities	28,098	26,842	35,219	35,108
Advance payments received	4,616	706	2,138	1,142
Derivative liabilities	6,420	7,922	5,612	9,864
Accrued expenses and deferred income	14,260	11,281	15,812	18,489
Current tax liabilities	3,143	2,340	854	844
Interest-bearing liabilities	40,105	21,941	39,194	11,865
Interest-bearing provisions	5,846	7,334	5,608	7,237
Liabilities associated with assets held for sale	2,928	—	—	1,859
Total current liabilities	105,416	78,366	104,437	86,408
Total equity and liabilities	488,385	513,633	528,364	524,558
Collateral	8,951	136	6,672	
Contingent liabilities	1,918	3,215	1,905	

1) Certain amounts for 2012 have been recalculated compared with previously published information in Vattenfall's 2012 Annual Report. See Note 6, page 32.

Consolidated balance sheet, cont.

Amounts in SEK million	30 June 2013	30 June 2012	31 Dec. 2012
Supplementary information			
Capital employed	292,268	315,448	311,780
Capital employed, average	303,390	319,421	314,604
Net debt			
Hybrid Capital	-8,746	-8,725	-8,543
Bond issues, commercial paper and liabilities to credit institutions	-83,346	-99,187	-94,254
Present value of liabilities pertaining to acquisitions of Group companies	-27,931	-27,408	-27,080
Liabilities to associated companies	-9,882	-9,644	-9,308
Liabilities to owners of non-controlling interests (minority owners)	-12,304	-11,208	-11,876
Other liabilities	-5,538	-9,567	-9,200
Total interest-bearing liabilities	-147,747	-165,739	-160,261
Cash and cash equivalents	23,103	16,547	18,045
Short-term investments	11,973	25,767	28,450
Receivable from Vattenfall's pension foundation	—	—	1,807
Loans to owners of non-controlling interests (minority owners) in foreign Group companies	302	218	52
Net debt	-112,369	-123,207	-111,907

Amounts in SEK million	30 June 2013	30 June 2012	31 Dec. 2012
Adjusted gross debt and net debt			
Total interest-bearing liabilities	-147,747	-165,739	-160,261
50% of Hybrid Capital	4,373	4,363	4,272
Present value of pension obligations	-33,329	-22,950	-30,192
Provisions for mining, gas and wind operations and other environment-related provisions	-11,505	-12,261	-12,229
Provisions for nuclear power (net)	-18,702	-18,362	-18,463
Currency derivatives for hedging of debt in foreign currency	1,380	3,708	3,027
Margin calls received	3,459	7,982	7,170
Liabilities to owners of non-controlling interests (minority owners) due to consortium agreements	10,858	10,370	10,495
Adjusted gross debt	-191,213	-192,889	-196,181
Reported cash and cash equivalents and short-term investments	35,076	42,314	46,495
Receivable from Vattenfall's pension foundation	—	—	1,807
Unavailable liquidity	-6,370	-5,923	-6,064
Adjusted cash and cash equivalents and short-term investments	28,706	36,391	42,238
Adjusted net debt	-162,507	-156,498	-153,943

Consolidated statement of cash flows

Amounts in SEK million	Q2 2013	Q2 2012	Q1-2 2013	Q1-2 2012	Full year 2012	Last 12 months
Operating activities						
Profit before tax	-28,500	1,535 ¹	-20,100	18,000 ¹	18,118 ¹	-19,982
Reversal of depreciation, amortisation and impairment losses	34,345	5,265	39,545	10,135	28,624	58,034
Tax paid	-896	-1,095	-1,915	-3,280	-3,545	-2,180
Capital gains/losses, net	13	-187	13	-8,273	-8,031	255
Other, incl. non-cash items	1,037	-1,571 ¹	1,054	82 ¹	-747 ¹	225
Funds from operations (FFO)	5,999	3,947	18,597	16,664	34,419	36,352
Changes in inventories	-597	-417	791	-376	-1,657	-490
Changes in operating receivables	8,868	8,288	856	2,747	-6,348	-8,239
Changes in operating liabilities	-1,871	-2,243	-5,163	-7,954	2,505	5,296
Other changes	-926	-1,187	1,147	1,498	-434	-785
Cash flow from changes in operating assets and operating liabilities	5,474	4,441	-2,369	-4,085	-5,934	-4,218
Cash flow from operating activities	11,473	8,388	16,228	12,579	28,485	32,134
Investing activities						
Investments in associated companies and other shares and participations	-4	-122	-11	-177	-345	-179
Other investments in non-current assets	-6,562	-6,078	-11,855	-11,795	-29,236	-29,296
Total investments	-6,566	-6,200	-11,866	-11,972	-29,581	-29,475
Divestments	157	499	198	21,516	22,836	1,518
Cash and cash equivalents in divested companies	-12	1	-16	-149	-145	-12
Cash flow from investing activities	-6,421	-5,700	-11,684	9,395	-6,890	-27,969
Cash flow before financing activities	5,052	2,688	4,544	21,974	21,595	4,165
Financing activities						
Changes in short-term investments	10,979	2,300	17,115	-8,689	-11,830	13,974
Changes in loans to owners of non-controlling interests (minority owners) in foreign Group companies	-260	19	-244	352	510	-86
Loans raised ²	2,168	-176	3,739	640	1,427	4,526
Amortisation of debt pertaining to acquisitions of Group companies	—	-2,738	—	-2,738	-2,738	1,807
Amortisation of other debt	-6,919	646	-16,734	-2,702	-5,265	-19,297
Divestment of shares in Group companies to owners of non-controlling interests (minority owners)	—	1,196	—	1,196	4,113	2,917
Payment from Vattenfall's pension foundation	937	—	990	—	2,800	3,790
Settlement of receivable from Vattenfall's pension foundation	233	—	1,807	—	—	—
Dividends paid to owners	-6,837	-4,489	-6,837	-4,500	-4,500	-6,837
Contribution from owners of non-controlling interests (minority interests)	332	57	573	122	737	1,188
Cash flow from financing activities	633	-3,185	409	-16,319	-14,746	1,982
Cash flow for the period	5,685	-497	4,953	5,655	6,849	6,147

1) The amount for 2012 has been recalculated compared with previously published information. See Note 6, page 32.

2) Short-term borrowings in which the duration is three months or shorter are reported net.

Consolidated statement of cash flows, cont.

Amounts in SEK million	Q2 2013	Q2 2012	Q1-2 2013	Q1-2 2012	Full year 2012	Last 12 months
Cash and cash equivalents						
Cash and cash equivalents at start of period	17,156	17,456	18,045	11,268	11,268	16,547
Cash and cash equivalents included in assets held for sale	1	—	1	—	—	1
Cash flow for the period	5,685	-497	4,953	5,655	6,849	6,147
Translation differences	261	-412	104	-376	-72	408
Cash and cash equivalents at end of period	23,103	16,547	23,103	16,547	18,045	23,103
Supplementary information						
Cash flow before financing activities	5,052	2,688	4,544	21,974	21,595	4,165
Financing activities						
Dividends paid to owners	-6,837	-4,489	-6,837	-4,500	-4,500	-6,837
Payment from Vattenfall's pension foundation	937	—	990	—	2,800	3,790
Divestment of shares in Group companies to owners of non-controlling interests (minority owners)	—	1,196	—	1,196	4,113	2,917
Contribution from owners of non-controlling interests (minority interests)	332	57	573	122	737	1,188
Cash flow after dividend	-516	-548	-730	18,792	24,745	5,223
Analysis of change in net debt						
Net debt at start of period	-107,379	-120,597	-111,907	-141,089	-141,089	-123,207
Cash flow after dividend	-516	-548	-730	18,792	24,745	5,223
Changes as a result of valuation at fair value	894	-910	1,197	-439	316	1,952
Changes in interest-bearing liabilities for leasing	9	13	22	-728	-621	129
Interest-bearing liabilities/short-term investments acquired/divested	—	—	—	344	344	—
Changes in liabilities pertaining to acquisitions of Group companies, discounting effects	-206	-92	-273	-202	-520	-591
Cash and cash equivalents included in assets held for sale	1	—	1	—	—	1
Withdrawal from/receivable from Vattenfall's pension foundation	-904	—	—	—	1,807	1,807
Interest-bearing liability for future dividend	—	-324	—	-324	-984	-660
Interest-bearing liabilities associated with assets held for sale	—	—	—	-344	-344	—
Translation differences on net debt	-4,268	-749	-679	783	4,439	2,977
Net debt at end of period	-112,369	-123,207	-112,369	-123,207	-111,907	-112,369
Free cash flow	8,362	4,543	11,107	6,584	12,619	17,142

Consolidated statement of changes in equity

Amounts in SEK million	30 June 2013			30 June 2012 ¹			31 Dec. 2012 ¹		
	Attributable to owner of the Parent Company	Attributable to non-controlling interests (minority interests)	Total equity	Attributable to owner of the Parent Company	Attributable to non-controlling interests (minority interests)	Total equity	Attributable to owner of the Parent Company	Attributable to non-controlling interests (minority interests)	Total equity
Balance brought forward	140,764	8,608	149,372	131,988	6,943	138,931	131,988	6,943	138,931
Transitional effect of adoption of new accounting rules (IAS 19)	—	—	—	-3,024	-116	-3,140	-3,024	-116	-3,140
Dividends paid to owners	-6,774	-63	-6,837	-4,433	-67	-4,500	-4,433	-67	-4,500
Group contributions from(+)/to(-) owners of non-controlling interests (minority interests), net after tax	—	—	—	—	—	—	—	532	532
Changes in ownership in Group companies on divestment of shares to owners of non-controlling interests (minority owners)	—	—	—	463	483	946	2,642	572	3,214
Other changes in ownership	-3	570	567	—	120	120	—	726	726
Cash flow hedges:									
Changes in fair value	6,951	5	6,956	6,456	19	6,475	7,031	-6	7,025
Dissolved against income statement	-4,587	—	-4,587	-3,337	2	-3,335	-2,478	2	-2,476
Transferred to cost of hedged item	-28	—	-28	96	10	106	58	12	70
Tax attributable to cash flow hedges	-778	-1	-779	-944	-8	-952	-1,378	-3	-1,381
Total cash flow hedges	1,558	4	1,562	2,271	23	2,294	3,233	5	3,238
Hedging of net investments in foreign operations	-1,764	—	-1,764	1,949	—	1,949	4,035	—	4,035
Tax attributable to hedging of net investments in foreign operations	388	—	388	-497	—	-497	-1,049	—	-1,049
Total hedging of net investments in foreign operations	-1,376	—	-1,376	1,452	—	1,452	2,986	—	2,986
Translation differences	1,841	311	2,152	-2,920	-138	-3,058	-6,857	-209	-7,066
Translation differences and exchange rate effects net, divested companies	—	—	—	79	—	79	79	—	79
Remeasurement of available-for-sale financial assets	—	—	—	—	—	—	30	—	30
Transferred to the income statement, available-for-sale financial assets	-30	—	-30	—	—	—	—	—	—
Total	1,993	315	2,308	882	-115	767	-529	-204	-733
Remeasurement pertaining to defined benefit obligations	-1,030	1	-1,029	-73	—	-73	-3,887	-66	-3,953
Tax attributable to remeasurement pertaining to defined benefit obligations	374	—	374	21	—	21	1,248	—	1,248
Total	-656	1	-655	-52	—	-52	-2,639	-66	-2,705
Total other comprehensive income for the period	1,337	316	1,653	830	-115	715	-3,168	-270	-3,438
Profit for the period	-17,466	402	-17,064	14,570	110	14,680	16,759	288	17,047
Total comprehensive income for the period	-16,129	718	-15,411	15,400	-5	15,395	13,591	18	13,609
Balance carried forward	117,858²	9,833²	127,691²	140,394²	7,358²	147,752²	140,764²	8,608²	149,372²
1) Certain amounts for 2012 have been recalculated compared with previously published information in Vattenfall's 2012 Annual Report. See Note 6, page 32.									
2) Of which, Reserve for cash flow hedges	5,036	-44	4,992	2,516	-52	2,464	3,478	-48	3,430

Key ratios, Vattenfall Group (definitions and calculations of key ratios on pages 35–36)

In % unless otherwise stated. (x) means times	Q2 2013	Q2 2012 ¹	Q1-2 2013	Q1-2 2012 ¹	Full year 2012 ¹	Last 12 months
Operating margin	-69.5	12.9	-17.4	27.6	15.5	-7.6
Operating margin ²	14.3	13.0	19.5	19.1	16.5	16.7
Pre-tax profit margin	-76.5	4.2	-23.1	21.0	10.8	-11.9
Pre-tax profit margin ²	7.9	5.2	14.3	13.9	12.4	12.6
Return on equity	-11.7 ³	15.8 ³	-11.7 ³	15.8 ³	12.3	-11.7
Return on capital employed	-4.2 ³	12.0 ³	-4.2 ³	12.0 ³	8.3	-4.2
Return on capital employed ²	9.3 ³	9.2 ³	9.3 ³	9.2 ³	8.8	9.3
EBIT interest cover, (x)	-2.0 ³	3.6 ³	-2.0 ³	3.6 ³	3.7	-2.0
EBIT interest cover, (x) ²	4.7 ³	2.8 ³	4.7 ³	2.8 ³	3.9	4.7
FFO interest cover, (x)	6.9 ³	4.3 ³	6.9 ³	4.3 ³	5.7	6.9
FFO interest cover, net, (x)	7.7 ³	4.9 ³	7.7 ³	4.9 ³	6.6	7.7
Cash flow interest cover after maintenance investments, (x)	4.4 ³	2.1 ³	4.4 ³	2.1 ³	3.0	4.4
FFO/gross debt	24.6 ³	22.1 ³	24.6 ³	22.1 ³	21.5	24.6
FFO/net debt	32.4 ³	29.7 ³	32.4 ³	29.7 ³	30.8	32.4
FFO/adjusted net debt	22.4 ³	23.4 ³	22.4 ³	23.4 ³	22.4	22.4
EBITDA/net financial items, (x)	3.9	4.2	7.1	8.1	8.8	8.2
EBITDA/net financial items, (x) ²	19.0	4.2	16.5	6.3	9.0	15.8
Equity/total assets	26.1	28.8	26.1	28.8	28.3	26.1
Gross debt/equity	115.7	112.2	115.7	112.2	107.3	115.7
Net debt/equity	88.0	83.4	88.0	83.4	74.9	88.0
Gross debt/gross debt plus equity	53.6	52.9	53.6	52.9	51.8	53.6
Net debt/net debt plus equity	46.8	45.5	46.8	45.5	42.8	46.8
Net debt/EBITDA, (x)	2.5 ³	2.1 ³	2.5 ³	2.1 ³	2.1	2.5
Adjusted net debt/EBITDA, (x)	3.6 ³	2.7 ³	3.6 ³	2.7 ³	2.8	3.6

1) Certain amounts for 2012 have been recalculated compared with previously published information in Vattenfall's 2012 Annual Report. See Note 6, page 32.

2) Based on Underlying operating profit.

3) Last 12-month values.

Quarterly information, Vattenfall Group

Amounts in SEK million	Q2 2013	Q1 2013	Q4 2012 ¹	Q3 2012 ¹	Q2 2012 ¹	Q1 2012 ¹
Income statement						
Net sales	37,266	49,659	47,937	33,679	36,703	48,994
Cost of products sold	-58,229	-35,243	-37,519	-32,946	-27,477	-33,756
Other operating income and expenses, net	-5,295	-3,906	-5,303	-3,555	-4,619	3,684
Participations in the results of associated companies	342	296	-18	44	122	-12
Operating profit before depreciation and amortisation (EBITDA)	8,190	15,752	10,286	10,521	9,684	23,780
Operating profit (EBIT)	-25,916	10,806	5,097	-2,778	4,729	18,910
Underlying operating profit	5,325	11,625	6,655	4,474	4,772	11,629
Financial items, net	-2,584	-2,406	-1,373	-827	-3,195	-2,445
Profit before tax	-28,500	8,400	3,724	-3,605	1,534	16,465
Profit for the period	-23,259	6,195	6,342	-3,975	852	13,828
– of which, attributable to owner of the Parent Company	-23,707	6,241	6,405	-4,216	874	13,696
– of which, attributable to non-controlling interests (minority interests)	448	-46	-63	241	-22	132
Balance sheet						
Non-current assets	366,624	387,459	394,381	386,637	398,651	396,640
Short-term investments	11,973	21,820	28,450	32,103	25,767	28,254
Cash and cash equivalents	23,103	17,156	18,045	14,863	16,547	17,456
Other current assets	86,685	87,751	87,488	65,933	72,668	84,153
Total assets	488,385	514,186	528,364	499,536	513,633	526,503
Equity	127,691	152,527	149,372	139,840	147,752	150,711
– of which, attributable to owner of the Parent Company	117,858	143,625	140,764	132,039	140,394	143,719
– of which, attributable to non-controlling interests (minority interests)	9,833	8,902	8,608	7,801	7,358	6,992
Hybrid Capital	8,746	8,321	8,543	8,408	8,725	8,793
Other interest-bearing liabilities	139,001	139,238	151,718	152,889	157,014	157,752
Pension provisions	33,329	31,027	30,584	22,099	22,676	22,764
Other interest-bearing provisions	73,630	72,522	73,248	70,401	71,870	73,368
Deferred tax liabilities	28,642	32,622	32,537	34,047	34,842	34,825
Other noninterest-bearing liabilities	77,346	77,929	82,362	71,852	70,754	78,290
Total equity and liabilities	488,385	514,186	528,364	499,536	513,633	526,503
Capital employed	292,268	310,913	311,780	294,939	315,448	317,430
Net debt	-112,369	-107,379	-111,907	-114,143	-123,207	-120,597

1) Certain amounts for 2012 have been recalculated compared with previously published information in Vattenfall's 2012 Annual Report. See Note 6, page 32.

Quarterly information, Vattenfall Group, cont.

Amounts in SEK million	Q2 2013	Q1 2013	Q4 2012 ¹	Q3 2012 ¹	Q2 2012 ¹	Q1 2012 ¹
Cash flow						
Funds from operations (FFO)	5,999	12,598 ⁴	11,583	6,172	3,947	12,717
Cash flow from changes in operating assets and operating liabilities	5,474	-7,843 ⁴	-6,320	4,471	4,441	-8,526
Cash flow from operating activities	11,473	4,755	5,263	10,643	8,388	4,191
Cash flow from investing activities	-6,421	-5,263	-9,913	-6,372	-5,700	15,095
Cash flow before financing activities	5,052	-508	-4,650	4,271	2,688	19,286
Changes in short-term investments	10,979	6,136	4,055	-7,196	2,300	-10,989
Loans raised/Amortisation of debt, net, etc.	-3,509	-6,360	3,681	1,033	-996	-2,134
Dividends paid to owners	-6,837	—	1	-1	-4,489	-11
Cash flow from financing activities	633	-224	7,737	-6,164	-3,185	-13,134
Cash flow for the period	5,685	-732	3,087	-1,893	-497	6,152
Free cash flow	8,362	2,745	-1,893	7,928	4,543	2,041
Key ratios (definitions and calculations of key ratios on pages 35-36)						
In % unless otherwise stated. (x) means times						
Return on equity ²	-11.7	6.8	12.3	11.8	15.8	13.4
Return on capital employed ²	-4.2	5.7	8.3	10.2	12.0	9.5
Return on capital employed ^{2,3}	9.3	8.8	8.8	9.3	9.2	9.4
EBIT interest cover, (x) ²	-2.0	2.8	3.7	3.7	3.6	3.2
EBIT interest cover, (x) ^{2,3}	4.7	4.2	3.9	3.4	2.8	3.1
FFO/gross debt ²	24.6	23.2 ⁴	21.5	20.4	22.1	23.3
FFO/net debt ²	32.4	31.9 ⁴	30.8	28.9	29.7	32.2
FFO/adjusted net debt ²	22.4	22.6 ⁴	22.4	22.8	23.4	25.0
Equity/assets ratio	26.1	29.7	28.3	28.0	28.8	28.6
Gross debt/equity	115.7	96.7	107.3	115.3	112.2	110.5
Net debt/equity	88.0	70.4	74.9	81.6	83.4	80.0
Net debt/net debt plus equity	46.8	41.3	42.8	44.9	45.5	44.5
Net debt/EBITDA, (x) ²	2.5	2.3	2.1	1.9	2.1	2.0
Adjusted net debt/EBITDA, (x) ²	3.6	3.3	2.8	2.4	2.7	2.5

1) Certain amounts for 2012 have been recalculated compared with previously published information in Vattenfall's 2012 Annual Report. See Note 6, page 32.

2) Last 12-month values.

3) Based on Underlying operating profit.

4) The amount for Q1 2013 has been recalculated compared with previously published information.

Note 1 Accounting policies, risks and uncertainties

Accounting policies

The consolidated accounts for the first half of 2013 have been prepared, as for the 2012 year-end accounts, in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Commission for application within the EU, and the Swedish Annual Accounts Act.

This interim report for the Group has been prepared in accordance with IAS 34 – *Interim Financial Reporting*, and the Swedish Annual Accounts Act.

The accounting policies and calculation methods applied in this interim report are the same as those described in Vattenfall's 2012 Annual Report (Note 3 to the consolidated accounts), except for the amended IFRSs endorsed by the EU and described below, which are effective as of the 2013 financial year.

Amendments in IFRS 7 – *Financial Instruments: Disclosures*. The amendment entails that further disclosures are to be provided about financial instruments that are recognised net in accordance with the rules of IAS 32 as well as about financial assets and liabilities covered by master netting agreements and similar, regardless of whether these have been offset or not. Vattenfall has identified which financial instruments are to be covered by the new disclosure requirements, which are reported in Note 4, Offsetting financial assets and financial liabilities, in this interim report.

IFRS 13 – *Fair Value Measurement*. The standard includes uniform rules for measuring fair value where another IFRS requires fair value measurements or disclosures about fair value measurements. New types of disclosures are to be made in order to clarify which valuation techniques are used and which inputs are used. The new standard is not expected to affect Vattenfall's financial statements to any significant degree, but leads to more detailed disclosures. The disclosures required by IFRS 13 are provided in this interim report in Note 5, Financial instruments by category and related effects on income.

Amendments in IAS 1 – *Presentation of Financial Statements*. The amendment entails a change in the presentation of transactions that are reported in other comprehensive income. Items that are to be reclassified (or "recycled") to profit or loss are to be reported separately. The proposal does not affect the actual content of other comprehensive income, but only the presentation format. As shown in the consolidated statement of comprehensive income, two new sub-headings have been added: Items that will be reclassified to profit or loss when specific conditions are met, and Items that will not be reclassified to profit or loss, respectively.

Amendments in IAS 19 – *Employee Benefits*. Significant changes mainly pertaining to the reporting of defined benefit pension plans, where the opportunity to defer actuarial gains and losses over time as part of the so-called corridor rule may no longer be applied; instead, these are to be reported immediately in other comprehensive income. The current year's service cost of defined benefit pensions, gains and losses that arise from settlement of a pension liability, and financial items pertaining to the defined benefit plan, are reported through profit or loss. Amendments in IAS 19 entail that the Group's financial statements for 2012 have been recalculated, and the recalculation effects are reported in Note 6 of this interim report, Adjustments of 2012 financial statements as an effect of amendments in IAS 19.

"Improvements to IFRSs" (issued in May 2012) aim to streamline and clarify the accounting standards concerning presentation, recognition and measurement including changes in terminology or amendments of an editorial nature. The changes are to be applied for the 2013 financial year, but have not had any significant impact on Vattenfall's financial statements.

IFRIC 20 – *Stripping Costs in the Production Phase of a Surface Mine*. The interpretation addresses how costs for stripping the surface layer of an open cast (surface) mine are to be determined and reported, initially and on a continuous basis, during the production phase. Vattenfall already applies the valuation and reporting stipulated in IFRIC 20.

Risks and uncertainties

For a description of risks, uncertainties and risk management, please refer to Vattenfall's 2012 Annual Report, pages 45–50. No other material changes have taken place since publication of the 2012 Annual Report.

Other

Significant related-party transactions are described in Note 55 to the consolidated accounts in Vattenfall's 2012 Annual Report. No material changes have taken place in relations or transactions with related parties compared with the description in the 2012 Annual Report.

Note 2 Exchange rates

Key exchange rates applied in the accounts of the Vattenfall Group:

	Q2 2013	Q2 2012	Q1-2 2013	Q1-2 2012	Full year 2012
Average rate					
EUR	8.5644	8.8780	8.5599	8.8796	8.7036
DKK	1.1486	1.1939	1.1478	1.1943	1.1692
NOK	1.1189	1.1741	1.1333	1.1704	1.1627
PLN	2.0215	2.0943	2.0408	2.0930	2.0797
GBP	10.0730	10.9180	10.0956	10.7777	10.6954
USD	6.5923	6.8941	6.5255	6.8288	6.7343

	30 June 2013	30 June 2012	31 Dec. 2012
Balance sheet date rate			
EUR	8.7773	8.7728	8.5820
DKK	1.1768	1.1802	1.1503
NOK	1.1132	1.1646	1.1679
PLN	2.0235	2.0648	2.1065
GBP	10.2395	10.8736	10.5159
USD	6.7105	6.9681	6.5045

Note 3 Impairment losses and goodwill

Vattenfall tests its assets for impairment on a yearly basis and whenever there is an indication that the assets might be impaired. Due to deteriorating market conditions and higher business risk, an impairment test was carried out during the second quarter of 2013.

As a result, the following impairment losses were recognised during the first half of 2013:

	Goodwill	Property, plant and equipment	Associated companies	Effect on taxes	Total impairment
Generation operating segment					
Thermal assets in the Netherlands	—	-14,503	—	3,626	-10,876
Thermal assets in Germany	—	-4,076	—	1,223	-2,852
Thermal assets in the Nordic countries	—	-2,481	-472	19	-2,934
Trading assets in the Netherlands	-6,461	—	—	—	-6,461
Other assets the Netherlands	—	-5	—	1	-5
Other assets in Germany	—	-21	—	6	-15
Other assets in the Nordic countries	—	-69	—	15	-54
Total	-6,461	-21,155	-472	4,890	-23,197
Distribution and Sales operating segment:					
Assets in the Netherlands ¹	-308	-1,097	—	314	-1,091
Assets in Germany	—	-131	—	39	-92
Total	-308	-1,228	—	353	-1,183
Other:					
Assets in the Netherlands	-58	—	—	—	-58
Assets in the Nordic countries	-16	—	—	—	-16
Total	-74	—	—	—	-74
Total	-6,843	-22,383	-472	5,243	-24,454
<i>Of which, assets in the Netherlands¹</i>	<i>-6,827</i>	<i>-15,605</i>	<i>—</i>	<i>3,941</i>	<i>-18,490</i>
<i>Of which, assets in Germany</i>	<i>—</i>	<i>-4,228</i>	<i>—</i>	<i>1,268</i>	<i>-2,960</i>
<i>Of which, assets in the Nordic countries</i>	<i>-16</i>	<i>-2,550</i>	<i>-472</i>	<i>34</i>	<i>-3,004</i>
Income statement: Effect on operating profit (EBIT)					-29,697
Income statement: Effect on taxes					5,243
Total impact on profit for the period					-24,454

1) Including Nuon-owned companies in Germany.

Goodwill:

Goodwill is mainly allocated to the Generation operating segment, in the amount of SEK 10,780 million (31 December 2012: 17,040), and the Distribution and Sales operating segment, in the amount of SEK 12,345 million (31 December 2012: 12,380).

In the Generation operating segment, goodwill is mainly allocated to the cash-generating units Trading, in the amount of SEK 10,294 million (31 December 2012: 16,543), and Generation Wind, amounting to SEK 486 million (31 December 2012: 497).

In the Distribution and Sales operating segment, goodwill is mainly allocated to the cash-generating units Sales B2C, in the amount of SEK 11,753 million (31 December 2012: 11,491), and Heat, in the amount of SEK 592 million (31 December 2012: 723).

Impairment testing has been conducted through calculation of the value in use for the Group's business units, which is the basis for determining the cash-generating units.

Goodwill is not subject to amortisation, but is tested annually for impairment. During the year, an impairment loss of SEK 6,461 million was recognised for the cash-generating unit Trading in the Generation segment. Impairment losses of SEK 308 million were recorded for the Distribution and Sales segment, and SEK 74 million for Other. Impairment in the preceding year, totalling SEK 3,494 million, was attributable to the Generation operating segment.

Impairment process:

Generation operating segment

The main assumptions that company management has used in calculating projections of future cash flows for the Generation operating segment are – for the power-generating assets – based on forecasts of the useful life of the respective assets. The projected cash flows are based on market prices and on Vattenfall's long-term market outlook. The long-term market outlook is based on internal and external input parameters and benchmarked against externally available price projections. Based on the price assumptions, the dispatch of the power plants is calculated, taking technical, economic and legal constraints into consideration. Technical flexibility of the assets, i.e., the ability to adapt generation to changes in spot market prices, was considered. Cash flow projections of other cash-generating units in the Generation operating segment are based on the business plan for the coming five years, after which their residual value is taken into account, based on a growth factor of 1.0% (1.0%). Future cash flows have been discounted to value in use using a discount rate of 5.4%–5.8% after tax for regulated business and 6.2%–6.8% after tax for non-regulated business. In 2012 a discount rate of 5.1% after tax was applied. An increase in the discount rate of 0.5 percentage points would give rise to a need to recognise additional impairment of the book value of goodwill by SEK 2.4 billion and of property, plant and equipment by SEK 3.2 billion.

Distribution and Sales operating segment

The main assumptions that company management has used in calculating the projected future cash flows for the Distribution and Sales operating segment are based on the business plan for the coming five years and residual value. A growth factor of 0.5% (0.5%) for Distribution business and of 0.0%–1.0% (1.0%) for other business in the Distribution and Sales operating segment was used. Future cash flows have been discounted to value in use using a discount rate of 5.4%–5.8% after tax for regulated business and 6.2%–6.8% after tax for non-regulated business. In 2012 a discount rate of 5.1% after tax was applied. An increase of the discount rate of 0.5 percentage points would lead to a reduction of the estimated value in use of the cash-generating units in the Distribution and Sales operating segment that contain goodwill by approximately SEK 6.6 billion and would not require recognition of further impairment. For the remaining units, an increase in the discount rate by 0.5% would lead to additional impairment losses of SEK 0.1 billion.

Note 4 Offsetting financial assets and financial liabilities

Financial assets and liabilities that are subject to enforceable master netting arrangements and similar agreements.

Assets 30 June 2013	Related amounts not set off on the balance sheet					
	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off on the balance sheet	Net amounts of financial assets presented on the balance sheet	Financial liabilities, not intended to be settled net	Cash collateral received	Net amount
Amounts in SEK million						
Derivatives, financial operations	11,779	—	11,779	7,703	3,416	660
Derivatives, commodity contracts	58,103	37,010	21,093	—	4,488	16,605
Total	69,882	37,010	32,872	7,703	7,904	17,265
Derivatives, not subject to offsetting	2,668	—	2,668	—	—	2,668
Total derivative assets			35,540			19,933

Assets 30 June 2012

Amounts in SEK million						
Derivatives, financial operations	17,945	—	17,945	8,940	8,152	853
Derivatives, commodity contracts	47,670	36,593	11,077	—	537	10,540
Total	65,615	36,593	29,022	8,940	8,689	11,393
Derivatives, not subject to offsetting	3,504	—	3,504	—	—	3,504
Total derivative assets			32,526			14,897

Assets 31 December 2012¹

Amounts in SEK million						
Derivatives, financial operations	19,295	—	19,295	11,127	7,215	953
Derivatives, commodity contracts	39,979	26,802	13,177	—	1,740	11,437
Total	59,274	26,802	32,472	11,127	8,955	12,390
Derivatives, not subject to offsetting	3,782	—	3,782	—	—	3,782
Total derivative assets			36,254			16,172

For derivatives in the financial operations and commodity contracts, CSAs (Credit Support Annexes) may be entered into as an annex to the respective master agreements, and are recognised as cash collateral received or cash collateral pledged. Under the CSAs, the parties agree to provide each other with eligible credit support, which is calculated based on a daily exposure under the specific agreement.

Liabilities 30 June 2013	Related amounts not set off on the balance sheet					
	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off on the balance sheet	Net amounts of financial liabilities presented on the balance sheet	Financial assets not intended to be settled net	Cash collateral pledged	Net amount
Amounts in SEK million						
Derivatives, financial operations	9,461	—	9,461	7,703	1,415	343
Derivatives, commodity contracts	32,200	23,813	8,387	—	2,994	5,393
Total	41,661	23,813	17,848	7,703	4,409	5,736
Derivatives, not subject to offsetting	616	—	616	—	—	616
Total derivative liabilities			18,464			6,352

Liabilities 30 June 2012

Amounts in SEK million						
Derivatives, financial operations	10,146	—	10,146	8,940	1,088	118
Derivatives, commodity contracts	45,742	35,773	9,969	—	3,534	6,435
Total	55,888	35,773	20,115	8,940	4,622	6,553
Derivatives, not subject to offsetting	1,432	—	1,432	—	—	1,432
Total derivative liabilities			21,547			7,985

Liabilities 31 December 2012¹

Amounts in SEK million						
Derivatives, financial operations	12,813	—	12,813	11,127	1,344	342
Derivatives, commodity contracts	26,371	19,140	7,231	—	1,354	5,877
Total	39,184	19,140	20,044	11,127	2,698	6,219
Derivatives, not subject to offsetting	761	—	761	—	—	761
Total derivative liabilities			20,805			6,980

1) Certain amounts for 31 December 2012 have been recalculated compared with previously published information in Vattenfall's 2013 Interim Report for January-March.

Note 5 Financial instruments by category and related effects on income

Financial instruments by category: Carrying amount and fair value

Amounts in SEK million	30 June 2013		31 Dec. 2012	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at fair value through profit or loss				
Derivative assets	19,582	19,582	23,179	23,179
Short-term investments	10,516	10,516	27,192	27,192
Cash equivalents	72	72	181	181
Total	30,170	30,170	50,552	50,552
Derivative assets for hedging purposes for:				
Fair value hedges	2,729	2,729	5,463	5,463
Cash flow hedges	13,229	13,229	7,612	7,612
Total	15,958	15,958	13,075	13,075
Loans and receivables				
Share in the Swedish Nuclear Waste Fund	30,064	30,487	29,954	30,736
Other non-current receivables	3,924	3,924	5,249	5,249
Trade receivables and other receivables	32,426	32,426	34,409	34,409
Advance payments paid	3,507	3,507	5,172	5,172
Short-term investments	1,457	1,457	1,258	1,201
Cash and bank balances	23,031	23,031	17,864	17,864
Total	94,409	94,832	93,906	94,631
Available-for-sale financial assets				
Other shares and participations carried at fair value	2,208	2,208	2,730	2,730
Other shares and participations carried at cost	267	267	250	250
Total	2,475	2,475	2,980	2,980
Financial liabilities at fair value through profit or loss				
Derivative liabilities	12,661	12,661	18,866	18,866
Total	12,661	12,661	18,866	18,866
Derivative liabilities for hedging purposes for:				
Fair value hedges	118	118	71	71
Cash flow hedges	5,685	5,685	1,868	1,868
Total	5,803	5,803	1,939	1,939
Other financial liabilities				
Hybrid Capital	8,746	9,582	8,543	9,606
Other non-current interest-bearing liabilities	98,896	103,537	112,524	118,509
Other non-current noninterest-bearing liabilities	5,837	5,837	7,534	7,534
Current interest-bearing liabilities	40,105	40,439	39,194	39,421
Trade payables and other liabilities	25,657	25,657	32,581	32,581
Advance payments received	4,616	4,616	1,929	1,929
Total	183,857	189,668	202,305	209,580

For assets and liabilities with a remaining maturity of less than three months (e.g., cash and bank balances, trade receivables and other receivables, and trade payables and other payables), fair value is considered to be equal to the carrying amount. For other shares and participations carried at cost, in the absence of fair value, this is considered to be equal to the carrying amount.

Financial instruments that are measured at fair value on the balance sheet are described below according to the fair value hierarchy (levels), which in IFRS 13 is defined as:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). In Level 2 Vattenfall reports mainly commodity derivatives and interest rate swaps

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

Note 5, cont.

Financial assets and liabilities that are measured at fair value on the balance sheet at 30 June 2013

Amounts in SEK million	Level 1	Level 2	Level 3	Total
Assets				
Derivative assets	—	34,363	1,177	35,540
Short-term investments and cash equivalents	8,326	2,262	—	10,588
Other shares and participations	2,208	—	—	2,208
Total assets	10,534	36,625	1,177	48,336
Liabilities				
Derivative liabilities	—	17,984	480	18,464
Total liabilities	—	17,984	480	18,464

Financial assets and liabilities that are measured at fair value on the balance sheet at 31 December 2012

Amounts in SEK million	Level 1	Level 2	Level 3	Total
Assets				
Derivative assets	—	34,125	2,129	36,254
Short-term investments and cash equivalents	12,980	14,393	—	27,373
Other shares and participations	2,730	—	—	2,730
Total assets	15,710	48,518	2,129	66,357
Liabilities				
Derivative liabilities	—	18,539	2,266	20,805
Total liabilities	—	18,539	2,266	20,805

Changes in level 3 financial instruments

Amounts in SEK million	Financial instruments at fair value through profit or loss				
	Derivative assets		Derivative liabilities		
	30 June 2013	31 Dec. 2012	30 June 2013	31 Dec. 2012	31 Dec. 2012
Balance brought forward	2,129	2,832		2,266	2,925
Transfers from level 3 to level 2	-273	—		-1,317	—
Revaluations recognised in operating profit (EBIT)	-701	-626		-475	-549
Translation differences	22	-77		6	-110
Balance carried forward	1,177	2,129		480	2,266
Total revaluations for the period included in operating profit (EBIT) for assets and liabilities held on the balance sheet date	1,056	1,965		-479	-1,884

Sensitivity analysis for Level 3 contracts

TGSA: TGSA (Troll¹ Gas Sales Agreement) is a large gas supply agreement (coal price-indexed) that extends further ahead in time than liquid trading in the gas market. Valuation of the agreement is against the market price, as long as a market price can be observed. For deliveries beyond the market horizon, modelled prices are used for the relevant commodities. TGSA is hedged with OTC forward trades of underlying products. These trades are also marked against the same market and modelled prices. The modelled prices are benchmarked against reliable financial information obtained from the company Markit; this information is well-known and is used by many energy companies, which entails a fair valuation of the portion of the TGSA that cannot be valued against market prices. TGSA is also hedged with OTC forward trades of underlying products. Starting in 2013, all OTC forward contracts have been transferred from level 3 to level 2 since, starting in 2013, the market price input can be observed and derived from the market.

The net value as per 30 June 2013 has been calculated at SEK 616 million (31 December 2012: -153). The price of the coal price index used in the model (API#2) has a large impact on the modelled price. A change in this index of +/- 5% would affect the total value by approximately SEK +/- 28 million (31 December 2012: +/- 16).

CDM: Clean Development Mechanism (CDM) is a Kyoto Protocol initiative under which projects set up in developing countries to reduce atmospheric carbon generate tradable carbon credits called CERs (Certified Emission Reductions). CERs can be used by industrialised nations to offset carbon emissions at home to meet their Kyoto Protocol reduction targets. Valuation of CERs is derived from so-called Risk Adjustment Factors (RAFs). These factors are calculated using the Carbon Valuation Tool developed by Point Carbon to quantify the risk and calculate the fair value of CDM projects or contracts. The tool is based on Point Carbon's valuation methodology, which was developed by several experienced market players. The valuation methodology is strictly empirical, and all risk parameters are extracted from Point Carbon's proprietary databases of CDM project data, which entails a correct valuation of the contracts even where market prices are not listed.

The net value as per 30 June 2013 has been calculated at SEK -30 million (31 December 2012: -414). A change in the modelled price of CERs of +/- 5% would affect the total value by approximately SEK +/- 4 million (31 December 2012: +/- 5).

Long-term electricity contracts: Vattenfall has long-term electricity contracts with a customer extending until 2019 that include embedded derivatives in which the electricity price for the customer is coupled to the price development of aluminium and exchange rate movements of the Norwegian krone (NOK) in relation to the US dollar (USD). Reliable market quotations for aluminium are available for a period of 27 months forward in time. Vattenfall has estimated that the use of modelled prices provides reliable values for valuation of the period beyond 27 months, that is, the time horizon during which market quotations are not available until the contracts' expiration date.

The value as per 30 June 2013 has been calculated at SEK 110 million (31 December 2012: +430). The price of aluminium is the factor that has the greatest bearing on the modelled price. A change in the price of aluminium of +/- 5% would affect the total value by approximately SEK +/- 105 million (31 December 2012: +/- 148).

1) Troll is a gas field in the North Sea west of Norway.

Note 5, cont.

Financial instruments: Effects on income by category

Net gains(+)/losses(-) and interest income and expenses for financial instruments recognised in the income statement:

Amounts in SEK million	30 June 2013			31 Dec. 2012		
	Net gains/ losses ¹	Interest income	Interest expenses	Net gains/ losses ¹	Interest income	Interest expenses
Derivative assets and derivative liabilities	-2,408	121	-500	5,120	489	-124
Available-for-sale financial assets	-452	—	—	-208	—	—
Loans and receivables	419	29	-40	675	1,379	—
Financial liabilities measured at amortised cost	1,527	—	-1,239	109	—	-5,571
Total	-914	150	-1,779	5,696	1,868	-5,695

1) Exchange rate gains and losses are included in net gains/losses.

Note 6 Adjustments of 2012 financial statements as an effect of amendments in IAS 19

As described in Note 1, Accounting policies, risks and uncertainties, new accounting rules apply as of 2013 according to IAS 19 – *Employee Benefits*, with respect to provisions for pensions and other personnel-related provisions. The reported effect due to the elimination of the corridor rule and other effects of the amended IAS 19 have affected Vattenfall's financial statements as follows:

Amounts in SEK million	31 December 2011/1 January 2012			1 January-31 March 2012			1 January-30 June 2012			1 January-30 September 2012			1 January-31 December 2012		
	As reported previously	Adjustments	After adjustments	As reported previously	Adjustments	After adjustments	As reported previously	Adjustments	After adjustments	As reported previously	Adjustments	After adjustments	As reported previously	Adjustments	After adjustments
Balance sheet:															
Pension provisions	17,995	4,909	22,904	17,853	4,911	22,764	17,763	4,913	22,676	17,183	4,916	22,099	21,890	8,694	30,584
Personnel-related provisions for non-pension purposes	3,975	-855	3,120	4,027	-820	3,207	3,338	-786	2,552	3,192	-757	2,435	3,141	-687	2,454
Deferred tax liabilities	35,406	-896	34,510	35,732	-907	34,825	35,759	-917	34,842	34,973	-926	34,047	34,681	-2,144	32,537
Accrued expenses ¹	18,507	-18	18,489	17,807	-18	17,789	11,299	-18	11,281	13,286	-18	13,268	15,830	-18	15,812
<i>Equity attributable to owner of the Parent Company</i>															
Equity excl. Profit for the year	121,572	-3,024	118,548	132,914	-3,023	129,891	128,738	-3,024	125,714	124,358	-3,024	121,334	129,204	-5,487	123,717
Profit for the year	10,416	—	10,416	13,855	-27	13,828	14,732	-52	14,680	10,781	-76	10,705	17,224	-177	17,047
<i>Equity attributable to non-controlling interests (minority interests)</i>	6,943	-116	6,827	7,108	-116	6,992	7,474	-116	7,358	7,917	-116	7,801	8,790	-182	8,608
Equity	138,931	-3,140	135,791	153,877	-3,166	150,711	150,944	-3,192	147,752	143,056	-3,216	139,840	155,218	-5,846	149,372
Balance sheet total	524,558	—	524,558	526,503	—	526,503	513,633	—	513,633	499,536	—	499,536	528,364	—	528,364
Income statement:															
Operating profit (EBIT)				18,956	-46	18,910	23,731	-92	23,639	20,996	-135	20,861	26,175	-217	25,958
Financial expenses ²				-3,291	9	-3,282	-6,668	18	-6,650	-8,375	26	-8,349	-10,510	34	-10,476
Income tax expense				-2,647	10	-2,637	-3,341	22	-3,319	-3,722	33	-3,689	-1,077	6	-1,071
Profit for the year				13,855	-27	13,828	14,732	-52	14,680	10,781	-76	10,705	17,224	-177	17,047
Comprehensive income:															
Remeasurement pertaining to defined benefit obligations				—	-37	-37	—	-73	-73	—	-105	-105	—	-3,953	-3,953
Tax attributable to remeasurement pertaining to defined benefit obligations				—	11	11	—	21	21	—	30	30	—	1,248	1,248
Profit for the year				13,855	-27	13,828	14,732	-52	14,680	10,781	-76	10,705	17,224	-177	17,047
Total comprehensive income				14,889	-53	14,836	15,447	-104	15,343	7,220	-151	7,069	16,315	-2,882	13,433
Statement of cash flows:															
Profit before tax				16,502	-37	16,465	18,073	-73	18,000	14,503	-109	14,394	18,301	-183	18,118
Other, incl. non-cash items				1,616	37	1,653	9	73	82	-2,749	109	-2,640	-930	183	-747
Funds from operations (FFO)				12,717	—	12,717	16,664	—	16,664	22,386	—	22,386	34,419	—	34,419

1) Change pertaining to recognition of special employer's payroll tax.

2) Including changed interest rate used to calculate the return on plan assets.

The Parent Company Vattenfall AB

Accounting policies

The Parent Company Vattenfall AB's accounts are prepared in accordance with the Swedish Annual Accounts Act and recommendation RFR 2 – *Accounting for Legal Entities*, issued by the Swedish Financial Reporting Board.

The accounting policies used in this report are the same as those described in Vattenfall's 2012 Annual Report (Note 2 to the Parent Company accounts).

First half of 2013

A condensed income statement and balance sheet for the Parent Company are presented below.

Sales amounted to SEK 17,388 million (20,120).

Profit before appropriations and tax was SEK -9,191 million (15,264).

Profit includes a dividend of SEK 10,908 million from the subsidiary Vattenfall GmbH. Profit includes an impairment loss for shares in N.V. Nuon Energy, totalling SEK 26,042 million, an impairment loss for shares in Vattenfall A/S, totalling SEK 834 million, and an impairment loss of SEK 803 million for the value of shares in Enea S.A.

The balance sheet total was SEK 278,809 million (31 December 2012: 314,473).

Investments during the period amounted to SEK 133 million (1,979).

Cash and cash equivalents and short-term investments amounted to SEK 25,968 million (31 December 2012: 37,193).

In May a share dividend of SEK 6,774 million (4,433) was paid to the owner, the Swedish state.

Risks and uncertainties

For a description of risks, uncertainties and risk management, please refer to Vattenfall's 2012 Annual Report, pages 45–50. No material changes have taken place since publication of the 2012 Annual Report.

Other

Significant related-party transactions are described in Note 39 to the Parent Company accounts in Vattenfall's 2012 Annual Report. No material changes have taken place in relations or transactions with related parties compared with the description in the 2012 Annual Report.

Parent Company income statement

Amounts in SEK million	Q1-2 2013	Q1-2 2012	Full year 2012
Net sales	17,388	20,120	38,250
Cost of products sold	-11,396	-11,983	-24,126
Gross profit	5,992	8,137	14,124
Selling expenses, administrative expenses and research and development costs	-1,503	-1,806	-3,395
Other operating income and expenses, net	-208	-247	253
Operating profit (EBIT)	4,281	6,084	10,982
Result from participations in subsidiaries	-15,909	9,385	-4,041
Result from participations in associated companies	6	1	1
Result from other shares and participations	-803	10	66
Other financial income	5,833	2,750	5,496
Other financial expenses	-2,599	-2,966	-5,742
Profit before appropriations and tax	-9,191	15,264	6,762
Appropriations	827	1,203	-7,680
Profit before tax	-8,364	16,467	-918
Income tax expense	-1,132	-2,042	-1,122
Profit for the period	-9,496	14,425	-2,040

Parent Company statement of comprehensive income

Amounts in SEK million	Q1-2 2013	Q1-2 2012	Full year 2012
Profit for the period	-9,496	14,425	-2,040
Total other comprehensive income	—	—	—
Total comprehensive income for the period	-9,496	14,425	-2,040

Parent Company balance sheet

Amounts in SEK million	30 June 2013	30 June 2012	31 Dec. 2012
Assets			
Non-current assets			
Intangible assets: non-current	148	206	262
Property, plant and equipment	4,247	4,231	4,339
Shares and participations	133,063	179,876	162,956
Deferred tax assets	470	—	—
Other non-current assets	97,270	81,529	79,859
Total non-current assets	235,198	265,842	247,416
Current assets			
Inventories	346	360	453
Intangible assets: current	86	138	249
Current receivables	16,611	20,944	29,160
Current tax assets	—	—	2
Short-term investments	8,275	21,580	24,535
Cash and cash equivalents	17,693	10,755	12,658
Total current assets	43,011	53,777	67,057
Total assets	278,209	319,619	314,473
Equity and liabilities			
Equity			
Restricted equity			
Share capital	6,585	6,585	6,585
Statutory reserve	1,286	1,286	1,286
Non-restricted equity			
Retained earnings	66,422	75,212	75,236
Profit for the period	-9,496	14,425	-2,040
Total equity	64,797	97,508	81,067
Untaxed reserves	14,359	9,152	15,185
Provisions	2,781	184	2,832
Non-current liabilities			
Hybrid Capital	8,746	8,725	8,543
Other interest-bearing liabilities	84,843	121,182	97,716
Deferred tax liabilities	—	857	799
Other noninterest-bearing liabilities	6,605	6,415	6,541
Total non-current liabilities	100,194	137,179	113,599
Current liabilities			
Interest-bearing liabilities	68,664	50,799	72,410
Current tax liabilities	366	846	—
Other noninterest-bearing liabilities	27,048	23,951	29,380
Total current liabilities	96,078	75,596	101,790
Total equity and liabilities	278,209	319,619	314,473

Definitions and calculations of key ratios

Figures for the Group in 2013. Amounts in SEK million unless indicated otherwise.

EBIT	=	Earnings Before Interest and Tax (Operating profit).
EBITDA	=	Earnings Before Interest, Tax, Depreciation and Amortisation.
Items affecting comparability	=	Capital gains and capital losses from shares and other non-current assets, impairment losses and impairment losses reversed pertaining to non-current assets, and other non-recurring items. Also included here are unrealised changes in the fair value of energy derivatives, which according to IAS 39 can not be recognised using hedge accounting, and unrealised changes in the fair value of inventories.
Underlying operating profit	=	Operating profit (EBIT) excluding items affecting comparability.
FFO	=	Funds From Operations.
Free cash flow	=	Cash flow from operating activities less maintenance investments.
Hybrid Capital	=	Perpetual subordinated securities, junior to all Vattenfall's unsubordinated debt instruments. Reported as interest-bearing non-current liabilities.
Capital employed	=	Balance sheet total less financial assets and noninterest-bearing liabilities
Net debt	=	Interest-bearing liabilities less loans to owners of non-controlling interests (minority owners) in Group companies, cash and cash equivalents, short-term investments.
Adjusted net debt	=	For calculation, see page 19.

The key ratios are presented as percentages (%) or times (x).

Key ratios based on last 12-month values July 2012–June 2013:

Operating margin, %	= 100 x	$\frac{\text{Operating profit (EBIT)}}{\text{Net sales}}$	$\frac{-12,791}{168,541}$	=	-7.6
Operating margin excl. items affecting comparability, %	= 100 x	$\frac{\text{Underlying operating profit}}{\text{Net sales}}$	$\frac{28,079}{168,541}$	=	16.7
Pre-tax profit margin, %	= 100 x	$\frac{\text{Profit before tax}}{\text{Net sales}}$	$\frac{-19,981}{168,541}$	=	-11.9
Pre-tax profit margin excl. items affecting comparability, %	= 100 x	$\frac{\text{Profit before tax excl. items affecting comparability}}{\text{Net sales}}$	$\frac{21,300}{168,541}$	=	12.6
Return on equity, %	= 100 x	$\frac{\text{Profit for the period attributable to owner of the Parent Company}}{\text{Average equity for the period attributable to owner of the Parent Company excl. the Reserve for cash flow hedges}}$	$\frac{-15,277}{130,027}$	=	-11.7
Return on capital employed, %	= 100 x	$\frac{\text{Operating profit (EBIT)}}{\text{Capital employed, average}}$	$\frac{-12,791}{303,390}$	=	-4.2
Return on capital employed excl. items affecting comparability, %	= 100 x	$\frac{\text{Underlying operating profit}}{\text{Capital employed, average}}$	$\frac{28,079}{303,390}$	=	9.3
EBIT interest cover, (x)	=	$\frac{\text{Operating profit (EBIT) + financial income excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund}}{\text{Financial expenses excl. discounting effects attributable to provisions}}$	$\frac{-12,049}{6,174}$	=	-2.0

Definitions and calculations of key ratios, cont.

EBIT interest cover excl. items affecting comparability, (x) =	Underlying operating profit + financial income excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	28,821	=	4.7
	Financial expenses excl. discounting effects attributable to provisions	6,174		
FFO interest cover, (x) =	Funds from operations (FFO) + financial expenses excl. discounting effects attributable to provisions	42,526	=	6.9
	Financial expenses excl. discounting effects attributable to provisions	6,174		
FFO interest cover, net, (x) =	Funds from operations (FFO) + financial items excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	41,784	=	7.7
	Financial items excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	5,432		
Cash flow interest cover after maintenance investments, (x) =	Cash flow from operating activities less maintenance investments + financial expenses excl. discounting effects attributable to provisions and interest components related to pension costs	22,257	=	4.4
	Financial expenses excl. discounting effects attributable to provisions and interest components related to pension costs	5,115		
FFO/gross debt, % = 100 x	Funds from operations (FFO)	36,352		
	Interest-bearing liabilities	147,747	=	24.6
FFO/net debt, % = 100 x	Funds from operations (FFO)	36,352		
	Net debt	112,369	=	32.4
FFO/adjusted net debt, % = 100 x	Funds from operations (FFO)	36,352		
	Adjusted net debt	162,509	=	22.4
EBITDA/net financial items, (x) =	Operating profit before depreciation and amortisation (EBITDA)	44,749		
	Financial items excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	5,432	=	8.2
EBITDA excl. items affecting comparability/net financial items, (x) =	Operating profit before depreciation and amortisation (EBITDA) excl. items affecting comparability	85,619		
	Financial items excl. discounting effects attributable to provisions and return from the Swedish Nuclear Waste Fund	5,432	=	15.8
Key ratios based on the balance sheet per 30 June 2013:				
Equity/total assets, % = 100 x	Equity	127,691		
	Balance sheet total	488,385	=	26.1
Gross debt/equity, % = 100 x	Interest-bearing liabilities	147,747		
	Equity	127,691	=	115.7
Net debt/equity, % = 100 x	Net debt	112,369		
	Equity	127,691	=	88.0
Gross debt/gross debt plus equity, % = 100 x	Interest-bearing liabilities	147,747		
	Interest-bearing liabilities + equity	275,438	=	53.6
Net debt/net debt plus equity, % = 100 x	Net debt	112,369		
	Net debt + equity	240,060	=	46.8
Net debt/EBITDA, (x) =	Net debt	112,369		
	Operating profit before depreciation and amortisation (EBITDA)	44,749	=	2.5
Adjusted net debt/EBITDA, (x) =	Adjusted net debt	162,509		
	Operating profit before depreciation and amortisation (EBITDA)	44,749	=	3.6

Interim report signature

The Board of Directors and the President certify that this half-year interim report presents a true and fair overview of the Vattenfall Group's and the Parent Company Vattenfall AB's operations, financial position and results of operations, and describes the significant risks and uncertainties facing the Parent Company and the companies belonging to the Group.

Stockholm, 23 July 2013

Lars G. Nordström
Chairman of the Board

Øystein Løseth
President and CEO

Carl-Gustaf Angelin

Eli Arnstad

Gunilla Berg

Johnny Bernhardsson

Håkan Buskhe

Ronny Ekwall

Håkan Erixon

Patrik Jönsson

Financial calendar

Interim report January–September: 29 October 2013

Year-end report 2013: 4 February 2014

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Review Report

Introduction

We have reviewed the condensed interim report for Vattenfall AB (publ) as at 30 June 2013 and for the six-month period then ended. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the Swedish Standard on Review Engagements, SÖG 2410, "Review of Interim Reports Performed by the Independent Auditor of the Entity". A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA) and other generally accepted auditing standards in Sweden.

The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material aspects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm, 23 July 2013

Ernst & Young AB
Hamish Mabon
Authorised Public Accountant