

## Rabbalshede Kraft's largest construction project to date is almost complete

### Interim report January-June 2014

#### Rabbalshede Kraft AB (publ)

##### Significant events during the second quarter, April 1, 2014 – June 30, 2014

- Production for the second quarter totaled 35,631 MWh (37,631 )
- The Company posted an operating loss (EBIT) of KSEK 4,453 (1,864).
- The average electricity price per presold MWh was SEK 332/MWh (350)
- The average price for electricity certificates and Guarantees of Origin (GoO) was SEK 184/MWh (195)
- Net sales totaled KSEK 18,360 (20,528)
- EBITDA amounted to KSEK 8,332 (11,408)

##### Significant events after the end of the period

- Rabbalshede Kraft was granted an environmental permit for the Årjäng NV II wind farm comprising up to eight wind turbines (28 MW). The wind farm gained legal effect in July 2014.

| Key figures   | Q2<br>2014 | Q2<br>2013 | Q1-2<br>2014 | Q1-2<br>2013 | Full-year<br>2013 |
|---|------------|------------|--------------|--------------|-------------------|
| Net sales, KSEK                                       | 18,360     | 20,528     | 58,020       | 40,901       | 104,694           |
| EBITDA, KSEK  | 8,332      | 11,408     | 39,433       | 24,877       | 77,821            |
| EBIT, KSEK  | -4,453     | 1,864      | 13,848       | 5,792        | 38,027            |
| Earnings per share, SEK                               | -0.16      | -0.16      | -0.08        | -0.26        | 0.00              |
| Electricity production, MWh                           | 35,631     | 37,631     | 112,685      | 72,464       | 189,431           |
| Average sales price of electricity, SEK/MWh           | 332        | 350        | 324          | 357          | 351               |
| Average income from electricity certificates, SEK/MWh | 171        | 195        | 173          | 206          | 190               |

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#### **This is Rabbalshede Kraft**

Rabbalshede Kraft AB (publ) is a fast-growing player in wind power. Since being formed in 2005, Rabbalshede Kraft has been involved in the commissioning of 62 wind turbines, of which 38 wind turbines in five wind farms are proprietarily managed. The Company has another 33 turbines under construction and about 300 wind turbines in the procurement, application or planning phases. Production and sale of renewable electricity, construction of new wind farms, along with an extensive portfolio of projects comprises the basis for growth. Follow the Company's progress at [www.rabbalshedekraft.se](http://www.rabbalshedekraft.se)

## Contents

|  |    |
|--|----|
| Rabbalshede Kraft's financial calendar .....                             | 2  |
| CEO's statement.....   | 4  |
| Production .....   | 5  |
| Prices for electricity and electricity certificates .....                | 5  |
| Project portfolio at June 30, 2014.....                                  | 8  |
| Investments .....  | 9  |
| Financing.....   | 9  |
| Consolidated income statement .....                                      | 11 |
| Consolidated statement of comprehensive income .....                     | 11 |
| Condensed consolidated statement of changes in shareholders' equity..... | 13 |
| Consolidated cash-flow statement .....                                   | 13 |
| Parent Company .....   | 13 |
| Parent Company income statement.....                                     | 14 |
| Statement of Parent Company's comprehensive income .....                 | 14 |
| Parent Company balance sheet .....                                       | 14 |
| Notes to the condensed financial statements .....                        | 15 |
| Signatures/issuers of the report.....                                    | 16 |

## Rabbalshede Kraft's financial calendar

|                                       |                   |
|---------------------------------------|-------------------|
| Interim report January-September 2014 | November 6, 2014  |
| Year-end report for 2014              | February 26, 2015 |

Press releases and financial reports can be subscribed to and downloaded on Rabbalshede Kraft's website [www.rabbalshedekraft.se](http://www.rabbalshedekraft.se).



### **First six months, January-June 2014**

Production from the Group's wind farms during January-June amounted to 112,685 MWh (72,464).

EBIT was KSEK 13,848 (5,792).

The average electricity price per presold MWh was SEK 324/MWh (357)

The average price for electricity certificates and Guarantees of Origin was SEK 190/MWh (207).

Net sales totaled KSEK 58,020 (40,901).

EBITDA amounted to KSEK 39,433 (24,877)

Depreciation/amortization totaled KSEK 25,585 (19,085).

The Company posted a loss after tax of KSEK 6,339 (loss: 8,452).

Rabbalshede Kraft was granted an environmental permit for the Lyrestad wind farm comprising up to eight wind turbines (25 MW). The wind farm gained legal effect in January 2014.

The Board of Rabbalshede Kraft decided to start trading in the company's share on the Alternativa equities market on the Alternativa Lista.

The Annual General Meeting for the 2013 fiscal year was held on April 25, 2014, in Gothenburg, Sweden.

The Company employed Lars Jacobsson as its new Operational and Maintenance Manager. Lars assumed his position in April 2014 and is part of the Company's management.

### **Significant events after the end of the period**

All 11 wind turbines in the Skaveröd/Gurseröd wind farm and all 9 wind turbines in the Årjäng NV wind farm have been assembled. Assembly is underway at the Årjäng SV wind farm. Trial operation will be gradually started in the autumn and the wind farms will then move to the operational phase.

Rabbalshede Kraft was granted an environmental permit for the Årjäng NV II wind farm comprising up to eight wind turbines (28 MW). The wind farm gained legal effect in July 2014.

## CEO's statement

The work on Rabbalshede Kraft's largest construction project to date is almost complete. We are making excellent progress and the first turbines will be ready to be put into trial operation as early as August. By the end of the year, 33 wind turbines will be in full production at the Årjäng NV, Årjäng SV and Skaveröd/Gurseröd wind farms. With a combined output of 101 MW, these three farms are expected to produce almost 290,000 MWh over an average wind year (normal year). Consequently, the Company's production will more than double. Procuring and constructing several wind farms will also create additional economies of scale in both the construction and operational phases and thus a lower cost per MWh produced.

Following the excellent winds of the winter and spring, there was a sharp decline at the start of the summer. This further emphasized the natural variation between summer and winter, which means that the six-month summer period only provides an average of about 40 percent of annual wind production. Production in the first six months of the year amounted to 112,685 MWh (72,464), resulting in net sales of KSEK 58,020 (40,901) and EBIT of KSEK 13,848 (5,792).

An environmental permit for the Årjäng Nordväst II wind farm was recently granted. Accordingly, eight farms in the project portfolio have now secured environmental permits. The permit for one of these farms has not yet gained legal effect. In total, the permits encompass 70 wind turbines with a maximum output of 209 MW.

Focus is now being directed to both increasing cash flow and strengthening the balance sheet. Continuing to develop and then construct successful projects in our portfolio is a cornerstone of these activities. The strategy adopted by the Board and that we have previously communicated also means that we are welcoming partners to both future projects and existing farms.

The recently authorized wind farm will be included in a forthcoming major procurement process. Procuring a number of farms at the same time offers several advantages in dialogues with financiers, suppliers, contractors and future partners. Such a major project can be simplified and costs reduced if we can procure farms with wind and other conditions that are as similar as possible since the same type of turbine can then be used in all of the wind farms. It also provides long-term benefits for operation and maintenance.

We are also continuing our work on optimizing the operation and maintenance of our existing farms. For example, we strengthened our operational organization during the quarter. Much work can be done in this area to further enhance production in the margin. Our offering to future partners is also strengthened if we can offer first-rate operation.

It is possible to profitably construct and operate wind farms despite current low levels of electricity prices and electricity certificates. I mentioned a number of key conditions above. It may mean that we re-submit certain applications, with the intention of constructing larger wind turbines. Some of the authorized projects permit a maximum height of only 150 meters. Total heights of 180-200 meters mean higher towers, longer blades and larger turbines. It means higher production at a lower cost per MWh produced.

We are continuing to develop the operations, focusing on producing renewable energy at the lowest possible cost, while simultaneously creating value for the Company's owners. The first trading period for the Company's shares on the Alternativa equities market began during the quarter. Trading takes place once a month, which will positively affect the liquidity of the share and also allow stakeholders to monitor the share's value growth trend. Pending the listing of the Company on the stock exchange some time in the future, the Alternativa equities market is a very solid alternative for investors looking to trade in Rabbalshede Kraft shares.



Thomas Linnard, CEO

## Production

The estimated annual production for the Group's five wind farms in commercial operation is 225,400 MWh. Dingle-Skogen wind farm was gradually commissioned in 2013 and moved into commercial operation in November 2013. Accordingly, complete comparative figures for 2013 are not available.

The high level of wind energy in the production area of the Company's wind farm from the first quarter continued into the start of the second quarter. There were mostly weak winds in the last two months of the second quarter. According to the Swedish Energy Agency's operational statistics ([www.vindstat.nu](http://www.vindstat.nu)), the energy content of the wind during the first quarter 2014 for the country as a whole was 140 percent and during the second quarter 2014 for the country as a whole was 86 percent compared with the preceding year. Despite the slightly lower wind energy in the second quarter, energy production from the Company's wind farms in the first six months of 2014 was just under 104 percent compared with normal year production.

| Production outcome, MWh    | Q2<br>2014    | Q2<br>2013    | Q1-2<br>2014   | Q1-2<br>2013  | Full-year<br>2013 | Full-year<br>2012 | Full-year<br>2011 | Full-year<br>2010 |
|----------------------------|---------------|---------------|----------------|---------------|-------------------|-------------------|-------------------|-------------------|
| Hud wind farm              | 5,450         | 7,846         | 18,408         | 16,271        | 35,691            | 37,361            | 38,124            | 32,790            |
| Kil wind farm              | 3,136         | 4,857         | 10,192         | 8,549         | 19,835            | 19,943            | 20,127            | 15,281            |
| Brattön wind farm          | 5,498         | 7,844         | 17,514         | 14,783        | 33,788            | 35,167            | 36,477            | 17,852            |
| Töftedalsfjället wind farm | 10,990        | 14,512        | 33,091         | 27,925        | 63,839            | 65,437            | 54,475            | -                 |
| Dingle-Skogen wind farm    | 10,557        | 2,572         | 33,480         | 4,936         | 36,278            | 1,877             | -                 | -                 |
| <b>Total</b>               | <b>35,631</b> | <b>37,631</b> | <b>112,685</b> | <b>72,464</b> | <b>189,431</b>    | <b>159,785</b>    | <b>149,203</b>    | <b>65,653</b>     |
| Price-hedged electricity   | 74%           | 78%           | 66%            | 67%           | 63%               | 61%               | 44%               | 70%               |

## Seasonal variations and annual variations

Wind-power production varies during the year, normally entailing higher electricity production during the winter season. An average wind year, known as a normal year, is based on wind measurements over at least a ten-year period. Deviations from a normal year can be substantial, thus impacting revenues and earnings during a single quarter or year.

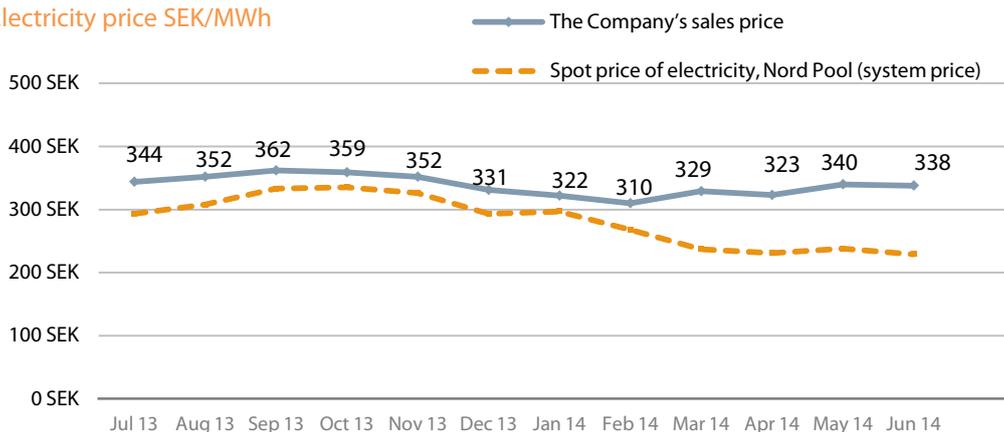
## Prices for electricity and electricity certificates

The average price per presold MWh during the first quarter was SEK 321/MWh (364). An average of 63 percent of production was hedged during the period. Hedging takes place through contractual sales of electricity for delivery at a later date, which evens out earnings over time. From the second quarter of 2012, the Company has been price-hedging a predetermined percentage of its production volume, thus eliminating the volume and profile risk.

To date, 2014 has been characterized by mild weather, together with lower activity in the industry, resulted in lower electricity consumption than normal. Combined with such factors as normal capacity level in the Nordic water reservoirs, a high utilization ratio in the nuclear power sector and low electricity prices in such countries as Germany, this also contributed to lower electricity prices in the Nordic region. The system price, a weighted spot price on Nord Pool Spot, was SEK 250/MWh (344) in the first six months of the year. This was about 27 percent lower than the average system price in the same period in 2013. The system price for the first six months has not been at the current year's level since 2007, taking into account inflation.

Another factor that influences the electricity price is the uncertainty surrounding the EU's general energy policy, support for renewable energy after 2020 and potential reforms of the Emissions Trading System (EU ETS). EU leaders will decide on the principles of the future energy policy at the European Council at the end of October.

### Electricity price SEK/MWh

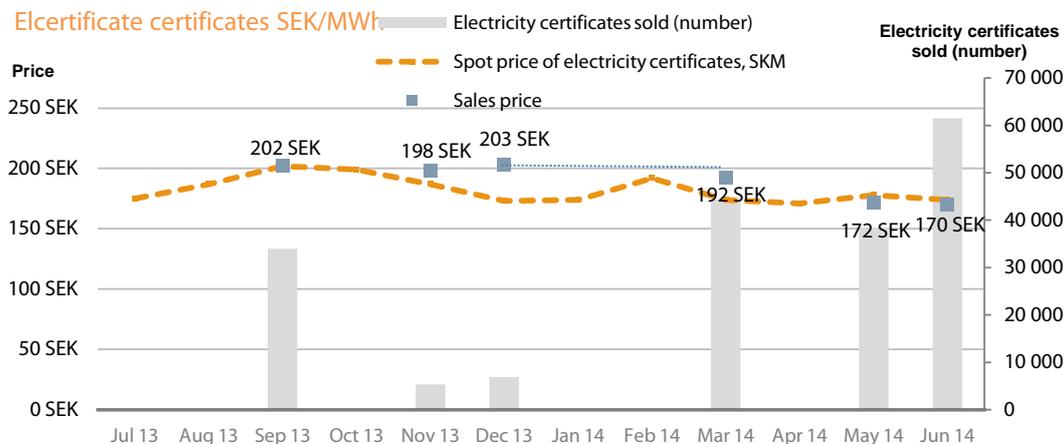


The electricity-certificate system was introduced in Sweden in 2003 to promote the expansion of renewable electricity. Since 2012, the system has been shared with Norway and the two countries must reach a joint annual production of renewable electricity of 26.4 TWh by 2020. In recent years, the expansion of mainly wind power has progressed rapidly in Sweden, creating a wide range of electricity certificates. In parallel, electricity consumption has declined, resulting in a fall in demand for electricity certificates. A surplus has thus accumulated, which has caused the spot price to fall from over SEK 300/MWh in spring 2009 to, in most cases, below SEK 200/MWh since spring 2013.

A low certificate price combined with a relatively low electricity price means that the profitability of renewable electricity production has been eroded, which is expected to lead to a reduction in expansion and means that the countries will probably not reach the joint target by 2020. It was for this reason that the Swedish Energy Agency, jointly with the Norwegian Water Resources and Energy Directorate, proposed in February that the system be remodeled from January 1, 2016. The price increased when the proposal was announced. The continued large surplus of certificates resulted in the price subsequently falling again. Until Sweden's Riksdag and Norway's Storting resolve on reforms to the electricity-certificate system by spring 2015, prices are expected to remain low with occasional increases. The spot price for the week commencing August 4, 2014 was SEK 180/MWh and futures prices varied between SEK 185 and SEK 199/MWh for various periods.

At June 30, 2014, the Company had an inventory of electricity certificates totaling 15,039 at a value of KSEK 2,606.

### Elcertificate certificates SEK/MWh



## Project portfolio

### Planning operations

The first step in a successful establishment is to conduct a thorough analysis of the wind power conditions. Experience gained from operational wind farms, ongoing construction and applications provides a strong foundation for future projects. The following sections describe the various phases involved, from preplanning to commissioning.

#### Preplanning, planning.

In the preplanning phase, basic prerequisites are analyzed, such as wind conditions based on wind maps, opposing interests, ground conditions, the feasibility of grid connections and so forth. Most of Sweden's municipalities have established wind-power plants, which indicate areas that may be appropriate for establishing wind-power production. Leaseholds are signed with land owners, which are subject to the condition that wind measurements and other analyses in the next phase remain positive.

In the planning phase, wind measurements begin and the consultation process is initiated with the authorities, organizations and individuals affected by the establishment. This is when an Environmental Impact Assessment (EIA) is prepared, which is submitted to the relevant authority together with the application. An EIA describes the direct and indirect impact of wind power on natural and cultural environments, recreational amenities and public health.

#### Application

Wind farm applications that are to be assessed under the Environmental Code are submitted to the County Administrative Board where the Environmental Protection Department formulates a decision-making proposal for the operation. The County Administrative Board's environmental testing delegation subsequently reaches a decision. In order for the County Administrative Board to assess an application and decide whether or not to issue a permit, the project must be approved by the municipality. If the municipality rejects the application, the County Administrative Board must also reject the application. This is usually referred to as a municipal veto. Wind farms that are assessed under the Swedish Planning and Building Act are submitted to the relevant municipality for assessment.

#### Authorization

When all permits have been granted and gained legal force, the focus is on the procurement of turbines, other engineering, electrical and contracting work, as well as financing. Electricity connection agreements are also reached with various grid companies. The wind measurements are thoroughly analyzed, which provides the basis for investment and profitability calculations.

#### Construction

This phase begins with preparatory work on land and the construction of roads. Contractors are appointed for earthworks, while turbine suppliers are responsible for the assembly and commissioning of wind turbines. Electricity connections are made by the electricity companies that own the adjacent networks and are paid for by Rabbalshede Kraft.

#### Operation

A service and maintenance plan is established for each turbine and operational monitoring is performed remotely by both the supplier and Rabbalshede Kraft. The Company's internal operational and maintenance organization is considered a core strategic competency and establishes processes certified in accordance with ISO 9001 and ISO 14001. The aim is to achieve higher operational reliability and availability than the turbine manufacturers are able to offer in their service agreements. Along with the Company's suppliers, the operational organization is also responsible for the facilities from which Rabbalshede Kraft and its partners jointly manage the wind farms. Töftedalsfjället is the first example of this type of facility.



## Project portfolio at June 30, 2014

| Phase                              | Project name                     | Municipality | No. of turbines | Output (MW)  | Estimated normal annual production, MWh |
|------------------------------------|----------------------------------|--------------|-----------------|--------------|---|
| <b>Operation</b>                   | Hud                              | Tanum        | 6               | 15           | 36,000                                  |
|                                    | Kil                              | Tanum        | 4               | 8            | 20,000                                  |
|                                    | Brattön                          | Munkedal     | 6               | 15           | 34,000                                  |
|                                    | Töftedalsfjället                 | Dals-Ed      | 10              | 23           | 61,400                                  |
|                                    | Dingle-Skogen                    | Munkedal     | 12              | 28           | 74,000                                  |
| <b>Total</b>                       |                                  |              | <b>38</b>       | <b>89</b>    | <b>225,400</b>                          |
| <b>Construction</b>                | Årjäng NV                        | Årjäng       | 9               | 28           | 78,700                                  |
|                                    | Årjäng SV                        | Årjäng       | 13              | 40           | 116,500                                 |
|                                    | Skaveröd/Gurseröd                | Tanum        | 11              | 33           | 94,200                                  |
| <b>Total</b>                       |                                  |              | <b>33</b>       | <b>101</b>   | <b>289,400</b>                          |
| <b>Authorization</b>               | Brattön-Sälelund                 | Munkedal     | 14              | 42           | -                                       |
|                                    | Femstenaberg                     | Strömstad    | 15              | 45           | -                                       |
|                                    | Sögårdsfjället                   | Tanum        | 14              | 42           | -                                       |
|                                    | Lursäng                          | Tanum        | 5               | 10           | -                                       |
|                                    | Hällevadsholm Väster             | Tanum        | 1               | 3            | -                                       |
|                                    | Lyrestad                         | Mariestad    | 8               | 24           | -                                       |
|                                    | Årjäng NV phase II <sup>2)</sup> | Årjäng       | 8               | 28           | -                                       |
| <b>Authorization<sup>1)</sup></b>  | Vävra Berg                       | Kungälv      | 5               | 15           | -                                       |
| <b>Total</b>                       |                                  |              | <b>70</b>       | <b>209</b>   |   |
| <b>Application*</b>                | Årjäng NO                        | Årjäng       | 12              | 36           | -                                       |
|                                    | Kyrkeröd                         | Orust        | 2               | 6            | -                                       |
|                                    | Forshälla                        | Uddevalla    | 5               | 15           | -                                       |
|                                    | Korpekullen                      | Färgelanda   | 7               | 21           | -                                       |
|                                    | Lillhärda Åndberg                | Härjedalen   | 101             | 303          | -                                       |
|                                    | Månsemyr                         | Orust        | 4               | 12           | -                                       |
|                                    | Vetteberget                      | Strömstad    | 2               | 6            | -                                       |
|                                    | Sköllunga                        | Stenungsund  | 6               | 18           | -                                       |
|                                    | Ulvberget                        | Nordanstig   | 6               | 18           | -                                       |
|                                    | Buråsen                          | Dals-Ed      | 10              | 30           | -                                       |
|                                    | Holmevattnet                     | Dals-Ed      | 6               | 18           | -                                       |
| <b>Total</b>                       |                                  |              | <b>161</b>      | <b>483</b>   |   |
| <b>Total planning, preplanning</b> |                                  |              | <b>62</b>       | <b>186</b>   |   |
| <b>Total</b>                       |                                  |              | <b>364</b>      | <b>1,068</b> |   |

\* The projects that are under application are subject to evaluation by the municipality and/or county administrative board. Accordingly, there may be some uncertainty as to whether or not the Company will receive the permits for which it has applied. Projects that have not been granted permits will be moved down the planning phase for review or will be terminated.

1) Authorized projects that have not yet gained legal force

2) The permit for the wind farm gained legal effect after the end of the period.

## Investments

Investments, including paid advances, totaled KSEK 61,198 during the period from January to June 2014. In all material respects, the investments pertain to the Årjäng SV, Årjäng NV and Skaveröd/Gurseröd wind farms, and to ongoing planning work.

In 2013, the Company began construction on the Årjäng NV, Årjäng SV and Skaveröd/Gurseröd wind farms comprising a total of 33 wind turbines. Thus far, the project is the largest investment in the Company's history and amounts to almost KSEK 1,200,000, of which about one third will be financed by shareholders' equity. The wind turbines being installed are of the Vestas V112-3 MW model. Svevia will be in charge of the construction of roads and infrastructure, including the NCN network. Construction on the wind farms began in July 2013 and will be completed by late 2014. The estimated annual production for the three wind farms is 289 GWh.

## Financing

Bank loans totaled KSEK 653,503 (681,555) at June 30, 2014. The average interest rate on loans in the debt portfolio was 5.13 percent at June 30, 2014. The fixed-interest period at June 30, 2014, was 6.73 years and the capital maturity term was 3.81 years. The Group is also financed through a shareholder loan from Manor Investment S.A. amounting to KSEK 105,452 at June 30, 2014, with a fixed interest rate of 7.5 percent. The shareholder loan falls due for payment in ten years. The equity/assets ratio was 56 percent (58) at June 30, 2014. The Company's cash and cash equivalents amounted to KSEK 103,749 (135,140) at the close of the period. The Group's maturity structure pertaining to loans and interest rates is detailed in the table below.

| Loan<br>Year(s)                     | Capital maturity |             | Interest-rate maturity |             |
|-------------------------------------|------------------|-------------|------------------------|-------------|
|                                     | KSEK             | Percentage  | KSEK                   | Percentage  |
| 1                                   | 38,514           | 6%          | 109,029                | 17%         |
| 2                                   | 41,282           | 6%          | 44,957                 | 7%          |
| 3                                   | 44,285           | 7%          | 47,503                 | 7%          |
| 4                                   | 242,346          | 37%         | 45,929                 | 7%          |
| 5                                   | 286,400          | 44%         | 43,984                 | 7%          |
| 6-10                                | 675              | 0%          | 276,053                | 42%         |
| 11-15                               | 0                | 0%          | 86,047                 | 13%         |
| <b>Total bank loans</b>             | <b>653,503</b>   | <b>100%</b> | <b>653,503</b>         | <b>100%</b> |
| Shareholder loans                   | 105,452          |             |                        |             |
| Bank fees                           | -30,529          |             |                        |             |
| <b>Interest-bearing liabilities</b> | <b>728,426</b>   |             |                        |             |

## Hedging instruments

Rabbalshede Kraft applies hedge accounting of financial instruments in accordance with IAS 39. As a result, value changes in various derivatives acquired to hedge cash flows have to be recognized against shareholders' equity through comprehensive income. At June 30, 2014, the market value of the Company's outstanding interest-rate and currency contracts represented a liability of KSEK 92,904 and a receivable of KSEK 27,528.

## Risks and uncertainties

Through its operations, Rabbalshede Kraft is exposed to risks. The Company is dependent on both the general economic and political climate in its business environment. For a detailed description of risks, refer to the administration report in the Annual Report for the 2013 fiscal year.

In 2008, Rabbalshede Kraft entered into an agreement with a supplier relating to the acquisition of a total of 29 wind turbines. Of these, the Company instructed the delivery of 14 wind turbines to the Dingle-Skogen wind farm in February 2012. The advance payment in EUR that had previously been made for the 29 turbines, corresponding to KSEK 39,921 (rate 9.23), was used as an installment payment for 14 turbines. While the remaining agreements for 15 wind turbines stipulate specific delivery dates, the parties intend to sign supplementary agreements specifying new delivery dates for wind farms that are scheduled further down the line. If the Company cancels the remaining 15 wind turbines, this could cost the Company MEUR 6.7, corresponding to MSEK 61.6 at the closing-date rate.

## Group key figures

|   | Q2<br>2014 | Q2<br>2013 | Q1-2<br>2014 | Q1-2<br>2013 | Rolling 12<br>months | Full-year<br>2013 |
|---|------------|------------|--------------|--------------|----------------------|-------------------|
| Installed output at the close of the period, MW                     | 89         | 66         | 89           | 66           | 89                   | 89                |
| Electricity production during the period, MWh                       | 35,631     | 37,631     | 112,685      | 72,464       | 229,652              | 189,431           |
| Average price of electricity, electricity certificates and GoO, SEK | 516        | 546        | 515          | 564          | 530                  | 553               |
| Number of employees at the close of the period                      | 24         | 23         | 24           | 23           | 24                   | 23                |
| Net sales, KSEK   | 18,360     | 20,528     | 58,020       | 40,901       | 121,813              | 104,694           |
| EBITDA, KSEK  | 8,332      | 11,408     | 39,433       | 24,877       | 92,377               | 77,821            |
| EBITDA margin, %  | 45.4       | 55.6       | 68.0         | 60.8         | 75.8                 | 74.3              |
| EBIT, KSEK  | -4,453     | 1,864      | 13,848       | 5,792        | 46,084               | 38,027            |
| Return on capital employed, % (before taxes)                        |            |            |              |              | 3.0                  | 2.6               |
| Return on shareholders' equity, %                                   |            |            |              |              | 0.2                  | 0.0               |
| Earnings per share before dilution, SEK                             | -0.16      | -0.16      | -0.08        | -0.26        | 0.03                 | 0.00              |
| Earnings per share after dilution, SEK                              | -0.16      | -0.16      | -0.08        | -0.26        | 0.03                 | 0.00              |
| Average no. of shares before dilution, thousands                    | 74,825     | 34,659     | 74,825       | 32,862       | 73,269               | 52,460            |
| Average no. of shares after dilution, thousands                     | 74,825     | 36,782     | 74,825       | 33,929       | 74,945               | 54,666            |
| No. of shares at the end of the period, thousands                   | 74,825     | 45,345     | 74,825       | 45,345       | 74,825               | 74,825            |
|   |            |            |              |              | Jun 30,<br>2014      | Dec 31,<br>2013   |
| Total assets, KSEK  |            |            |              |              | 1,923,978            | 1,938,658         |
| Equity/assets ratio, %  |            |            |              |              | 56                   | 58                |
| Net debt, KSEK  |            |            |              |              | 514,359              | 471,261           |
| Debt/equity ratio, multiple   |            |            |              |              | 0.7                  | 0.7               |
| Interest-bearing liabilities, KSEK                                  |            |            |              |              | 728,427              | 751,933           |
| Capital employed, KSEK  |            |            |              |              | 1,803,594            | 1,869,885         |
| Shareholders' equity, including non-controlling interests, KSEK     |            |            |              |              | 1,075,167            | 1,117,952         |
| Shareholders' equity per share, KSEK                                |            |            |              |              | 14.37                | 14.94             |

## Definitions

|                             |  |
|-----------------------------|--|
| EBITDA:                     | Operating profit before depreciation, amortization and impairments   |
| EBITDA margin:              | EBITDA as a percentage of net sales                                  |
| EBIT:                       | Operating profit before financial items and taxes.                   |
| Earnings per share:         | Earnings for the period divided by the number of shares              |
| Total assets:               | Total value of assets held by the Company                            |
| Capital employed:           | Total assets less non-interest-bearing liabilities                   |
| Net debt:                   | Interest-bearing liabilities less cash and cash equivalents.         |
| Return on equity:           | Earnings for the period/average shareholders' equity.                |
| Return of capital employed: | Profit before taxes plus financial expenses/average capital employed |
| Equity/assets ratio:        | Shareholders' equity as a percentage of total assets.                |
| Debt/equity ratio:          | Interest-bearing liabilities/shareholders' equity                    |
| Equity per share:           | Equity divided by the number of shares                               |

## Consolidated income statement

| KSEK  | Note | Q2<br>2014     | Q2<br>2013    | Q1-2<br>2014  | Q1-2<br>2013   |
|---|------|----------------|---------------|---------------|----------------|
| Net sales   |      | 18,360         | 20,528        | 58,020        | 40,901         |
| Other operating revenues  |      | 1,004          | 556           | 2,609         | 2,744          |
| <b>Total revenues</b>   |      | <b>19,364</b>  | <b>21,084</b> | <b>60,629</b> | <b>43,645</b>  |
| Personnel costs   | 2    | -2,638         | -1,921        | -4,475        | -3,868         |
| Other external costs  | 2    | -8,394         | -7,755        | -16,721       | -14,900        |
| Depreciation, amortization and impairment of tangible and intangible fixed assets |      | -12,785        | -9,544        | -25,585       | -19,085        |
| <b>Operating profit/loss</b>  |      | <b>-4,453</b>  | <b>1,864</b>  | <b>13,848</b> | <b>5,792</b>   |
| Financial income  |      | 121            | 347           | 363           | 553            |
| Financial expenses  |      | -11,175        | -9,119        | -22,338       | -17,181        |
| <b>Loss before taxes</b>  |      | <b>-15,507</b> | <b>-6,908</b> | <b>-8,127</b> | <b>-10,836</b> |
| Tax   |      | 3,412          | 1,520         | 1,788         | 2,384          |
| <b>Loss for the period</b>  |      | <b>-12,095</b> | <b>-5,388</b> | <b>-6,339</b> | <b>-8,452</b>  |
| <b>Earnings per share</b>   |      |                |               |               |                |
| Average no. of shares before dilution, thousands                                  |      | 74,825         | 34,659        | 74,825        | 32,862         |
| Average no. of shares after dilution, thousands                                   |      | 74,825         | 36,782        | 74,825        | 33,929         |
| Earnings per share before dilution, SEK   |      | -0.16          | -0.16         | -0.08         | -0.26          |
| Earnings per share after dilution, SEK  |      | -0.16          | -0.16         | -0.08         | -0.26          |

## Consolidated statement of comprehensive income

| KSEK   | Q2<br>2014     | Q2<br>2013    | Q1-2<br>2014   | Q1-2<br>2013  |
|--|----------------|---------------|----------------|---------------|
| <b>Loss for the period</b>   | <b>-12,095</b> | <b>-5,388</b> | <b>-6,339</b>  | <b>-8,452</b> |
| <b>Other comprehensive income:</b>                                 |                |               |                |               |
| <i>Items that can be reclassified to profit or loss</i>            |                |               |                |               |
| Cash-flow hedges:  |                |               |                |               |
| Change in fair value   | -21,610        | 33,380        | -53,626        | 30,214        |
| Reversals against profit or loss                                   | 3,533          | 2,161         | 6,895          | 3,791         |
| Transferred to cost of hedged item                                 | -              | 844           | -              | 844           |
| Tax attributable to cash-flow hedges                               | 3,977          | -8,006        | 10,281         | -7,668        |
| <b>Total cash-flow hedges</b>                                      | <b>-14,100</b> | <b>28,379</b> | <b>-36,450</b> | <b>27,181</b> |
| <b>Total</b>   | <b>-26,195</b> | <b>22,991</b> | <b>-42,789</b> | <b>18,729</b> |
| <i>Items that will not be reclassified to profit or loss:</i>      |                |               |                |               |
| <b>Total items that will not be reclassified to profit or loss</b> | <b>-</b>       | <b>-</b>      | <b>-</b>       | <b>-</b>      |
| <b>Comprehensive loss for the period</b>                           | <b>-26,195</b> | <b>22,991</b> | <b>-42,789</b> | <b>18,729</b> |

## Consolidated balance sheet

| KSEK  | Jun 30,<br>2014  | Jun 30,<br>2013  | Dec 31,<br>2013  |
|---|------------------|------------------|------------------|
| <b>Assets</b>   |                  |                  |                  |
| Intangible fixed assets   | 35,997           | 36,693           | 36,345           |
| Tangible fixed assets   | 1,606,062        | 1,292,236        | 1,570,102        |
| Deferred tax assets   | 16,448           | 4,667            | 4,379            |
| Long-term receivables   | 740              | 2,336            | 716              |
| <b>Total fixed assets</b>   | <b>1,659,247</b> | <b>1,335,932</b> | <b>1,611,542</b> |
| Intangible current assets   | 6,316            | 1,878            | 4,061            |
| Accounts receivable   | 2,505            | 806              | 2,490            |
| Prepaid costs and accrued income  | 10,020           | 15,523           | 24,694           |
| Other receivables   | 31,822           | 60,469           | 15,199           |
| Blocked bank funds  | 110,319          | 40,442           | 145,532          |
| Cash and cash equivalents   | 103,749          | 125,659          | 135,140          |
| <b>Total current assets</b>   | <b>264,731</b>   | <b>244,777</b>   | <b>327,116</b>   |
| <b>Total assets</b>   | <b>1,923,978</b> | <b>1,580,709</b> | <b>1,938,658</b> |
| <b>Shareholders' equity</b>   |                  |                  |                  |
| Share capital   | 748,249          | 453,448          | 748,249          |
| Other capital contributions   | 399,527          | 353,460          | 399,527          |
| Reserves  | -50,993          | -19,670          | -14,543          |
| Retained earnings including profit/loss for the period                    | -21,624          | -23,859          | -15,289          |
| <b>Shareholders' equity attributable to Parent Company's shareholders</b> | <b>1,075,159</b> | <b>763,379</b>   | <b>1,117,944</b> |
| Non-controlling interests   | 8                | 8                | 8                |
| <b>Total shareholders' equity</b>   | <b>1,075,167</b> | <b>763,387</b>   | <b>1,117,952</b> |
| <b>Liabilities</b>  |                  |                  |                  |
| Provisions – rehabilitation costs for wind turbines                       | 2,588            | -                | 2,517            |
| Interest-bearing liabilities  | 577,071          | 552,044          | 603,853          |
| Other long-term liabilities   | 200,409          | 27,336           | 132,184          |
| <b>Total long-term liabilities</b>  | <b>780,068</b>   | <b>579,380</b>   | <b>738,554</b>   |
| Accounts payable  | 2,542            | 164,078          | 3,522            |
| Interest-bearing liabilities  | 45,903           | 20,701           | 46,237           |
| Other liabilities   | 4,879            | 15,509           | 10,414           |
| Accrued expenses and deferred income                                      | 15,419           | 37,654           | 21,979           |
| <b>Total current liabilities</b>  | <b>68,743</b>    | <b>237,942</b>   | <b>85,152</b>    |
| <b>Total liabilities</b>  | <b>848,811</b>   | <b>817,322</b>   | <b>820,706</b>   |
| <b>Total shareholders' equity and liabilities</b>                         | <b>1,923,978</b> | <b>1,580,709</b> | <b>1,938,658</b> |
| Pledged assets  | 1,597,690        | 1,116,622        | 1,604,447        |
| Contingent liabilities  | 167,070          | 58,677           | 161,761          |

## Condensed consolidated statement of changes in shareholders' equity

| Shareholders' equity attributable to the Parent Company's shareholders, KSEK | Jun 30, 2014     | Jun 30, 2013   | Dec 31, 2013     |
|--|------------------|----------------|------------------|
| <b>Total shareholders' equity on the opening date</b>                        | <b>1,117,944</b> | <b>573,050</b> | <b>573,050</b>   |
| Profit/loss for the year   | -6,339           | -8,452         | 117              |
| Other comprehensive income/loss  | -36,450          | 27,181         | 32,309           |
| <b>Comprehensive income/loss for the period</b>                              | <b>-42,789</b>   | <b>18,729</b>  | <b>32,426</b>    |
| New share issue  | -                | 171,600        | 525,362          |
| Expenses attributable to the new share issue                                 | -                | -              | -16,530          |
| Tax effect attributable to the new share issue                               | -                | -              | 3,636            |
| <b>Total shareholders' equity on the closing date</b>                        | <b>1,075,159</b> | <b>763,379</b> | <b>1,117,944</b> |

## Consolidated cash-flow statement

| Condensed, KSEK  | Q 2 2014       | Q 2 2013        | Q 1-2 2014     | Q 1-2 2013      |
|--|----------------|-----------------|----------------|-----------------|
| <b>Cash flow from operating activities before changes in working capital</b> | <b>-2,767</b>  | <b>3,451</b>    | <b>17,367</b>  | <b>9,935</b>    |
| Cash flow from changes in working capital                                    | 1,702          | 107,576         | 733            | 94,593          |
| <b>Cash flow from operating activities</b>                                   | <b>-1,065</b>  | <b>111,027</b>  | <b>18,100</b>  | <b>104,528</b>  |
| <b>Investing activities</b>  |                |                 |                |                 |
| Acquisition of tangible fixed assets, including advances                     | -34,887        | -245,813        | -61,198        | -266,057        |
| Divestment of tangible fixed assets  | -              | -               | -              | -               |
| <b>Cash flow from investing activities</b>                                   | <b>-34,887</b> | <b>-245,813</b> | <b>-61,198</b> | <b>-266,057</b> |
| <b>Financing activities</b>  |                |                 |                |                 |
| New share issue  | -              | 171,600         | -              | 171,600         |
| Loans raised   | 2,491          | 26,679          | 4,546          | 37,343          |
| Amortization of loans  | -12,833        | -6,992          | -28,052        | -27,567         |
| Changes in blocked funds   | 21,376         | -3,109          | 35,213         | 16,890          |
| <b>Cash flow from financing activities</b>                                   | <b>11,034</b>  | <b>188,179</b>  | <b>11,707</b>  | <b>198,266</b>  |
| Cash flow for the period   | -24,918        | 53,392          | -31,391        | 36,737          |
| Opening cash and cash equivalents  | 128,667        | 72,267          | 135,140        | 88,922          |
| <b>Closing cash and cash equivalents</b>                                     | <b>103,479</b> | <b>125,659</b>  | <b>103,749</b> | <b>125,659</b>  |
| <b>Blocked cash funds</b>  | <b>110,319</b> | <b>40,442</b>   | <b>110,319</b> | <b>40,442</b>   |
| <b>Total cash and cash equivalents</b>                                       | <b>213,798</b> | <b>166,101</b>  | <b>214,068</b> | <b>166,101</b>  |

## Parent Company

The Parent Company, Rabbalshede Kraft AB (publ.), primarily focuses on the management, coordination and operation of the Hud wind farm and the development of the Group. The Parent Company is responsible for issues concerning the equities market, such as consolidated financial statements and equity market information, as well as the credit market with matters regarding borrowing and financial risk management.

## Parent Company income statement

| KSEK  | Q 2<br>2014   | Q 2<br>2013   | Q 1-2<br>2014 | Q 1-2<br>2013 |
|---|---------------|---------------|---------------|---------------|
| Net sales   | 5,209         | 4,312         | 15,542        | 9,350         |
| Other operating revenues  | 27            | 4,459         | 98            | 7,834         |
| <b>Total revenues</b>   | <b>5,236</b>  | <b>8,771</b>  | <b>15,640</b> | <b>17,184</b> |
| Personnel costs   | -3,030        | -3,501        | -5,613        | -6,351        |
| Other external costs  | -3,252        | -3,587        | -5,798        | -5,836        |
| Depreciation and amortization of tangible and intangible fixed assets | -1,904        | -2,066        | -3,838        | -4,077        |
| <b>Operating profit/loss</b>  | <b>-2,950</b> | <b>-383</b>   | <b>391</b>    | <b>920</b>    |
| Interest income and similar items                                     | 129           | 143           | 267           | 324           |
| Interest expense and similar items                                    | -1,485        | -1,661        | -3,014        | -3,055        |
| <b>Loss before taxes</b>  | <b>-4,306</b> | <b>-1,901</b> | <b>-2,356</b> | <b>-1,811</b> |
| Appropriations  | -             | -             | -             | -             |
| <b>Loss before taxes</b>  | <b>-4,306</b> | <b>-1,901</b> | <b>-2,356</b> | <b>-1,811</b> |
| Tax   | 947           | 418           | 518           | 398           |
| <b>Loss for the period</b>  | <b>-3,359</b> | <b>-1,483</b> | <b>-1,838</b> | <b>-1,413</b> |

## Statement of Parent Company's comprehensive income

| KSEK   | Q 2<br>2014   | Q 2<br>2013   | Q 1-2<br>2014 | Q 1-2<br>2013 |
|--|---------------|---------------|---------------|---------------|
| Loss for the year                                | -3,359        | -1,483        | -1,838        | -1,413        |
| Total other comprehensive income                 | -             | -             | -             | -             |
| <b>Total comprehensive income for the period</b> | <b>-3,359</b> | <b>-1,483</b> | <b>-1,838</b> | <b>-1,413</b> |

## Parent Company balance sheet

| Condensed, KSEK                                   | Jun 30,<br>2014  | Jun 30,<br>2013 | Dec 31,<br>2013  |
|---|------------------|-----------------|------------------|
| Intangible fixed assets                           | 19,349           | 19,517          | 19,433           |
| Tangible fixed assets                             | 241,012          | 228,021         | 235,824          |
| Financial fixed assets                            | 885,809          | 576,248         | 889,478          |
| Intangible current assets                         | 1,314            | 350             | 666              |
| Current receivables                               | 27,767           | 70,085          | 24,418           |
| Cash and bank balances                            | 60,902           | 15,202          | 75,410           |
| <b>Total assets</b>                               | <b>1,236,153</b> | <b>909,423</b>  | <b>1,245,229</b> |
| Restricted shareholders' equity                   | 748,249          | 453,448         | 748,249          |
| Unrestricted shareholders' equity                 | 369,269          | 320,716         | 371,106          |
| Untaxed reserves                                  | 500              | 500             | 500              |
| Long-term liabilities                             | 93,574           | 108,466         | 96,446           |
| Current liabilities                               | 24,561           | 26,293          | 28,928           |
| <b>Total shareholders' equity and liabilities</b> | <b>1,236,153</b> | <b>909,423</b>  | <b>1,245,229</b> |

## Notes to the condensed financial statements

### Note 1 Accounting policies

The consolidated financial accounts for 2014 were prepared, similar to the 2013 year-end report, in accordance with the International Financial Reporting Standards (IFRS), as approved by the European Commission for adoption within the EU, and the Swedish Annual Accounts Act.

This interim report for the Group was prepared in accordance with IAS 34 Interim Reporting. Pertinent provisions of the Annual Accounts Act were also applied. The same accounting policies and calculation principles were applied as in the most recent Annual Report.

The interim report for the Parent Company was prepared in accordance with the Annual Accounts Act and the regulations in RFR 2 Accounting for Legal Entities.

### Note 2 Personnel costs and other external costs

The Company capitalizes all expenses for project-planning personnel. Overhead costs are capitalized at an appropriate percentage for projects in the construction phase and the remaining costs impact earnings. The expenses encompass both personnel expenses and other external expenses.

| Group  | Q 2           | Q 2           | Q 1-2          | Q 1-2          |
|--|---------------|---------------|----------------|----------------|
| KSEK   | 2014          | 2013          | 2014           | 2013           |
| <b>Personnel costs</b>                                 |               |               |                |                |
| Personnel costs  | -5,205        | -4,694        | -9,752         | -9,379         |
| Capitalized planning personnel                         | 1,646         | 1,643         | 3,170          | 3,251          |
| Capitalized personnel in management and administration | 921           | 1,130         | 2,107          | 2,260          |
| <b>Total</b>   | <b>-2,638</b> | <b>-1,921</b> | <b>-4,475</b>  | <b>-3,868</b>  |
| <b>Group</b>   |               |               |                |                |
| KSEK   | Q 2           | Q 2           | Q 1-2          | Q 1-2          |
|  | 2014          | 2013          | 2014           | 2013           |
| <b>Other external costs</b>                            |               |               |                |                |
| Other external costs                                   | -9,552        | -8,484        | -17,807        | -15,201        |
| Reinvoiced costs                                       | -105          | -533          | -1,639         | -2,215         |
| Capitalized other external costs                       | 1,263         | 1,262         | 2,725          | 2,516          |
| <b>Total</b>   | <b>-8,394</b> | <b>-7,755</b> | <b>-16,721</b> | <b>-14,900</b> |

## **Signatures/issuers of the report**

Rabbalshede, August 21, 2014

Karl-Erling Trogen  
*Chairman of the Board*

Jérôme David  
*Board member*

Jean-Baptiste Oldenhove  
*Board member*

Reine Rosén  
*Board member*

Karin Kronstam  
*Board member*

Anders Strålmán  
*Board member*

Thomas Linnard  
*CEO*

## **Review**

This report has not been reviewed by the Company's auditors.

