



Interim Report for period 1 January – 30 June 2014

Second quarter (1 April – 30 June 2014)

- Net sales during the quarter amounted to MSEK 35 (47).
- Operating profit before depreciation (EBITDA) amounted to MSEK 7 (44) of which MSEK -11 (2) represented Arise's share of profits in associated companies.
- Profit/loss before tax amounted to MSEK -39 (4) including items of a one off nature totalling MSEK -9 (-).
- Profit/loss after tax amounted to MSEK -33 (3) equivalent to SEK -0.98 (0.10) per share.
- Power production amounted to GWh 127 (128), of which the segment Own wind power operations produced 71 (72) GWh and Co-owned wind power operations produced 56 (57) GWh.
- Average income from Own wind power operations amounted to SEK 490 (662) per MWh with SEK 302 (401) per MWh from electricity and SEK 187 (261) per MWh from electricity certificates.
- The re-financing of the major portion of the Group's wind farms has taken place through a senior secured green bond loan with an issue amount of SEK 1,100 billion.

First half-year (1 January – 30 June 2014)

- Net sales for the first half year amounted to MSEK 117 (102).
- Operating profit before depreciation (EBITDA) amounted to MSEK 71 (98), of which MSEK -13 (15) represented Arise's share of profits in associated companies.
- Profit/loss before tax amounted to MSEK -17 (16) including items of a one off nature totalling MSEK -9 (-).
- Profit/loss after tax amounted to MSEK -16 (16), equivalent to SEK -0.49 (0.48) per share.
- Power production amounted to 324 (260) GWh, divided between Own wind power operations, GWh 196 (149) and Co-owned wind power operations, GWh 127 (111).
- Average income from Own wind power operations totalled SEK 594 (690) per MWh, with SEK 376 (403) per MWh from electricity and SEK 219 (287) per MWh from electricity certificates.

About Arise

Arise is one of Sweden's leading companies in onshore wind power. Its business concept is to sell electricity generated by the Company's own wind turbines. The Company's target is to construct and manage 1,000 MW onshore wind power by 2017, of which the Company will own 500 MW. Arise is listed on NASDAQ OMX Stockholm.

Arise AB (publ), Box 808, 301 18 Halmstad, tel. +46 (0) 35 20 20 900, Corporate Identity Number 556274-6726

Comments from the CEO

Second quarter

Results for the second quarter were negative. The reason for this is the low level of production in combination with low prices for electricity and certificates. The lower than usual level of production in the quarter of approximately 20 GWh, including our share in the Jädraås project, contributed to a decrease in income of approximately MSEK 8. In addition, we had one off costs totalling MSEK 9 in conjunction with the re-financing of the Company's loans. As no construction projects have been active during the period, all costs for the Company's project organisation have also impacted the quarter's results.

The second quarter is usually one of the weakest periods during a financial year in terms of wind resources and this was also the case this year. Consequently, we decided to upgrade two of our farms, something that is expected to lead to increased electricity production. The work with upgrading has, however, implied that the farms have been shut down during an unusually long period which also negatively impacted production. Furthermore, the pricing as regards leased farms is constructed in such a manner that the price is higher than the market price during the strong wind resource periods (Q1 and Q4) while they are in line with market prices during weak wind resource periods (Q2 & Q3). As the market price of electricity and certificates has been low during the quarter (on average SEK 406 per MWh, system price electricity + certificates), this has also led to deteriorated results.

Successful green bond issue

The Company has strengthened its financial position during the quarter through the issue of a senior secured green bond totalling MSEK 1,100. This bond replaces previous bank loans. In conjunction with this, the overall level of debt has been reduced and interest rate swaps with a negative market value have been terminated.

Disposals underway

During the quarter, a conditional agreement has been entered into with BlackRock regarding the sale of the Brotorp project (MW 46.2). The transaction is conditional on, amongst other things, the confirmation of the due diligence and the loan re-financing being in place before an agreement can be finalised.

An agreement in principal has also been made with the municipality owned company, Kumbro Vind AB, regarding the sale of the wind farm Stjärnarp (MW 5.4). The company is owned by Örebro & Kumla municipalities, who have approved the transaction. The agreement presumes a change in the Articles of Association of Kumbro Vind AB, something which the management in the respective municipalities has approved but which has been appealed by a private individual.

Discussions regarding the sale of further commissioned wind farms as well as construction ready wind farms are underway. As there is a continued interest in investing in Swedish wind power, the Company is in parallel working to further strengthen its portfolio of projects that are ready to be constructed. This is partly

done through acquisition of projects ready for construction and partly through own projects having matured and received, or are close to receiving, final permits. The interest from investors to invest in the Nordics and Sweden is primarily due to that the region is experienced as stable in both macroeconomic and regulatory terms. Should the now proposed revision of the certificate system not come into effect, while at the same time the electricity price would continue to be low, there is a major risk that the interest in the continued expansion of renewable energy in Sweden and Norway will wane.

Continued reduction in costs

Investment costs in new projects continue to decrease as a result of more effective farms and better wind resource locations. The company has 115 own turbines in operation and a further 33 turbines under management (total MW 368) and achieves clear economies of scale. This results in a decline in operating costs in already commissioned farms. The previously announced reduction in the number of personnel will result in decreased personnel costs of more than 6 MSEK during 2014.

Future prospects

Spot prices for electricity have strengthened by a few Euro per MWh during recent months. Precipitation levels are decisive for continued price development during the autumn in Norway and Sweden and availability in the nuclear power plants is also crucial in this context. The electricity certificate market shows continued uncertainty as to the authority's proposal for a major revision of the quota obligation. The effects of such a revision would appear not to have been priced into current spot prices.

Our wind farms function well technically and the upgrading which is currently underway will result in increased electricity production during, primarily, the wind resource intensive quarters (Q4 & Q1).

Our ambition is to sell additional commissioned projects during the autumn (Skogaby, 7.2 MW) and a project which is now ready to be constructed. With this, our project organisation will be fully employed and economies of scale and management revenues will increase, as well as revenues from project development.

In addition, the ambition is to strengthen the project portfolio in both Sweden and Scotland and to establish a long-term co-operation with additional investors.

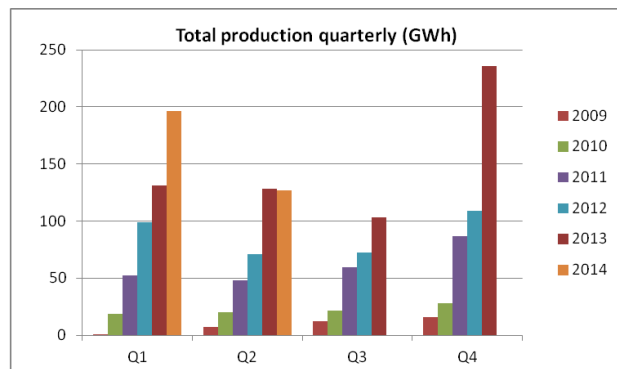
Halmstad, July 18, 2014

Peter Nygren

CEO Arise AB (publ)

■ Comments to the second quarter

Total electricity production amounted to 127.0 GWh, which is 1% less than the previous year's level at 128.4 GWh. Quarterly production developments is shown in the graph below.



Total production includes both Own (including leases) and Co-owned production

The segments Own and Co-owned wind power production are reported excluding internal interest expenses on shareholder loans provided by Arise and, as regards Co-owned wind power production, also as regards the Platina Partners' companies. Income from the segment, Wind Power Development, has been reduced by the equivalent amount of interest revenue. The shareholders loans incur interest of approximately 6% and the amounts are reported in Notes 4 and 7.

Own wind power operations

This segment's production also includes production from leased wind farms where the leasing revenues are reported as net sales and are included as electricity and certificate revenues in calculating key ratio revenues per MWh. Leasing is, consequently, reported as price hedging, which is also the Company's intention with these transactions. The leasing agreements imply that the client has complete disposal over the production capacity and produced energy.

Own wind power operations (including leased wind farms) amounted during the quarter to 70.7 (71.6) GWh in the Company's wholly-owned farms, a reduction of 1%, or approximately 1 GWh, in spite of an increased number of turbines being in operation. The decrease is due, primarily, to the fact that wind resources during the current quarter were weaker than usual (according to the Danish wind index) while they were at normal levels during the second quarter in 2013. In addition, the upgrading of the two wind farms resulting in unusually long shut down periods also impacted production negatively.

The market price of electricity decreased during the quarter. However, the price hedging in place contributed to the Company's average sales price for electricity

reaching SEK 302 (401) per MWh, which is 30% in excess of the market price (SYS, system price Nord Pool Spot) for the same period (SEK 232 per MWh). Price hedging also contributed to the Company's average sales price for certificates coming in at SEK 187 (261) per MWh, or 7% over the market price (SKM) in the same period (SEK 175 per MWh).

In total, Own wind power operations generated revenues of MSEK 37 (47) and an EBITDA of MSEK 23 (36), a decrease of 22% of revenues, respective 35% of EBITDA, compared with the second quarter 2013. The decrease in production of 1% reduced net sales by MSEK 1, while the lower average price reduced net sales by MSEK 12 compared with the same quarter in 2013. Specific operating costs amounted to SEK 189 (160) per MWh and the increase is due, largely, to a lower level of production which has to bear a relatively larger portion of fixed operating costs. Depreciation and net financial items amounted to MSEK -23 (-21), respective MSEK -22 (-15). The increase in net financial items is due to the fact that the Company, in conjunction with the re-financing of certain project loans, has written off previously capitalised bank fees of MSEK 7 and had increased interest expenses during a transition period of MSEK 2, with these items totalling MSEK -9. Consequently, the results for the quarter before tax were MSEK -23, compared with MSEK 0 in the previous year.

Co-owned wind power operations

All amounts in the segment reporting refer to Arise's share of 50%, or MW 101.5, of the Jädraås project. Electricity production during the second quarter amounted to 56.4 (56.8) GWh, which was somewhat lower than usual due to less favourable wind resources.

The segment generated revenue of MSEK 29 (27) and an EBITDA of MSEK 20 (20). Depreciation and net financial items amounted to MSEK -16 (-5), respective MSEK -12 (-8) and profit for the quarter before tax was MSEK -7 (7). Average revenue per MWh was SEK 522 (471) with SEK 325 (322) per MWh from electricity and SEK 197 (149) from electricity certificates. The deterioration in results is due to a lower than usual level of production and the fact that the quarter was fully impacted by interest and depreciation, which was not the case in the same period in 2013.

The chosen form of financing implies that the project's cash flow will benefit the owners first through interest payments and amortisation prior to dividends being paid from the project. During 2014, it is calculated that a total of approximately MSEK 40 will be received from the project, of which slightly more than MSEK 10 was received during the first quarter and MSEK 0 was received during the second quarter.

Wind power development

All in all, revenues and EBITDA for Wind power development amounted to MSEK 10 (23), respective MSEK -5 (7) during the quarter. This decrease refers primarily to the developer fees received last year which amounted to MSEK 14. Operating costs were MSEK 4 lower than last year, that is, MSEK -17 compared with MSEK -21. Net financial items improved to MSEK -4 (-8) and profit/loss before taxes decreased to MSEK -12 (-2).

Other events

In the middle of April 2014, the Company issued a five-year, secured green bond loan. The bond amount totalled SEK 1.1 billion and matures in 2019. The bond incurs floating interest of STIBOR (3 months) + 3.00 percent. The bond is listed on the NASDAQ OMX Stockholm. In conjunction with this transaction, the Company's loan liabilities decreased by approximately MSEK 90, at the same time negative interest rate hedges of a further approximate MSEK 80 were terminated, something that only impacts the Company's cash flow. According to IFRS, the terminated interest rate hedges are not recognised in income in conjunction with payment, rather they are allocated according to the tenor of the terminated swap agreement. Together with a somewhat improved amortisation profile as regards the bond, this implies that the Company's cash flow will be improved on average by slightly more than MSEK 30 per year during the next five year period.

An agreement in principle has been made with Kumbro Vind AB regarding the sale of the wind farm, Stjärnarp, with three turbines totalling MW 5.4. Kumbro Vind AB is jointly owned by Örebro and Kumla municipalities. The Municipal Councils in the two municipalities have approved of both the transfer of the wind farm, Stjärnarp, and the necessary change in the articles of association. The change in the articles of association has, however, been appealed by a private individual and the case is being handled by the Administrative Court. The transfer can take place provided the Administrative Court rejects the appeal.

Arise AB has entered into a non-binding agreement regarding the sale of the Swedish wind power project, Brotorp (46.2 MW), which is ready for construction, to a fund administered by BlackRock, the world's largest fund manager. The transaction is conditional on, amongst other things, confirmatory due diligence and loan financing.

The Bohult wind farm was taken over from the supplier at the end of April and full production is expected to be reached in July.

Of the directed offering, resolved upon by the annual meeting of shareholders, to grant a maximum of 140,000 synthetic options to individuals in Group man-

agement, a total of 140,000 such options have been subscribed to.

Net sales and income

Net sales during the quarter amounted to MSEK 35 (47). Other operating income amounted to MSEK 10 (20) and total income amounted to MSEK 44 (67).

During the quarter, MSEK 2 (6) of work on own account was capitalised. The share of associated companies' profits amounted to MSEK -11 (2) and refers, in its entirety, to the 50% ownership of the Jädraås project. The reported income from the project is net, that is, after taxes. The major difference in results is due to low wind resource levels in 2014 compared with more normal levels in 2013 and is also due to the fact that income for the equivalent quarter in 2013 was generated, partially, by revenue from testing activities, without depreciation and interest charges.

Operating profit before depreciation (EBITDA) amounted to MSEK 7 (44). The decrease is due to a lower level of production within Own wind power operations as a result of lower wind resource levels in southern Sweden and low average prices. Furthermore, developer fees of MSEK 14 were received last year. In addition, the share of profits in associated companies in the second quarter 2014 was impacted by MSEK -11 (2). Operating income (EBIT) amounted to MSEK -19 (22) including depreciation according to plan of MSEK -26 (-22). Net financial income was MSEK -20 (-18) including one-off costs of MSEK 9 in conjunction with the re-financing of loans and profit/loss before tax amounted to MSEK -39 (4). Profit/loss after tax was MSEK -33 (3) which is equivalent to earnings per share of SEK -0.98 (0.10) both before and after dilution.

Investments

Net investments in property, plant and equipment for the quarter amounted to MSEK 32 (66) and the entire amount refers to investments in wind farms.

Cash flow

Cash flow from ongoing operations before changes in working capital amounted to MSEK 3 (44). Changes in working capital contributed with MSEK -41 (-23) which resulted in cash flow from ongoing operations of MSEK -38 (21). Investments in tangible fixed assets totalled MSEK -32 (-66) whereby cash flow after investments amounted to MSEK -70 (-46). Net long-term and current interest-bearing liabilities decreased cash flow by MSEK -70 (-35) as a result of the re-financing of loans and the raising of new loans for farms under construction. Interest, including the termination of interest rate swaps in conjunction with the re-financing of loans, MSEK -84 (-22), has been paid and interest of MSEK 0 (1) has been received. Repayments from blocked accounts has taken

place in an amount of MSEK 73 (-4), whereby cash flow for the quarter amounted to MSEK -151 (-106).

■ Comments regarding the first half year

Own wind power operations

Production from Own wind power operations (including leased farms) during the first half year amounted to 196.4 GWh compared with last year's 149.0 GWh, an increase of 32% or approximately 47 GWh. According to the Danish wind index, the wind resources during the first half year were somewhat stronger than usual.

The market price for electricity was significantly lower during 2014 than in 2013, with an average price of SEK 250 (344) per MWh. Price hedging within the segment, Own wind power operations contributed to an average revenue for electricity of SEK 376 (403) per MWh, approximately 50% over market price. Certificate prices were also lower during 2014 than in 2013. Thanks to positive price hedging, average revenue within the segment amounted to SEK 219 (287) per MWh or 22% higher than the average market price for the year, SEK 179 (208) per MWh.

All in all, Own wind power operations generated income of MSEK 123 (102) and an EBITDA of MSEK 98 (77), which implies increased income and EBITDA by 20%, respective 27%, compared with 2013. An increase in production of 32% grew net sales by MSEK 32, while the lower average price reduced net sales by MSEK -18 compared with the equivalent first six months of 2013. Operating expenses amounted to SEK 128 (168) per MWh, a decrease of 24% which is primarily due to the Company's fixed operating costs being offset by a higher level of production. Depreciation and net financial income amounted to MSEK -46 (-41), respective MSEK -36 (-31), that is, somewhat higher compared with 2013 due to having a larger number of turbines in operation. Profit/loss before tax was MSEK 16 compared with MSEK 5 in the previous year.

Co-owned wind power operations

Electricity production amounted to 127.3 (110.8) GWh, an increase of 15%. The segment generated income of MSEK 68 (57) and a EBITDA of MSEK 50 (47). Depreciation and net financial income amounted to MSEK -31 (-12) and MSEK -23 (-12), respectively, and profit/loss before taxes was MSEK -4, compared with MSEK 24 the previous year. Average income was SEK 530 (514) per MWh, divided between SEK 336 (339) per MWh for electricity and SEK 194 (176) per MWh for electricity certificates.

Wind power development

In total, income in the segment Wind power development amounted to MSEK 15 (33) during the six-month

period. The decrease in income is primarily attributable to the fact that the previous year included MSEK 14 in developer fees received. Operating expenses decreased to MSEK -33 (-38) due to lower personnel costs. EBITDA decreased from MSEK 6 to MSEK -14. Write-offs and depreciation increased to MSEK -5 (-2) and net financial income decreased to MSEK -14 (-12). All in all, this implies that profit/loss before taxes decreased from MSEK -8 to MSEK -33.

Net sales and income

Production within Own and Co-owned wind power operations amounted to 324 (260) GWh during the six-month period, an increase of 25%.

Net sales amounted to MSEK 117 (102), and other operating income was MSEK 17 (27). This implies that total income amounted to MSEK 134 (129), an increase of more than 4%.

Capitalised work on own account amounted to MSEK 4 (12) and the share of associated companies' profits/losses was MSEK -13 (15) and refers, in its entirety, to the Company's 50% share of the Jädraås project. This reported income represents net income, that is, after taxes.

Total operating expenses decreased to MSEK -54 (-57). While operating costs increased in line with higher production, this was off-set by lower overall personnel costs. This implies that operating profit/loss before depreciation (EBITDA) amounted to MSEK 71 (98), including developer fees of MSEK 0 (14) for the Jädraås project. Operating profit (EBIT) amounted to MSEK 20 (55), including write-offs and depreciation of MSEK -51 (-44). Net financial income decreased to MSEK -37 (-38), resulting in profit/loss before tax amounting to MSEK -17 (16). Profit/loss after tax was MSEK -16 (16), which is equivalent to earnings per share of SEK -0.49 (0.48), both before and after dilution.

Investments

Net investments in tangible and financial fixed assets amounted to MSEK 98 (146). The entire investment refers to the expansion of wind power production as planned.

Cash flow

Cash flow from operating activities before changes in working capital amounted to MSEK 66 (99). Changes in working capital decreased cash flow by MSEK -26 (-35). Investments in tangible fixed assets have been made in the amount of MSEK -98 (-146), while cash flow after investments amounted to MSEK -57 (-83). Non-current and current interest-bearing liabilities have decreased by MSEK -22 (-50), despite new investments having been made, and is due to repayments in conjunction with the re-financing of loans. Interest, including re-

payment of swaps, of MSEK -115 (-49) has been paid and interest of MSEK 10 (2) has been received. Repayments from blocked accounts have been made in the amount of MSEK 72 (-4), after which cash flow for the six-month period amounted to MSEK -112 (184).

Financing and liquidity

Interest-bearing net liabilities amounted to MSEK 1,600 (1,394). The equity/assets ratio at the end of the period was 37.0 (38.7) percent.

Cash and cash equivalents amounted to MSEK 79 (157). A large number of certificates had been sold at the beginning of July, which is expected to restore cash balance to at least MSEK 100 in conjunction with the presentation of this report. At the end of period, no non-utilised credits remained (MSEK 288).

Taxes

As Arise has only Swedish subsidiaries, tax has been calculated at the Swedish tax rate of 22.0 per cent.

Considering the Group's possibilities of fiscal write-off, it is deemed that no paid tax will be reported during the next few years.

Transactions with related parties

During the period, there were no transactions with related parties.

Contingent liabilities

No changes have occurred in the Group's reported contingent liabilities. These are described on page 73 under Note 21 in the 2013 Annual Report.

Events after the end of the reporting period

There are no events to report.

Future prospects

The Company will continue its efforts with the expansion of its service offering, the efficiency enhancement of the operations and to secure possibilities for continued expansion. The Company believes that the possibilities for further strengthening its position in the Nordic market are good.

Risks and factors of uncertainty

Significant areas to continually monitor and assess include access to new equity and borrowed capital, with the aim of securing the Company's expansion during 2014 and beyond. By previously having issued a non-secured bond in 2012, and, in April 2014, also having issued a secured bond, the Company has, in a very significant manner, increased its opportunities to also include the credit markets as a source of financing.

The markets for electricity, certificates and interest rates continued to decline during the six-month period and both electricity and certificate prices are at historically low levels. The EUR/SEK exchange rate has continued to appreciate, however, this compensates only marginally for the low electricity prices. Interest rate levels are also at historically low level, and the room for further decreases in the interest rate is deemed to be limited. The focus of monitoring is primarily on the development of electricity and certificate prices, as well as on exchange rates and, then, in particular as regards EUR.

The Group's risks and factors of uncertainty are described on pages 39-40 in the Annual Report for 2013 and in the financial risk management information presented on pages 61-67. No significant changes have taken place which would have impacted the reported risks.

■ Status of the project portfolio as per 30 June 2014

	No. of projects	No. of wind turbines	Total output (MW)	Average output per turbine (MW)
Wind farms in operation and under construction				
In operation	14	113	266	2,4
Under construction	-	-	-	-
Project portfolio				
Permits received/acquired	7	78	239	3,1
Permits pending	13	172	554	3,2
Project planning completed	1	6	12	2,0
Leases signed	5	30	77	2,6
Total portfolio	40	399	1 147	2,9

The projects are categorised according to the following criteria

In operation

Wind power projects where the wind farm has been handed over after completion of test runs and is generating electricity. During the first three months, the turbines are calibrated and a comprehensive first service is performed. The turbines do not reach optimum production during this initial period. Full and normal production can, consequently, be expected three months after the approval of the test runs and take over.

Under construction

Refers to projects for which the requisite permits have been obtained, an investment decision has been made by the Company's Board of Directors, equity and loan financing is available, and for which procurements have been made as regards the majority of the project's total investment costs.

Permits received/acquired

Projects which have received the permits required for construction to begin,

but where construction has not yet been initiated. In certain cases, Arise is awaiting the availability of sufficient wind data.

Permits pending

The first stage in a permit application is the consultation stage, in which the Company applies for permits to build the wind farm from regional and local authorities. If the transmission network is to be built by Arise Elnät, then the Company will also apply for a concession to operate the network from the Swedish Energy Markets Inspectorate. This stage is concluded when all of the requisite permits have been obtained, or upon the rejection of the permit application.

Project planning completed

After signing land lease agreements, the Company begins project planning work on the basis of the site's specific wind power characteristics. The area is carefully analysed and the exact coordinates of the planned turbines are determined.

The initial wind studies are based on theoretical maps but, at a later stage, actual wind measurements are made using the Company's wind measuring equipment.

Signed Leases

Leases are signed after negotiations between landowners and the Company. Long-term land leases have been concluded for the entire project portfolio, giving the Company the right, but not the obligation, to construct wind turbines on the leased properties. For the majority of the projects, project planning has been initiated but is yet to be completed. The feasibility studies performed by the Company prior to the signing of a lease serve as a preliminary specification of the number and location of the new wind turbines.

■ Parent Company

The Parent Company has been responsible for the primary activities involved in identifying suitable wind locations, obtaining leases, producing consequence descriptions, the work with zoning plans and obtaining building permits, undertaking negotiations, handling the Group's trading operations in electricity and electricity certificates and carrying out administrative services.

The Parent Company manages the Group's production plans and electricity hedges in accordance with the adopted finance policy. The electricity producing subsidiaries sell their production to the Parent Company, Arise, on the basis of an agreed upon price, and Arise sells on the electricity to customers based on bilateral agreements or the spot market. These intra-Group trading activities are reported at

gross value in the income statement.

Since a year ago, the Parent Company's operations have increased through the leasing of production plants. Wind turbines are leased from subsidiaries to be sub-leased to external parties.

The Parent Company's total income during the first six months amounted to MSEK 144 (165) and purchases of electricity and certificates, leasing of wind power, personnel and other external costs, capitalised work for own accounts and depreciation of fixed assets amounted to MSEK -179 (-165) of which operating income (EBIT) amounted to MSEK -34 (0). Net profit/loss after taxes amounted to MSEK -20 (6). The Parent Company's net investments including internal restructuring of subsidiaries amounted to MSEK 1,103 (-365).

■ Ownership structure

A list of the Company's owners can be found on the Company's website (www.arise.se).

■ Accounting principles

Arise follows IFRS (International Financial Reporting Standards) as adopted by the EU and interpretations of such standards (IFRIC). This interim report has been prepared in accordance with IAS 34, "Interim Financial Reporting". The Parent Company's reporting has been prepared in accordance with the Annual Accounts Act and RFR2. The accounting principles are consistent with those applied in the most recent Annual Report for 2013, in which the principles are described in Note 1 on pages 48-55.

Income from leased production plants is reported in net sales. The leasing income is included in the calculation of electricity and certifi-

cate prices and is reported as a hedging of electricity and certificate income.

■ **Review by the auditor**

This report has not been subject to review by the Company's auditors.

■ **Financial calendar**

- Third quarter (1 July – 30 September):
12 November 2014.
- Fourth quarter (1 October– 31 December):
13 February 2015.

BOARD ASSURANCE

The Board of Directors declare that this first half year, Interim Report, provides a true and fair view of the Company and Group operations, financial position and results as well as describing the risks and uncertainties faced by the Company and the companies included in the Group.

Halmstad, 18 July 2014

Arise AB (publ)

Joachim Gahm
Chairman

Maud Olofsson
Member of the Board

Peter Gyllenhammar
Member of the Board

Jon G Brandsar
Member of the Board

Peter Nygren
CEO and
Member of the Board

For further information, please contact

Peter Nygren, CEO Tel. +46 (0) 706 300 680

Thomas Johansson, CFO Tel. +46 (0) 768 211 115

CONSOLIDATED INCOME STATEMENT

(Amounts rounded off in MSEK)	2014 Q2	2013 Q2	2014 6 months	2013 6 months	2013 Full year
Net sales	35	47	117	102	231
Other operating income Note 1	10	20	17	27	49
Total income	44	67	134	129	280
Capitalised work on own account	2	6	4	12	20
Personnel costs	-10	-13	-21	-26	-55
Other external expenses	-18	-17	-33	-31	-66
Share in income of associated companies	-11	2	-13	15	16
Operating profit before depreciation (EBITDA)	7	44	71	98	195
Depreciation of property, plant and equipment Note 3,6	-26	-22	-51	-44	-94
Operating profit (EBIT)	-19	22	20	55	101
Financial income	7	3	14	7	23
Financial expenses	-27	-21	-51	-46	-92
Profit/loss before tax	-39	4	-17	16	32
Deferred tax	6	-1	1	0	-4
Net profit/loss for the period	-33	3	-16	16	29
Earnings per share before dilution. SEK	-0.98	0.10	-0.49	0.48	0.86
Earnings per share after dilution. SEK	-0.98	0.10	-0.49	0.48	0.86

Treasury shares held by the Company have not been included in calculating Earnings per share.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Amounts rounded off in MSEK)	2014 Q2	2013 Q2	2014 6 months	2013 6 months	2013 Full year
Net profit/loss for the period	-33	3	-16	16	29
<u>Other comprehensive income</u>					
Items which can be reclassified in the income statement					
Cash flow hedges	-27	27	-37	54	32
Translation differences	4	20	7	6	13
Share of other compr.e income in associated companies	-20	10	-44	16	33
Income tax attr. to components of other compr. income	10	-12	17	-17	-17
Other comprehensive income for the period, net after tax	-34	45	-57	59	62
Total comprehensive income for the period	-66	48	-73	75	90

Comprehensive income is 100% attributable to the shareholders of the Parent Company.

CONSOLIDATED BALANCE SHEET

(Summarised, amounts rounded off in MSEK)	2014 30 Jun	2013 30 Jun	2013 31 Dec
Property, plant and equipment	2 407	2 265	2 360
Financial fixed assets	519	579	570
Other current assets	147	169	173
Cash and cash equivalents	79	157	191
TOTAL ASSETS	3 153	3 170	3 294
Equity	1 167	1 227	1 240
Non-current liabilities	1 712	1 553	1 632
Current liabilities	274	391	422
TOTAL EQUITY AND LIABILITIES	3 153	3 170	3 294

CONSOLIDATED CASH FLOW STATEMENT

(Amounts rounded off in MSEK)	2014 Q2	2013 Q2	2014 6 months	2013 6 months	2013 Full year
Cash flow from operating activities before changes in working capital	3	44	66	99	185
Cash flow from changes in working capital	-41	-23	-26	-35	28
Cash flow from operating activities	-38	20	41	64	213
Investments in property, plant and equipment	-32	-66	-98	-146	-292
Cash flow after investing activities	-70	-46	-57	-83	-78
Change in interest-bearing liabilities	-70	-35	-22	-50	27
Interest paid	-84	-22	-115	-49	-96
Interest received	0	1	10	2	2
Deposits, blocked accounts	73	-4	72	-4	-3
Cash flow from financing activities	-81	-60	-54	-101	-71
Cash flow for the period	-151	-106	-112	-184	-150
Cash and cash equivalents at the beginning of the period	231	263	191	341	341
Cash and cash equivalents at the end of the period	79	157	79	157	191
Interest-bearing liabilities at the end of the period	1 695	1 640	1 695	1 640	1 717
Blocked cash at the end of the period	-16	-89	-16	-89	-88
Interest-bearing net liabilities	1 600	1 394	1 600	1 394	1 438

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Summarised, amounts rounded off in MSEK)	2014 30 Jun	2013 30 Jun	2013 31 Dec
Opening balance	1 240	1 152	1 152
Total comprehensive income for the period	-73	75	90
Value adjustment of issued options		-	-2
Closing balance	1 167	1 227	1 240

KEY RATIOS FOR THE GROUP

	2014 Q2	2013 Q2	2014 6 months	2013 6 months	2013 Full year
<u>Operational key ratios</u>					
Installed capacity at the end of the period, MW	266.1	240.7	266.1	240.7	253.3
Own electricity production during the period, GWh	70.7	71.6	196.4	149.0	327.6
Co-owned electricity production during the period, GWh	56.4	56.8	127.3	110.8	271.5
Total electricity production during the period, GWh	127.0	128.4	323.7	259.8	599.1
Number of employees at the end of the period	32	38	32	38	31
<u>Financial key ratios</u>					
EBITDA margin, %	20.8%	94.7%	60.6%	96.7%	84.5%
Operating margin, %	neg	47.4%	17.1%	53.9%	43.8%
Return on capital employed (EBIT), %	2.5%	2.7%	2.5%	2.7%	3.9%
Adjusted Return on capital employed (EBITDA), %	6.2%	7.3%	6.2%	7.3%	7.6%
Return on equity, %	neg	neg	neg	neg	2.4%
Capital employed, MSEK	2 767	2 621	2 767	2 621	2 678
Average capital employed, MSEK	2 723	2 564	2 708	2 515	2 573
Shareholders' equity, MSEK	1 167	1 227	1 167	1 227	1 240
Average shareholders' equity, MSEK	1 200	1 203	1 214	1 186	1 202
Interest-bearing net liabilities	1 600	1 394	1 600	1 394	1 438
Equity/assets ratio, %	37.0%	38.7%	37.0%	38.7%	37.7%
Interest coverage ratio	0.4	1.2	-0.7	1.4	1.4
Debt/equity ratio	1.4	1.1	1.4	1.1	1.2
Equity per share, SEK	35	37	35	37	37
Equity per share after dilution, SEK	34	36	34	36	36
No. of shares at the end of the period, excl. treasury shares	33 373 876	33 373 876	33 373 876	33 373 876	33 373 876
Average number of shares	33 373 876	33 373 876	33 373 876	33 373 876	33 373 876
Average number of shares after dilution	33 909 876	34 203 876	33 909 876	34 203 876	34 086 276

Note 1 - Other operating income	2014	2013	2014	2013	2013
(Amounts rounded off in MSEK)	Q2	Q2	6 months	6 months	Full year
Income from crane rental	2	1	4	3	7
Development fees	-	14	-	14	27
Project management and administrative services	5	3	6	6	8
Other items	2	2	7	4	7
	10	20	17	27	49

GROUP SEGMENT REPORTING

Q2	Own wind power operations		Co-owned wind power operations		Wind power development		Eliminations		Group	
(Amounts rounded off in MSEK)	Q2-14	Q2-13	Q2-14	Q2-13	Q2-14	Q2-13	Q2-14	Q2-13	Q2-14	Q2-13
Net sales, external	35	47	29	27	-	-	-29	-27	35	47
Net sales, internal	-	-	-	-	2	3	-2	-3	-	-
Other operating income Note 2	2	-	-	-	8	20	-	-	10	20
Total income	37	47	29	27	10	23	-31	-30	44	67
Capitalised work on own account	-	-	-	-	2	6	-	-	2	6
Operating expenses	-13	-11	-9	-7	-17	-21	11	10	-28	-30
Share of profits in associated companies	-	-	-	-	-	-	-11	2	-11	2
Operating profit before depr. (EBITDA)	23	36	20	20	-5	7	-31	-18	7	44
Depreciation and write-downs Note 3	-23	-21	-16	-5	-2	-1	16	5	-26	-22
Operating profit (EBIT)	0	15	5	15	-8	6	-15	-13	-19	22
Net financial income/expense Note 4	-22	-15	-12	-8	-4	-8	19	13	-20	-18
Profit/loss before tax (EBT)	-23	0	-7	7	-12	-2	3	0	-39	4
Assets	2 423	2 152	1 624	1 634	730	1 018	-1 624	-1 634	3 153	3 170

Note 2 - Other operating income

Income from crane rental	-	-	-	-	2	1	-	-	2	1
Development fees	-	-	-	-	-	14	-	-	-	14
Project management and adm. services	-	-	-	-	6	3	-	-	6	3
Other items	2	0	-	-	0	2	-	-	2	2
	2	0	-	-	8	20	-	-	10	20

Note 3 - Depreciation and write-downs of property, plant and equipment

Depreciation	-23	-21	-16	-5	-2	-3	16	5	-26	-24
Write-downs and re-write-downs	-	-	-	-	-	2	-	-	-	2
Depreciation and write-downs	-23	-21	-16	-5	-2	-1	16	5	-26	-22

Note 4 - Net financial income

Total net financial income	-25	-16	-18	-13	5	-2	19	13	-20	-18
Less interest expenses on shareholder loans	3	1	7	5	-10	-6	-	-	-	-
Net financial income excl. shareholder loans	-22	-15	-12	-8	-4	-8	19	13	-20	-18

Internal interest expenses on shareholder loans are no longer reported in the segments Own- and Co-owned wind power operations. The corresponding item has been eliminated from the Wind Power Development segment.

Arise Interim Report - 1 January – 30 June 2014

6 months (Amounts rounded off in MSEK)	Own wind power operations		Co-owned wind power operations		Wind power development		Eliminations		Group	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Net sales, external	117	102	68	57	-	-	-68	-57	117	102
Net sales, internal	-	-	-	-	4	7	-4	-7	-	-
Other operating income Note 5	6	-	-	-	11	26	-	-	17	26
Total income	123	102	68	57	15	33	-71	-64	134	129
Capitalised work on own account	-	-	-	-	4	12	-	-	4	12
Operating expenses	-25	-25	-18	-10	-33	-38	21	17	-54	-57
Share of profits in associated companies	-	-	-	-	-	-	-13	15	-13	15
Operating profit before depr. (EBITDA)	98	77	50	47	-14	6	-63	-32	71	98
Depreciation and write-downs Note 6	-46	-41	-31	-12	-5	-2	31	12	-51	-44
Operating profit (EBIT)	52	36	19	35	-19	4	-32	-20	20	55
Net financial income/expense Note 7	-36	-31	-23	-12	-14	-12	36	16	-37	-38
Profit/loss before tax (EBT)	16	5	-4	23	-33	-8	4	-4	-17	16

Note 5 - Other operating income

Income from crane rental	-	-	-	-	4	3	-	-	4	3
Development fees	-	-	-	-	-	14	-	-	-	14
Project management and adm. services	-	-	-	-	7	6	-	-	7	6
Other items	6	-	-	-	0	3	-	-	6	3
	6	-	-	-	11	26	-	-	17	26

Note 6 - Depreciation and write-downs of property, plant and equipment

Depreciation	-46	-41	-31	-12	-5	-6	31	12	-51	-48
Write-downs and re-write-downs	-	-	-	-	-	4	-	-	-	4
Depreciation and write-downs	-46	-41	-31	-12	-5	-2	31	12	-51	-44

Note 4 - Net financial income

Total net financial income	-42	-32	-36	-16	5	-7	36	16	-37	-38
Less interest expenses on shareholder loans	6	1	13	4	-19	-5	-	-	-	-
Net financial income excl. shareholder loans	-36	-31	-23	-12	-14	-12	36	16	-37	-38

Note 4 - Additional disclosures pursuant to IFRS 13

Fair value hierarchy

All of the financial instruments measured at fair value belong to level 2 in the fair value hierarchy. These derivatives consist of electricity futures, currency futures and interest rate swaps. The reporting of financial instruments is described on pages 63-69 in the Annual Report 2013. The Group's financial assets and liabilities measured at fair value as of the balance sheet date or illustrated in the table below

(Amounts rounded off in MSEK)	2014 30 Jun	2013 30 Jun	2013 31 Dec
Assets			
Derivatives held for hedging purposes			
- of which other receivables	0	10	4
- of which cash and cash equivalents	0	-1	-1
Liabilities			
Derivatives held for hedging purposes			
- of which other liabilities	-130	-135	-130

PARENT COMPANY INCOME STATEMENT

(Amounts rounded off in MSEK)	2014 Q2	2013 Q2	2014 6 months	2013 6 months	2013 Full year
Sale of electricity and certificates	12	60	66	115	187
Leasing of wind farms	27	-	71	-	32
Sale of services, own employees	2	5	4	10	13
Development fees	-	30	-	30	43
Other operating income	1	7	3	11	35
Total income	42	102	144	165	310
Capitalised work on own account	0	2	1	4	7
Purchases of electricity and electricity certificates	-15	-70	-74	-135	-211
Rental of wind power facilities	-27	-	-71	-	-32
Personnel costs	-5	-8	-11	-16	-35
Other external expenses	-6	-12	-23	-18	-48
Operating profit/loss before depreciation (EBITDA)	-12	14	-34	0	-9
Depreciation of property, plant and equipment	0	-1	-1	0	-2
Operating profit/loss	-13	13	-35	0	-12
Financial income	18	9	34	15	48
Financial expenses	-16	11	-24	-8	-29
Profit/loss after financial items	-11	34	-26	7	7
Group contribution	-	-	-	-	-5
Profit/loss before tax	-11	34	-26	7	2
Income tax	2	-7	6	-2	-1
Net profit/loss and total compr. income for the period	-8	26	-20	6	1

PARENT COMPANY BALANCE SHEET

(Summarised, amounts rounded off in MSEK)	2014 Q2	2013 Q2	2014 6 months	2013 6 months	2013 Full year
Property, plant and equipment	79	80	79	80	90
Financial fixed assets	2 049	902	2 049	902	918
Other current assets	592	759	592	759	610
Cash and cash equivalents	17	84	17	84	85
TOTAL ASSETS	2 737	1 825	2 737	1 825	1 703
Restricted equity	3	3	3	3	3
Non-restricted equity	1 246	1 270	1 246	1 270	1 266
Non-current liabilities	1 436	350	1 436	350	350
Current liabilities	52	202	52	202	84
TOTAL EQUITY AND LIABILITIES	2 737	1 825	2 737	1 825	1 703

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

(Summarised, amounts rounded off in MSEK)	2014 30 Jun	2013 30 Jun	2013 31 Dec
Opening balance	1 269	1 267	1 268
Total comprehensive income for period	-20	6	1
Closing balance	1 249	1 273	1 269

DEFINITIONS

EBITDA margin

Operating profit before depreciation (EBITDA) as a percentage of net sales.

Operating margin

Operating profit (EBIT) as a percentage of net sales.

Return on capital employed

Rolling 12 months operating profit before depreciation (EBIT) related to quarterly average capital employed for the period.

Adjusted Return on capital employed

Rolling 12 months operating profit before depreciation (EBITDA) related to quarterly average capital employed for the period.

Return on equity

Rolling 12 months net profit related to quarterly average equity for the period.

Equity per share

Equity divided by the average number of shares.

Interest-bearing net liabilities

Interest-bearing liabilities less cash and blocked accounts.

Interest coverage ratio

Profit before tax plus financial expenses as a percentage of financial expenses.

Debt/equity ratio

Interest-bearing net liabilities as a percentage of equity.

Equity/assets ratio

Equity as a percentage of total assets.

Capital employed

Equity plus interest-bearing net liabilities.