



Year-End report for the period 1 January – 31 December 2012

Fourth quarter (1 October – 31 December 2012)

- Net sales during the quarter amounted to MSEK 63 (59).
- Operating profit before depreciation (EBITDA) amounted to MSEK 56 (75).
- Operating profit (EBIT) after a provision of MSEK 24, for the development portfolio, amounted to MSEK 8 (53).
- Profit/loss before tax amounted to MSEK -11 (40).
- Profit/loss after tax totalled MSEK -7 (28), corresponding to SEK Neg. (0.88) per share.
- Total power production amounted to GWh 109 (87). Own wind power operations amounted to 84 (87) GWh, and Co-owned wind power operations produced 25 GWh.
- Average income from Own wind power operations amounted to SEK 748 (680) per MWh, of which SEK 447 (399) per MWh refers to electricity and SEK 301 (281) per MWh refers to electricity certificates.

Full year (1 January – 31 December 2012)

- Net sales for the year amounted to MSEK 210 (180).
- Operating profit before depreciation (EBITDA) was MSEK 177 (177).
- Operating profit (EBIT) after a provision of MSEK 24 for the development portfolio amounted to MSEK 54 (104).
- Profit/loss before tax amounted to MSEK -22 (65).
- Profit/loss after tax totalled MSEK -16 (47), which corresponds to SEK Neg. (1.46) per share.
- Total power production amounted to 351 (257) GWh, of which Own wind power operations amounted to 326 (247) GWh and Co-owned wind power operations totalled 25 GWh.
- Average income for Own wind power operations amounted to SEK 645 (732) per MWh, with SEK 390 (432) per MWh referring to electricity and SEK 255 (300) per MWh referring to electricity certificates.
- The project company, Solberg Vindkraft AB ("Solberg") was acquired with a permit to construct up to forty wind turbines and an agreement was signed giving the Company the right to acquire four wind power projects in Sweden with a planned output of maximum approximately 700 MW.

Significant events after the end of the reporting period

- An agreement has been signed entitling the Company the right to acquire a 130 MW project in Norway which is in the permit process, and an agreement has also been entered in to lease land off the Scottish west coast for a planned wind power farm of approximately 150 MW.
- An investment decision was taken regarding 15 wind turbines (25.4 MW) in southern Sweden.

About Arise Windpower

Arise Windpower 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 owns 500 MW. Arise Windpower is listed on NASDAQ OMX Stockholm.

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Comments from the CEO

The fourth quarter

A weak quarter in terms of wind and, for this time of year, low electricity prices was balanced by price hedging of electricity and electricity certificates at attractive levels. Average income was SEK 748 per MWh, to be compared with the spot price for electricity and electricity certificates during the same period, which was SEK 523 per MWh.

Earnings before tax were, however, negative (MSEK -11). The major reason for this is the result of the Company's strategy to focus on larger wind power projects. As a consequence, the portfolio of smaller development projects has been reviewed. As a prudent measure, MSEK 24 has been provisioned for these development projects, and this negatively impacted the quarter's results. In this manner, the Company avoids potential future negative effects, should it prove that one, or a number, of these smaller projects cannot be realised.

The year 2012

Wind resources in 2012 were approximately 95 % of a normal year's resources, according to the 30 year Danish index, and with relatively large variations between the different farms. The importance of having a geographically diverse project portfolio balancing out the differences in production and wind conditions is clear. The Company's farms in southwest Sweden generally produced less power during the year, while the commissioned turbines in the Jädraås project (Gävle) and along the east coast of southern Sweden produced more than normal levels. An increased geographic diversification would further balance out the wind risk. Consequently, the Company has decided to increase the geographical coverage in Sweden and has also signed agreements to enable potential construction of large wind farms in Norway and Scotland. The goal is to achieve a more even and predictable production profile over the months, seasons and during a given year.

Technological and market developments

We have previously reported that wind turbines are continually becoming more and more efficient. An example of this is the farms the Company will construct during the spring. These are expected to reach a capacity factor of as much as 35 % to 40 %, to be compared with older wind turbines coming in at between 20 % and 25 %, and sometimes even lower. The number of full capacity hours in new projects is now often between 3,000 and 3,500 hours per year. The Company has executed improvement measures in four of its own farms, resulting in a production increase of 4 % to 8 %. This is about calibrating the turbines to fit the specific wind conditions in the area in question. These are relatively simple but time-consuming measures, requiring patience, technical expertise and good analytical tools. This is accomplished on the basis of the competence and knowledge the Company has built up, and from which it is now benefitting.

Electricity and certificate prices

The market price of electricity continued to be low during the quarter, primarily as a result of well-filled water reservoirs and good availability in Swedish and Finnish nuclear power plants. Low electricity prices in Central Europe and low CO₂ prices have further negatively impacted electricity prices. The levels in the water reservoirs have successively decreased and are now even somewhat under normal levels for this time of the year. In order for electricity prices to increase, there is, however, a requirement that industrial production takes off in both Sweden and the rest of Europe, with rising energy consumption as a result. Positive economic signals can be seen, but it is still too early to forecast electricity price development.

Certificate prices developed well during the quarter and the upward price trend continues to be strong. The reasons for this are the phasing out of certificate-entitled production at year-end 2012, which decreases access to electricity certificates and the continued slow expansion of renewable electricity in Norway. As a result of the latter, Norway is a net purchaser of certificates, which increases the demand and price of certificates.

Future prospects

The project, Havgul, in Norway is in the permit process and is expected to begin construction in the autumn of 2014, at earliest, while the project in Scotland is a greenfield project for which the planning and permitting work has just started. Construction of the Scottish farm can begin in 2016, at earliest. The ambition is to increase the number of projects in both Norway and Scotland to include three to five larger wind farms in each country. Together with the new Swedish projects, the Company will strengthen its existing project portfolio with more than 1,000 MW onshore turbines in good wind locations.

The Company's focus during the first quarter 2013 is:

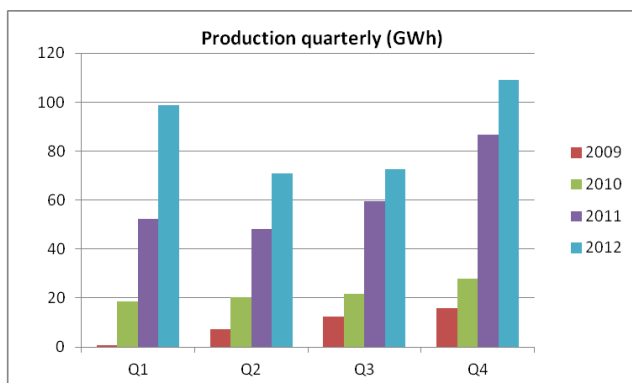
- Completion of the Jädraås project which is progressing according to plan. In addition to electricity income, the project is estimated to generate some MSEK 25 in one-off revenues for development work during the first half year.
- Construction start of three smaller wind farms in southern Sweden, all of which are financed.
- Detailed planning of Solberg (80 MW), construction start planned for summer/autumn 2013.
- Continued calibration of wind farms in operation.
- Continued expansion in Scotland and Norway through option and land agreements.

Halmstad February 2013
Peter Nygren
CEO Arise Windpower AB (publ)

■ Comments on Q4 2012

Own wind power operations

Production from Own wind power operations amounted to 83.8 (86.7) GWh during the quarter in the Company's fully owned farms, a decrease of 3 % compared with the same quarter in the previous year. Quarterly production development is shown in the graph below. The Company's share in co-owned projects, for example the Jädraås project, contributed with a further 25 GWh. This, and future co-owned projects, will be reported under the new segment, Co-owned wind power operations, see column to the right.



* Production includes both Own and Co-owned operations

The quarter was characterised by wind levels which were approximately 15 % under normal levels in southern Sweden, according to the Danish wind index. The market price of electricity increased from a low level compared with the third quarter but, still, did not reach the expected levels for the season, primarily due to well filled water reservoirs and good availability in the Swedish and Finnish nuclear power stations. However, price hedging contributed to the Company's average income from electricity amounting to 447 (399) MWh during the quarter, 39 % over market price (SYS, system price Nord Pool Spot) for the same period (SEK 322 per MWh). Certificate prices continued their upward trend during the fourth quarter. Thanks to positive price hedging, the Company's average income for certificates amounted to SEK 301 (281) per MWh, or 49 % over the market price (SKM) for the same period (SEK 201 per MWh).

In total, own wind power operations generated income of MSEK 63 (59) and an EBITDA of MSEK 50 (48), which implies an increase in income of 6 % and an EBITDA increase of 4 % compared with the fourth quarter 2011. Operating expenses amounted to SEK 156 (129) per MWh which is an increase of 21 % and can be explained, primarily, by increased costs for the internal programs implemented to enhance the performance of turbines. Depreciation and net financial income amounted to MSEK -20 (-20) and MSEK -16 (-12), respectively, somewhat higher than in the same quarter previous year.

The 3 % reduction in production decreased net sales by MSEK 2, while a higher average price explains MSEK 6 of the total increase in net sales of MSEK 4, compared with the fourth quarter 2011. Profit before tax for the quarter decreased from MSEK 16 to MSEK 13, explained by the fact that the comparative period incurred lower costs, primarily with regards to financing expenses.

Co-owned wind power operations

All amounts in this segment reporting refer to the 50 % owned Jädraås project and reflect Arise's share of this project.

At the end of the quarter, 18 of the total 33 turbines had been commissioned and were undergoing calibration. Electricity production during the quarter amounted to 25.3 (-) GWh.

The segment generated income of MSEK 13 (-) and profit before tax of MSEK 11 (-). Average income was SEK 530 per MWh, with SEK 332 per MWh referring to electricity and SEK 198 per MWh referring to electricity certificates.

Wind power development

Against the background of the Company's strategy of focusing on larger projects, the portfolio of smaller development projects been reviewed and, by way of prudence, MSEK 24 has been reported as a provision for portions of these projects, which provision negatively impacts earnings for the quarter. In this way, the Company can avoid future negative financial effects in the event one, or a number, of the smaller projects cannot be realised. These development projects are, however, not terminated and the intention is to complete a majority of these projects.

Construction of the Jädraås farm is underway with a total of 203 MW, of which Arise's share amounts to 101.5 MW. Construction is progressing according to plan and commissioning started in October with a successive taking over of the farm's 66 turbines. A total of 16 turbines remained to be installed at year-end. Arise's share (50 %) of the Jädraås project is reported within the segment, Co-owned wind power operations, see above.

In total, income and EBITDA for wind power development amounted to MSEK 11 (47) and MSEK -2 (28), respectively, during the quarter. The decrease in both net sales and EBITDA is primarily due to the receipt of development fees of MSEK 30, and is also due to Other items being reported at MSEK 12 in the same quarter in the previous year, and these items did not exist in the fourth quarter 2012. Operating expenses decreased to MSEK -19 (-25). Profit/loss before tax decreased to MSEK -34 (26), which also includes the provision of MSEK -24 referring to the

development portfolio as detailed in the above description. Net financial items decreased to MSEK -3 (-1).

Other events

An option agreement has been signed with Ownpower Projects AB, giving Arise the right to acquire three projects, totalling approximately 300 MW, of which one (60 MW) has been granted all necessary permits.

Net sales and income

Net sales during the quarter amounted to MSEK 63 (59). Other operating income amounted to MSEK 8 (45) including the receipt of development fees of MSEK 0 (30) for the Jädraås project. Total income amounted to MSEK 71 (104).

Capitalised work on own account has previously been reported in income but will, in the future, be reported as a positive item amongst expenses. During the quarter, MSEK 5 (6) of own work was capitalised on own account.

The Company's share in associated companies' income amounted to MSEK 9 (-) and refers, in its entirety, to the 50 % ownership of the Jädraås project. Reported income represents net income, that is, after taxes.

Operating profit before depreciation (EBITDA) amounted to MSEK 56 (75). The decrease is largely due to the fact that in the same quarter in the previous year, development fees of MSEK 30 was received, as well as being due to the fact that Other items, totalling MSEK 12, was reported in the fourth quarter in the previous year, which items did not exist in this year's fourth quarter. Operating profit (EBIT) amounted to MSEK 8 (53) including depreciation according to plan, MSEK -24 (-22), as well as the provision of MSEK 24 referring to the portfolio of smaller development projects. Net financial income was MSEK -19 (-13) and earnings before taxes amounted to MSEK -11 (40). Profit/loss after tax were MSEK -7 (28) and tax expenses include a negative impact on income, MSEK 7, due to the changed tax rate, 26.3 % to 22 %. Profit/loss after tax were equivalent to earnings per share of SEK Neg. (0.88) before and after dilution.

Investments

Net investments in property, plant and equipment for the quarter amounted to MSEK -30 (-40), the entire amount refers to wind power development. Investments in associated companies, and other financial fixed assets have been undertaken during the quarter totalling MSEK 0 (-8) and MSEK -1 (-292), respectively.

Cash flow

Cash flow from ongoing operations before changes in working capital amounted to MSEK 45 (73). Changes in working capital contributed with MSEK 15 (4). Investments in tangible and financial fixed assets totalled MSEK -31 (-340), where after cash flow after investments

amounted to MSEK 29 (-263). Long-term and current interest bearing liabilities increased by MSEK 1 (6) and cash flow, net of interest payments decreased by MSEK -15 (-9). Payments to blocked accounts totalled MSEK -1 (-27), after which cash flow for the quarter was MSEK 14 (-292).

■ Comments on the full year, 2012

Own wind power operations

Production from Own wind power operations during the year amounted to 326.1 (246.6) GWh, an increase of 32 %.

The year was characterised by winds which were 5 % lower than normal, according to the Danish wind index.

The market price for electricity recovered slightly during the fourth quarter but was, comparably, very low for the year. However, price hedging within the segment contributed to average income for electricity amounting to SEK 390 (432) per MWh, compared with the market average price of SEK 273 per MWh. Certificate prices continued to be low during the first half of the year but increased during the second half of 2012. Due to price hedging, average income within the segment amounted to SEK 255 (300) per MWh, compared with the average market price during the period, SEK 167 per MWh.

In total, Own wind power operations generated income of MSEK 210 (180) and an EBITDA of MSEK 164 (156), an increase of 12 % and 6 %, respectively, compared with 2011. Operating expenses amounted to MSEK 141 (130) per MWh, an increase of 8 %, mainly referring to the internal programs for performance enhancement of turbines. Depreciation and net financial items amounted to MSEK -86 (-63) and MSEK -64 (-41), respectively. These cost increases are a result of the fact that a number of wind power farms have been taken over.

In spite of a strong increase in production output, profit before tax decreased from MSEK 53 to MSEK 16 due to negative price developments with regards to electricity and electricity certificates. The change in income, due to a changed average price, has impacted total income by MSEK -28. In 2011, there was also one-off income of MSEK 8 received in return for the sale of certificates, and, furthermore, income from commissioned farms which had not been taken over was higher during 2011. This has impacted income, but primarily, earnings and margins.

Co-owned wind power operations

The full year's reported figures agree with those reported during the quarter, see above, page 3.

Wind power development

In total, income and EBITDA in the segment Wind power development amounted to MSEK 50 (73) and MSEK 3 (18),

respectively. The decrease is primarily due to the fact that development fees of MSEK 7 was received, compared with MSEK 39 in the previous year. Operating expenses decreased to MSEK -65 (-86). Profit/loss before tax decreased to MSEK -46 (16), which also included a provision of MSEK -24 referring to the portfolio of smaller development projects, according to the description provided above. Net financial items decreased to MSEK -13 (2), primarily due to the interest on the bond loan.

Other events

In the middle of March 2012, the Company issued a senior and non-secured bond loan in the Swedish market. The volume of the loan was SEK 350 million and has a final maturity in 2015. The loan incurs a variable interest rate of STIBOR (3 months) + 5.00 percentage points. The loan is listed on NASDAQ OMX Stockholm.

The project company, Solberg, was acquired with a permit to construct approximately 40 wind turbines. Arise intends to initially construct 26 turbines, with a combined output of 78 MW. This first investment is estimated to amount to approximately SEK 1.2 billion. The detailed planning of the proposed wind power farm has been initiated, and the investment decision will be taken when electricity and certificate prices have recovered from today's levels.

Furthermore, an agreement has been signed with Bergvik Skog entitling Arise with the right to acquire the project, Skaftåsen, with a maximum output of 400 MW. This project is currently in the permit process. An agreement has also been signed with Ownpower Projects AB regarding the right to acquire three projects of approximately 300 MW, of which one (60 MW) has been granted all necessary permits.

Net sales and income

Production from Own and Co-owned wind power operations during the year amounted to 351 (247) GWh, an increase of 42 %.

Net sales during the year amounted to MSEK 210 (180). Other operating income amounted to MSEK 38 (74). This implies that total income amounted to MSEK 248 (255).

Capitalised work on own account was previously reported in income but, in the future, will be reported as a positive item amongst expenses. During the year, MSEK 19 (31) of work for own account was capitalised.

The share in the associated companies' income amounted to MSEK 9 (-) and refers, in its entirety, to the Company's 50 % share in the Jädraås project. The reported results refer to net income, that is, after taxes.

Operating profit before depreciation (EBITDA) amounted to MSEK 177 (177) including development fees, MSEK 7

(37), for the Jädraås project. Operating profit (EBIT) amounted to MSEK 54 (104), including depreciation according to plan in an amount of MSEK 98 (-73) and a provision of MSEK -24 referring to the portfolio of smaller development projects. Net financial items decreased to MSEK -76 (-38) which was primarily due to the fact that a larger number of farms were commissioned, and was also due to the interest on the bond loan. Profit/loss before tax amounted to MSEK -22 (65). Profit/loss after tax totalled MSEK -16 (47), which was equivalent to Earnings per share of SEK Neg. (1.46), both before and after dilution.

Investments

Net investments in property, plant and equipment amounted to MSEK -77 (-522) and the entire amount refers to planned wind farm development. Investments in associated companies and other financial fixed assets were undertaken during the year in an amount of MSEK 0 (-8) and MSEK -99 (-291), respectively, which refer, in their entirety, to the Jädraås project.

Cash flow

Cash flow from ongoing operations before changes in working capital amounted to MSEK 116 (177). Investments in tangible and financial fixed assets totalled MSEK -176 (-822), where cash flow after investments amounted to MSEK 5 (-622). Long-term and current interest-bearing liabilities increased by MSEK 293 (606) and, net of interest payments, cash flow decreased by MSEK -81 (-56). Payments to blocked accounts totalled MSEK -12 (-52). New share issues contributed MSEK 0 (11), where after cash flow for the year amounted to MSEK 204 (-113).

Financing and liquidity

Interest-bearing net liabilities amounted to MSEK 1,265 (1,203). The equity/assets ratio at the end of the year was 35.9 percent (43.2).

Liquid funds amounted to MSEK 341 (137) and at the end of the respective year there were also unutilised credits and grants of MSEK 0 (38).

Taxes

As Arise Windpower has only Swedish subsidiaries, tax has been calculated on the basis of the Swedish tax rate, which is 26.3 per cent. As no taxable profits are reported for 2012, deferred tax has been calculated on the basis of the new tax rate, 22 per cent. The quarter's and year's tax expenses include a negative impact on income of MSEK 7 due to the changed tax rate.

Considering the Group's fiscal depreciation possibilities, it is deemed that no paid tax will be reported in the near future.

Transactions with related parties

No transactions have taken place with related parties during the period.

Possible contingent liabilities

No changes have taken place in the Group's reported, possible contingent liabilities. These are described on page 48 under Note 21 of the Annual Report for 2011.

Events after the end of the reporting period

An investment decision was taken regarding three smaller projects in southern Sweden for a total of 15 wind turbines. Construction start of these turbines will take place in April and May 2013 with commissioning approximately 6 months later. The turbines have a total installed output of 25.4 MW and are estimated to produce approximately 85 GWh on an annual basis. The total investment is slightly more than MSEK 400. The wind farms are fully financed.

An option agreement has been signed regarding the acquisition of a project in Norway (130 MW) which is now in the permit process. An agreement has also been signed regarding the right to lease land along the Scottish west coast and an application will be made for a permit to construct a major wind power farm (approximately 150 MW).

Future prospects

The Company currently has 139 MW of its own capacity in full operation, which is expected to generate approximately 350 GWh on an annual basis. The production is price hedged at 50 % during 2013, at a price of approximately SEK 820 per MWh. In addition, the Company owns fifty percent of the Jädraås farm which is planned to be fully operational during the first quarter of 2013. The farm is expected to generate 570 GWh on an annual basis, of which the Company's portion is equivalent to 285 GWh. From September 2013 and onwards, hedging agreements have been entered into according to the terms of the loan. The production arising prior to this point in time will be sold at spot price.

In addition to the three smaller projects that will start construction in the spring (25.4 MW), a further approximately 50 MW can be built with currently available capital. The Company is seeking a part owner for the Solberg project (78 MW).

During 2012, the Company expanded its offering of services, consolidated the operations and secured the possibility of a significant expansion via agreements making possible the acquisition of a number of wind power projects. The Company sees the next few years with cautious positivism and considers the possibility to further strengthen its position on the Nordic market to be very good.

The Company's long-term goal is to by 2017 have constructed and manage 1,000 MW, of which it will own 500 MW.

■ Risks and factors of uncertainty

With the aim of ensuring the Company's expansion, an important area which will be continuously monitored and assessed is how access to new and borrowed capital develops.

After a turbulent start to the year, the financial markets stabilised somewhat during the fourth quarter. At the end of the reporting period, interest rate levels continued to decrease and, at the same time, electricity prices and certificate prices increased, relatively speaking. The value of the Swedish krona vis à vis the EUR strengthened during the year. The focus of the Company's monitoring is primarily on fluctuations and the development of electricity and certificate prices, as well as on exchange rates, particularly for the EUR.

The Group's risks and factors of uncertainty are described in pages 24-26 in the Annual Report for 2011 and the financial risk management is presented on pages 42-45. No significant changes have taken place impacting the reported risks.

■ Status of the project portfolio as per 31 December 2012

	No. of projects	No. of wind turbines	Total capacity (MW)	Average output per turbine (MW)
Wind farms in operation and under construction				
In operation	10	65	139	2.1
Under construction	1	33	101	3.1
Project portfolio				
Permits received/acquired	9	61	164	2.7
Permits pending	30	182	503	2.8
Project planning completed	9	45	133	3.0
Leases signed	9	45	135	3.0
Total portfolio	68	431	1,175	2.7

The projects are categorised according to the following criteria

In operation

Wind power projects where the farm has been handed over after completion of test runs and are generating electricity. During the first three months, a calibration of the turbines and the first service is performed. The turbines do not reach optimum production during the first 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 pro-cerements 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 initiation of

construction, but where construction has not been initiated. In certain cases, Arise Windpower 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, 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 if the permit application has been rejected.

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.

Leases signed

Leases are signed after negotiations between landowners and the Company. Long-term land leases have been concluded for the entire project portfolio, entitling 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 of identifying suitable wind locations, obtaining leases, producing consequence

descriptions, producing detailed plans and obtaining building permits, undertaking negotiations, handling of 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 hedging in accordance

with the adopted finance policy. A portion, but not all, of the electricity producing subsidiaries sell their electricity production to the Parent Company at a contractually agreed price. A similar arrangement was initiated at the beginning of the year in the sub-group, Arise Wind Farm 2, in which this company's subsidiaries, Arise Wind Farm 3, Arise Wind Farm 5 and Arise Wind Farm 6 primarily sell their production to their parent company. The Parent Company, Arise Windpower (as well as Arise Wind Farm 2) sells on the electricity to clients based on bilateral agreements or on the spot market. From 2012, these intra-Group trading activities are reported as gross income in the income statement.

The Parent Company's total income during the year amounted to MSEK 236 (242) and purchasing costs, personnel, other external costs and capitalised work for own account, as well as the write down of fixed assets including the provision of parts of development projects, totalled MSEK -291 (-206), whereby operating income amounted to MSEK -55 (36). Net income after tax amounted to MSEK -62 (13). The Parent Company's net investments, excluding internal restructuring of subsidiaries, amounted to MSEK -128 (-359).

■ Ownership structure

A list of the Company's owners is found on the Company's website: (www.arisewindpower.se).

■ Accounting principles

Arise Windpower follows the EU adopted IFRS (International Financial Reporting Standards) and interpretation of such standards (IFRIC). This interim report has been prepared in accordance with IAS 34, "Interim Reporting". The Parent Company's reporting has been prepared in accordance with the Annual Accounts Act and RFR2. The accounting principles agree with those applied in the most recent Annual Report for 2011, where the principles are described in Note 1 on pages 33-36..

In conjunction with the preparation of the half yearly report, a new assessment was made of the estimated useful lives of wind power investments and the depreciation periods for the components of these investments. The assessment concluded that the useful lives should be extended from 20 to 25 years. This change has been applied from the second quarter 2012 and has resulted in depreciation being MSEK 15 lower, compared with the level of depreciation resulting from the application of the previous principles.

The acquisition of Solberg Vindkraft AB was comprised of an

acquisition of net assets which did not include any operations; this is the reason the acquisition value has been allocated to the individual identifiable assets based on their relative fair value at the point in time of the acquisition.

Capitalised work for own account has previously been reported in income, but in the future will be reported in costs.

■ Review by the auditor

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

■ Dividend

The Board of Directors proposes that no dividend be paid.

■ Annual General Meeting

The Annual General Meeting will be held in Halmstad on 2 May 2013. The Annual Report will be available on the Company's website in the middle of April.

■ Financial calendar

- First quarter (1 Jan – 31 Mar): 2 May 2013.
- Second quarter (1 Apr – 30 Jun): 19 Jul 2013.
- Third quarter (1 Jul – 30 Sep): 13 Nov 2013.
- Fourth quarter (1 Oct – 31 Dec): 14 Feb 2014.

Halmstad, 15 February 2013

Peter Nygren
CEO

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CONSOLIDATED INCOME STATEMENT

(Amounts in MSEK)	2012 Q4	2011 Q4	2012 Full year	2011 Full year
Net sales	63	59	210	180
Other operating income Note 1	8	45	38	74
Total income	71	104	248	255
Capitalised work on own account	5	6	19	31
Personnel costs	-13	-14	-46	-45
Other external expenses	-16	-21	-53	-64
Share in income of associated companies	9	0	9	0
Operating profit before depreciation (EBITDA)	56	75	177	177
Depreciation of property, plant and equipment Note 2	-48	-22	-122	-73
Operating profit (EBIT)	8	53	54	104
Financial income	5	1	16	8
Financial expenses	-24	-14	-93	-46
Profit/loss before tax	-11	40	-22	65
Income tax	4	-11	6	-18
Net profit/loss for the period	-7	28	-16	47
Earnings per share before dilution, SEK	Neg.	0.88	Neg.	1.46
Earnings per share after dilution, SEK	Neg.	0.88	Neg.	1.46

Treasury shares that the Company held in 2011 have not been included in calculating Earnings per share.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Amounts in MSEK)	2012 Q4	2011 Q4	2012 Full year	2011 Full year
Net profit/loss for the period	-7	28	-16	47
Other comprehensive income				
Income/expenses recognised directly in equity				
Cash flow hedges	-19	43	-70	-109
Translation differences	11	-6	-17	-6
Income tax attributable to components of other comprehensive income	-8	13	12	30
Other comprehensive income for the period, net after tax	-17	-36	-74	-84
Total comprehensive income for the period	-24	-7	-90	-37

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

CONSOLIDATED BALANCE SHEET

- summarised, amounts in MSEK	2012 31 Dec	2011 31 Dec
Property, plant and equipment	2,162	2,127
Financial assets	591	488
Other current assets	114	128
Cash and cash equivalents	341	137
TOTAL ASSETS	3,207	2,880
Equity	1,152	1,243
Non-current liabilities	1,603	1,349
Current liabilities	452	287
TOTAL EQUITY AND LIABILITIES	3,207	2,880

CONSOLIDATED CASH FLOW STATEMENT

- summarised, amounts in MSEK	2012 Q4	2011 Q4	2012 Full year	2011 Full year
Cash flow from operating activities before changes in working capital	45	73	116	177
Cash flow from changes in working capital	15	4	64	22
Cash flow from operating activities	60	77	181	200
Investments in property, plant and equipment	-30	-40	-77	-522
Investments in associated companies	0	-8	0	-8
Investments in other fixed financial assets	-1	-292	-99	-291
Cash flow after investing activities	29	-263	5	-622
Change in interest-bearing liabilities	1	6	293	606
Interest paid and received	-15	-9	-81	-56
Deposits, blocked accounts	-1	-27	-12	-52
New share issue	-	-	-	11
Cash flow from financing activities	-15	-29	199	509
Cash flow for the period	14	-292	204	-113
Cash and cash equivalents at period start	327	429	137	250
Cash and cash equivalents at period end	341	137	341	137
Interest-bearing liabilities at period end	1,690	1,412	1,690	1,412
Blocked cash at period end	-85	-73	-85	-73
Interest-bearing net liabilities	1,265	1,203	1,265	1,203

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

- summarised, amounts in MSEK	2012 31 Dec	2011 31 Dec
Opening balance	1,243	1,195
Total comprehensive income	-90	-37
New share issue, net incl. deferred tax	-	58
Acquisition of own shares	-1	-
Utilisation of treasury shares for the acquisition of assets	-	28
Closing balance	1,152	1,243

KEY RATIOS FOR THE GROUP

	2012 Q4	2011 Q4	2012 Full year	2011 Full year
<u>Operational key ratios</u>				
Installed capacity at period end, MW	139.2	136.1	139.2	136.1
Electricity production during period, GWh	83.8	86.7	326.1	246.6
Number of employees at period end	44	35	44	35
<u>Financial key ratios</u>				
EBITDA margin, %	89.3 %	127.7 %	84.0 %	98.1 %
Operating margin, %	12.5 %	89.7 %	25.9 %	57.4 %
Return on capital employed, %	7.2 %	8.7 %	7.2 %	8.7 %
Return on equity, %	-1.3 %	3.9 %	-1.3 %	3.9 %
Capital employed, MSEK	2,417	2,446	2,417	2,446
Average capital employed, MSEK	2,443	2,277	2,462	2,031
Shareholders' equity, MSEK	1,152	1,243	1,152	1,243
Average shareholders' equity, MSEK	1,164	1,209	1,219	1,209
Interest-bearing net liabilities	1,265	1,203	1,265	1,203
Equity/assets ratio, %	35.9 %	43.2 %	35.9 %	43.2 %
Interest coverage ratio, times	Neg.	3.7	Neg.	2.4
Debt/equity ratio, times	1.1	1.0	1.1	1.0
Equity per share, SEK	34	39	34	39
Equity per share after dilution, SEK	34	38	34	38
Number of shares at period end, excl. treasury shares	33,428,070	33,428,070	33,428,070	33,428,070
Average number of shares	33,428,070	32,178,070	33,428,070	32,031,820
Average number of shares after dilution	34,258,070	33,055,570	34,258,070	32,817,320

Note 1 - Other operating income (MSEK)	2012 Q4	2011 Q4	2012 Full year	2011 Full year
Other income relating to electricity and certificates	-	-	-	8
Income from crane rental	6	3	11	16
Development fees	-	28	7	37
Project management and administrative services	1	5	13	5
Other items	1	9	7	9
	8	45	38	74

Note 2 – Depreciation

The item includes MSEK 24 as a non-recurrent charge for provision of portions of development projects reported in the segment Wind power development.

GROUP SEGMENT REPORTING

Q4 (MSEK)	Own Wind power operations		Co-owned wind power operations		Wind power development		Eliminations		Group	
	Q4-12	Q4-11	Q4-12	Q4-11	Q4-12	Q4-11	Q4-12	Q4-11	Q4-12	Q4-11
Net sales external	63	59	13	-	-	-	-13	-	63	59
Net sales internal	-	-	-	-	3	3	-3	-3	-	-
Other operating income Note 3	-	-	-	-	8	45	-	-	8	45
Total income	63	59	13	-	11	47	-17	-3	71	104
Capitalised work on own account	-	-	-	-	5	6	-	-	5	6
Operating expenses	-13	-11	-2	-	-19	-25	6	2	-28	-35
Share in income of associated companies	-	-	-	-	-	-	9	-	9	-
Operating profit before depreciation (EBITDA)	50	48	11	-	-2	28	-2	-1	56	75
Depreciation	-21	-20	0	-	-28	-1	0	-2	-48	-22
Operating profit (EBIT)	30	28	11	-	-31	27	-2	-2	8	53
Net financial income/expense	-16	-12	0	-	-3	-1	0	-	-19	-13
Profit/loss before tax (EBT)	14	16	11	-	-34	26	-2	-2	-11	40
Assets	2,315	2,443	1,571	-	923	435	-1,571	1	3,237	2,880

Note 3 - Other operating income

Income from crane rental	-	-	-	-	6	3	-	-	6	3
Development fees	-	-	-	-	-	30	-	-	-	30
Project management and admin. services	-	-	-	-	1	-	-	-	1	-
Other items	-	-	-	-	1	12	-	-	1	12
	-	-	-	-	8	45	-	-	8	45

12 months (MSEK)	Own Wind power operations		Co-owned wind power operations		Wind power development		Eliminations		Group	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Net sales external	210	180	13	-	-	-	-13	-	210	180
Net sales internal	-	-	-	-	12	6	-12	-6	-	-
Other operating income Note 4	-	8	-	-	38	67	-	-	38	74
Total income	210	188	13	-	50	73	-25	-6	248	255
Capitalised work on own account	-	-	-	-	19	31	-	-	19	31
Operating expenses	-46	-32	-2	-	-65	-86	14	9	-99	-109
Share in income of associated companies	-	-	-	-	-	-	9	-	9	-
Operating profit before depreciation (EBITDA)	164	156	11	-	3	18	-2	3	177	177
Depreciation	-85	-63	0	-	-37	-4	0	-7	-122	-73
Operating profit (EBIT)	80	93	11	-	-34	14	-2	-4	54	104
Net financial income/expenses	-64	-41	0	-	-13	2	0	-	-76	-38
Profit/loss before tax (EBT)	16	53	11	-	-46	16	-2	-4	-22	65

Note 4 - Other operating income	Wind power operations		Co-owned wind power operations		Wind power development		Eliminations		Group	
(MSEK)	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Other income relating to electricity and certificates	-	8	-	-	-	-	-	-	-	8
Income from crane rental	-	-	-	-	11	16	-	-	11	16
Development fees	-	-	-	-	7	39	-	-	7	39
Project management and admin. services	-	-	-	-	13	-	-	-	13	-
Other items	0	-	-	-	7	12	-	-	7	12
	0	8	-	-	38	67	-	-	38	74

PARENT COMPANY INCOME STATEMENT

(MSEK)	2012 Q4	2011 Q4	2012 Full year	2011 Full year
Sale of electricity and certificates	39	59	190	175
Sale of services, own employees	4	6	20	9
Development fees	0	33	13	42
Other operating income	8	9	12	16
Total income	51	107	236	242
Purchases electricity, electricity certificates	-42	-69	-221	-174
Personnel costs	-8	-9	-30	-30
Other external expenses	-7	-5	-25	-17
Capitalised work on own account	1	4	13	18
Operating profit/loss before depreciation (EBITDA)	-4	26	-27	39
Depreciation and write/down of property, plant and equipment	-25	-1	-28	-3
Operating profit/loss (EBIT)	-30	26	-55	36
Financial income	7	2	23	7
Financial expenses	0	-7	-38	-7
Profit/loss after financial items	-22	21	-70	36
Group contribution	-1	-18	-1	-18
Profit/loss before tax	-23	3	-71	18
Income tax	-4	-1	9	-5
Net profit/loss and total comprehensive income for period	-27	2	-62	13

PARENT COMPANY BALANCE SHEET

- summarised, amounts in MSEK	2012 Full year	2011 Full year
Property, plant and equipment	80	119
Financial fixed assets	1,263	1,101
Other current assets	137	69
Cash and cash equivalents	242	96
TOTAL ASSETS	1,722	1,385
Restricted equity	3	3
Non-restricted equity	1,259	1,323
Non-current liabilities	350	-
Current liabilities	110	60
TOTAL EQUITY AND LIABILITIES	1,747	1,385

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

- summarised, amounts in MSEK	2012	2011
	31 Dec	31 Dec
Opening balance	1,326	1,226
Total comprehensive income for period	-62	13
New share issue	-	58
Acquisition of own shares	-1	-
Utilisation of treasury shares for the acquisition of assets	-	28
Closing balance	1,262	1,326

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 (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.