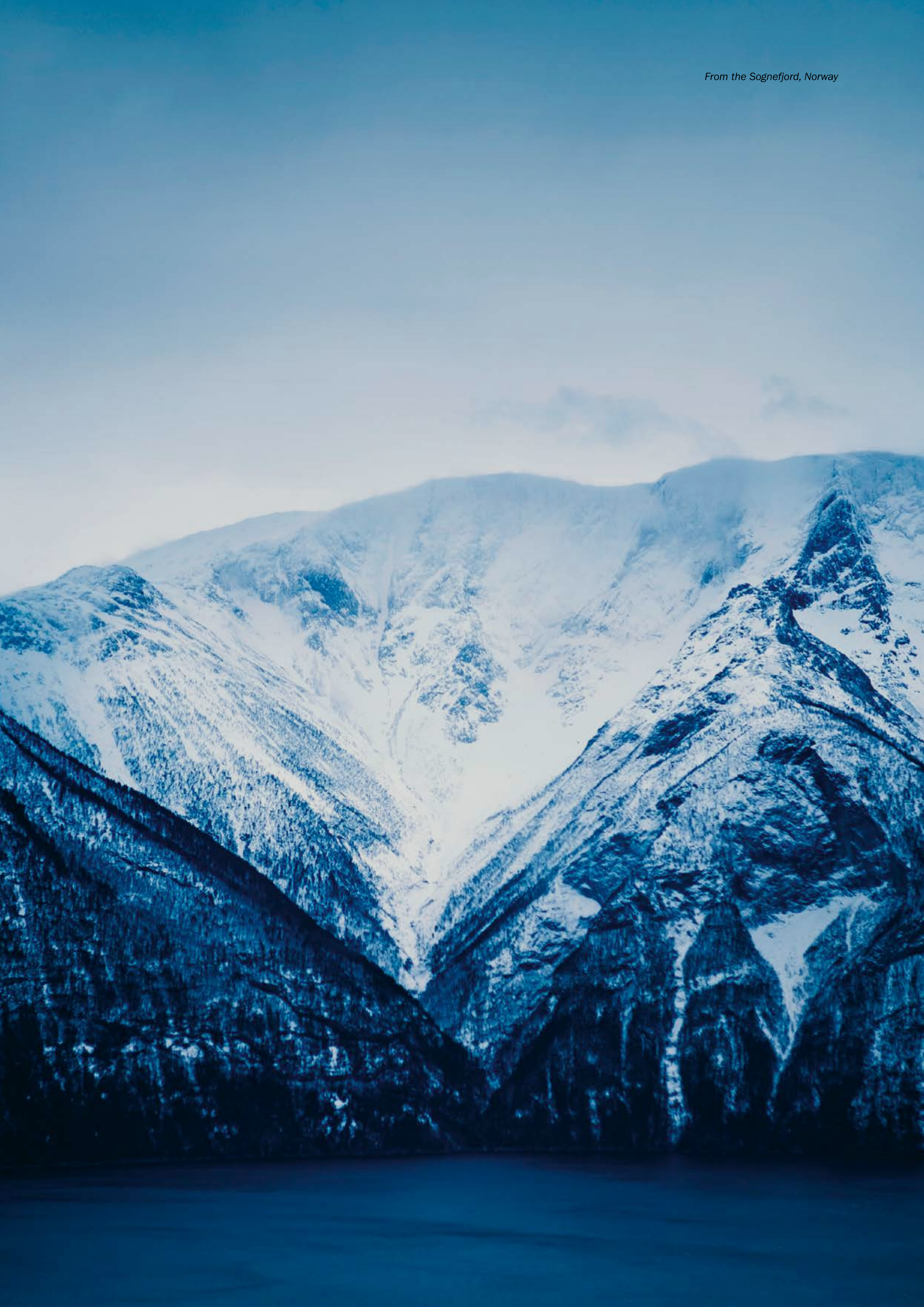

From the Sognefjord, Norway

Group Financial Statements

Statement of Comprehensive Income

Statkraft AS Group

NOK million	Note	2013	2012
RESULTS			
Sales revenues	3, 12, 20	48 148	36 447
Other operating revenues	13	1 415	1 103
Gross operating revenues	3	49 564	37 550
Energy purchases	14, 20	-24 327	-18 172
Transmission costs		-991	-1 026
Net operating revenues	3	24 246	18 352
Salaries and payroll costs	15, 16	-3 136	-3 046
Depreciation, amortisation and impairment	3, 22, 23	-3 045	-4 933
Property tax and licence fees	17	-1 640	-1 345
Other operating expenses	18	-3 422	-3 469
Operating expenses		-11 243	-12 793
Operating profit	3	13 002	5 559
Share of profit from associates and joint ventures	3, 24	1 101	871
Financial income	19	237	996
Financial expenses	19	-1 351	-1 301
Net currency effects	19, 20	- 9 403	4 468
Other financial items	19, 20	-1 076	-1 822
Net financial items		-11 592	2 341
Profit before tax		2 511	8 771
Tax expense	21	-2 303	-4 220
Net profit		208	4 551
Of which non-controlling interest		482	230
Of which majority interest		-274	4 321
OTHER COMPREHENSIVE INCOME			
Items in other comprehensive income that recycle over profit/loss:			
Changes in the fair value of financial instruments		-1 167	463
Income tax related to changes in fair value of financial instruments		339	-126
Equity holdings in associates and joint ventures		163	320
Exchange differences arising on translating foreign entities		9 940	-4 536
Items in other comprehensive income that will not recycle over profit/loss:			
Estimate deviation pensions		-174	1 453
Income tax related to estimate deviation pensions		49	-407
Total comprehensive income		9 154	-2 833
Comprehensive income		9 361	1 718
Of which non-controlling interest		881	-156
Of which majority interest		8 480	1 874

Balance Sheet
Statkraft AS Group

NOK million	Note	31.12.13	31.12.12	01.01.12
ASSETS				
Intangible assets	22	3 510	3 242	3 136
Property, plant and equipment	23	101 269	88 546	85 195
Investments in associates and joint ventures	3, 24	16 002	15 924	15 080
Other non-current financial assets	25	2 540	10 714	12 163
Derivatives	28	5 295	5 397	4 687
Non-current assets		128 615	123 823	120 261
Inventories	26	1 796	1 588	977
Receivables	27	9 568	9 604	9 272
Short-term financial investments		464	457	455
Derivatives	28	5 559	4 996	5 356
Cash and cash equivalents (including restricted cash)	29	7 685	5 440	8 605
Current assets		25 072	22 084	24 664
Assets		153 687	145 907	144 925
EQUITY AND LIABILITIES				
Paid-in capital		49 011	45 569	45 569
Retained earnings		14 328	9 847	12 840
Non-controlling interests		7 769	6 934	7 241
Equity		71 107	62 350	65 651
Provisions	16, 30	19 416	20 035	21 350
Long-term interest-bearing liabilities	31	33 364	33 517	31 820
Derivatives	28	5 713	6 038	4 673
Long-term liabilities		58 494	59 591	57 842
Short-term interest-bearing liabilities	31	7 013	7 108	5 467
Taxes payable	21	3 503	3 246	3 411
Other interest-free liabilities	32	9 181	9 309	6 960
Derivatives	28	4 389	4 303	5 596
Short-term liabilities		24 086	23 966	21 433
Equity and liabilities		153 687	145 907	144 925

The Board of Directors of Statkraft AS

Oslo, 26 March 2014

Olav Fjell
Chair of the Board

Ellen Stensrud
Deputy chair

Halvor Stenstadvold
Director

Berit Rødseth
Director

Silvija Seres
Director

Erik Haugane
Director

Odd Vanvik
Director

Lena Halvari
Director

Thorbjørn Holøs
Director

Christian Rynning-Tønnesen
President and CEO

Statement of Cash Flow

Statkraft AS Group

NOK million	Note		2013	2012
CASH FLOW FROM OPERATING ACTIVITIES				
Profit before tax			2 511	8 771
Profit+/loss- on sale of non-current assets			-89	-28
Depreciation, amortisation and impairment	22, 23		3 045	4 933
Profit from the sale of shares and associates			-153	-81
Profit from the sale of activities			121	-
Share of profit from associates and joint ventures	24		-1 101	-871
Unrealised changes in value	20		7 795	-1 452
Taxes paid			-2 629	-4 426
Cash flow from operating activities			9 499	6 846
Changes in long-term items			-533	-225
Changes in short-term items			-1 911	1 710
Dividend from associates			1 051	1 958
Net cash flow from operating activities		A	8 106	10 290
CASH FLOW FROM INVESTING ACTIVITIES				
Investments in property, plant and equipment [1]	3		-9 248	-9 461
Proceeds from sale of non-current assets			9 670	126
Business divestments, net liquidity accruing to the Group [2]			327	-
Business combinations, net liquidity outflow from the Group	5		59	-54
Loans to third parties			-298	-670
Repayment of loans			94	8
Investments in other companies			-59	-2 433
Net cash flow from investing activities		B	547	-12 484
CASH FLOW FROM FINANCING ACTIVITIES				
New debt	31		865	7 919
Repayment of debt	31		-4 714	-4 573
Dividend and Group contribution paid			-3 094	-4 293
Share issue in subsidiary to non-controlling interests			135	167
Net cash flow from financing activities		C	-6 807	-780
Net change in cash and cash equivalents		A+B+C	1 846	-2 974
Currency exchange rate effects on cash and cash equivalents			400	-191
Cash and cash equivalents 01.01	29		5 440	8 605
Cash and cash equivalents 31.12 [3]	29		7 685	5 440
Unused committed credit lines			12 000	12 000
Unused overdraft facilities			2 200	2 205
Restricted cash	29, 34		-12	-232

[1] Investments in property, plant and equipment are NOK 4035 Million lower than investments in new capacity in the segment reporting due to aquisition of assets of NOK 3897 million from Statkraft SF and NOK 138 million from investments not yet paid as of year-end 2013.

[2] Received for business divestments are NOK 441 million. Consolidated cash divested was NOK 114 million.

[3] Included in cash and cash equivalents are NOK 85 million related to joint operations according to IFRS 11 as of year-end 2013.

Statement of Changes in Equity
Statkraft AS Group

NOK million	**Paid-in capital**	Other equity	Accu-mulated translation differences	**Retained equity**	Total majority	**Non-controling interests**	Total equity
Balance as of 01.01.2012	**45 569**	20 795	-7 955	**12 840**	58 409	**7 241**	65 651
Net profit	-	4 321	-	**4 321**	4 321	**230**	4 551
Items in other comprehensive income that recycle over profit/loss:							
Changes in fair value of financial instruments	-	511	-	**511**	511	**-48**	463
Income tax related to changes in fair value of financial instruments	-	-139	-	**-139**	-139	**13**	-126
Equity holdings in associates and joint ventures	-	320	-	**320**	320	**-**	320
Exchange differences arising on translating foreign entities	-	-	-4 020	**-4 020**	-4 020	**-516**	-4 536
Items in other comprehensive income that will not recycle over profit/loss:							
Estimate deviation pensions	-	1 224	-	**1 224**	1 224	**229**	1 453
Income tax related to estimate deviation pensions	-	-343	-	**-343**	-343	**-64**	-407
Total comprehensive income for the period	-	5 894	-4 020	**1 874**	1 874	**-156**	1 719
Dividend and group contribution	-	-4 900	-	**-4 900**	-4 900	**-308**	-5 208
Changes in accounting principles	-	33	-	**33**	33	**-**	33
Business combinations/divestments	-	-	-	**-**	-	**126**	126
Capital increase	-	-	-	**-**	-	**167**	167
Liability from the option to increase shareholding in subsidiary	-	-	-	**-**	-	**-137**	-137
Balance as of 31.12.2012	**45 569**	21 822	-11 975	**9 847**	55 416	**6 934**	62 350
Net profit	-	-274	-	**-274**	-274	**482**	208
Items in other comprehensive income that recycle over profit/loss:							
Changes in fair value of financial instruments	-	-1 270	-	**-1 270**	-1 270	**103**	-1 167
Income tax related to changes in fair value of financial instruments	-	355	-	**355**	355	**-16**	339
Equity holdings in associates and joint ventures	-	112	-	**112**	112	**51**	163
Exchange differences arising on translating foreign entities	-	-	9 648	**9 648**	9 648	**292**	9 940
Items in other comprehensive income that will not recycle over profit/loss:							
Estimate deviation pensions	-	-129	-	**-129**	-129	**-45**	-174
Income tax related to estimate deviation pensions	-	37	-	**37**	37	**12**	49
Total comprehensive income for the period	-	-1 168	9 648	**8 480**	8 480	**881**	9 361
Dividend and group contribution	-	-4 000	-	**-4 000**	-4 000	**-198**	-4 198
Business combinations/divestments [1]	**2 817**	-	-	**-**	2 817	**-**	2 817
Capital increase	**624**	-	-	**-**	624	**135**	760
Transactions with non-controlling interests	-	-	-	**-**	-	**111**	111
Liability from the option to increase shareholding in subsidiary	-	-	-	**-**	-	**-94**	-94
Equity as of 31.12.2013	**49 011**	16 654	-2 327	**14 328**	63 338	**7 769**	71 107

[1] On 1. April, Statkraft SF transferred net assets worth NOK 3442 million to the group, of which NOK 624 million was reported as capital contribution and NOK 2817 million as other paid-in equity.

The parent company has a share capital of NOK 30.6 billion, divided into 200 million shares, each with a par value of NOK 153. All shares have the same voting rights and are owned by Statkraft SF, which is a Norwegian state-owned company, established and domiciled in Norway. Statkraft SF is wholly owned by the Norwegian state, through the Ministry of Trade and Industry.

On 27 June 2013, Statkraft's general assembly approved a dividend of NOK 4000 million to be paid to Statkraft SF. For the current year, the board has proposed no disbursement of dividend.

Notes
Statkraft AS Group

Index of notes to the consolidated financial statements

Note 1 General information and summary of significant accounting policies

GENERAL INFORMATION

Statkraft AS (Statkraft) consists of Statkraft AS with subsidiaries. Statkraft AS is a Norwegian limited company, established and domiciled in Norway. Statkraft AS is wholly owned by Statkraft SF, which in turn is wholly owned by the Norwegian state, through the Ministry of Trade and Industry. The company's head office is located in Oslo and the company has debt instruments listed on the Oslo Stock Exchange and London Stock Exchange.

Basis of preparation of the financial statements Statkraft's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations from International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU.

Comparative figures The income statement, balance sheet, statement of equity, cash flow statement and notes provide comparative information in respect of the previous period.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Below is a description of the most important accounting policies used in the preparation of the consolidated accounts. These policies have been used in the same manner in all presented periods, unless otherwise stated. The consolidated accounts have been prepared on the basis of the historical cost principle, with the exception of certain financial instruments and derivatives measured at fair value on the balance sheet date.

Historical cost Historical cost is generally based on fair value of the compensation paid when acquiring assets and services.

Fair value Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement of fair value is not contingent upon market prices being available or whether other valuation techniques have been applied. When determining fair value, the management must apply assumptions that market participants would have used in a similar valuation. Measurement and presentation of assets and liabilities measured at fair value when presenting the consolidated accounts are based on these policies, with the exception of measuring net realisable value in accordance with IAS 2 Inventories and when measuring its value in use in accordance with IAS 36 Impairment of Assets.

The Group uses IFRS 13 when measuring fair value

Consolidation principles The consolidated financial statements comprise the financial statements of the parent company Statkraft AS and subsidiaries. A subsidiary is an investee where Statkraft, as an investor, exercises de-facto control. De-facto control is achieved by an investor being exposed to, or having rights to, variable returns as a result of ownership or agreements entered into with the investee. When considering whether de-facto control exists, Statkraft evaluate equity interests, voting rights, ownership structure and relative strength, options controlled by Statkraft and other shareholders and shareholder and operating agreements. Each individual investment is assessed. Statkraft as an investor must furthermore have the ability to use its power over the investee to affect its returns. To the extent that Statkraft is considered to have control over an investee where Statkraft owns less than 50 per cent, agreements must be in place which nonetheless gives Statkraft control over the relevant activities which significantly affect returns from the investee. The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

If necessary, the subsidiaries' financial statements are adjusted to correlate with the Group's accounting policies. Inter-company transactions and inter-company balances, including internal profits and gains and losses, are eliminated Subsidiaries are consolidated from the date when the Group achieves control and are excluded from the consolidation when control ceases.

Associates and joint ventures Associates and joint ventures are companies or entities where Statkraft has significant influence. Joint ventures is a type of joint arrangements which have a legal form separating the participants from the assets and liabilities of the company so that the obligations is limited to the capital contribution and the returns correspond to the participant's share of the profit. Associates and joint ventures are consolidated in the consolidated accounts using the equity method. Statkraft classifies its investments based on an analysis of the degree of control and the underlying facts. This includes an assessment of voting rights, ownership structure and the relative strength, purchase and sale rights controlled by Statkraft and other shareholders. Each individual investment is assessed. Upon changes in underlying facts and circumstances, a new assessment must be made as to whether this is still a joint venture. The Group's share of the companies' profit/loss after tax, adjusted for amortisation of excess value and any deviations from accounting policies, are presented on a separate line in the consolidated income statement. Such investments are classified as non-current assets in the balance sheet and are recognised at cost price adjusted for the accumulated share of the companies' profit or loss, dividends received, currency adjustments, and equity transactions.

Joint operations Joint operations are joint arrangements where the participants who have joint control over an entity have contractual rights to the assets and obligations for the liabilities, relating to the entity. In joint operations, decisions about the relevant activities require the unanimous consent of the parties sharing control. Agreements between participants describing the rights and obligations in the joint operations will be decisive for whether equity interests in joint arrangements can be considered joint operations. Entities established to produce power and where the participants are the only buyers of the power produced, will mainly be incorporated in Statkraft's consolidated accounts in accordance with a method corresponding to the proportionate consolidation method.

Co-owned power plants Co-owned power plants, which are those power plants in which Statkraft owns shares regardless of whether they are operated by Statkraft or one of the other owners, are recognised in accordance with the proportionate consolidation method in IFRS 11 Joint Arrangements.

Leased power plants Power plants that are leased to third parties are recognised in accordance with the proportionate consolidation method. Leasing revenues are presented in other operating revenues, while expenses relating with the operations in the power plants are recorded under operating expenses.

Acquisitions The acquisition method is applied in business combinations. The compensation is measured at fair value on the transaction date, which is also the date when fair value of identifiable assets, liabilities and contingent liabilities acquired in the transaction is measured. If the accounting of a business combination is incomplete at the end of the reporting period, in which the transaction occurred, the Group will report preliminary values for the assets and liabilities. Temporary values are adjusted throughout the measuring period of maximum one year in order to reflect new information obtained about circumstances that existed as of the acquisition date, if know, would have affected the valuation on that date. Correspondingly, new assets and liabilities can be recognised. The transaction date is when risk and control has been transferred and normally coincides with the completion date. Non-controlling interests are recognised either at fair value or the proportionate share of the identifiable net assets and liabilities. The assessment is done for each transaction. Any differences between cost and fair value for acquired assets, liabilities and contingent liabilities are recognised as goodwill or recognised in income when the cost is lower. No provisions are recognised for deferred tax on goodwill. Transaction costs are recognised in the income statement when incurred.

The principles applying for the recognition of acquisition of associated companies and joint ventures in the accounts are the same as those applied to the acquisition of subsidiaries.

Revenues Revenues from the sale of energy products and services are recognised on an accruals basis. Earnings from sales are recognised when the risk and control over the goods have substantially been transferred to the buyer.

Note 1 continued

Energy revenues Energy revenues are recognised upon delivery, and generally presented gross in the income statement. Realised gains and losses from trading portfolios are, however, presented net as sales revenues.

Realised revenues from physical and financial trading in energy contracts are presented under the item for sales revenues. Unrealised changes in value relating to physical and financial contracts covered by IAS 39, are presented in the same accounting line item as earned and realised revenues.

Distribution grid revenues Distribution grid activities are subject to a regulatory regime established by the Norwegian Water Resources and Energy Directorate (NVE). Each year, the NVE sets a revenue ceiling for the individual distribution grid owner. Revenue ceilings are set partly on the basis of historical costs, and partly on the basis of a norm. The norm is there to ensure efficient operation by the companies. An excess/shortfall of revenue will be the difference between actual income and allowed income. The revenue ceiling can be adjusted in the event of changes in delivery quality. Revenues included in the income statement correspond to the actual tariff revenues generated during the year. The difference between the revenue ceiling and the actual tariff revenues comprises a revenue surplus/shortfall. Excess or shortfall of revenue is not recognised in the balance sheet. The size of this is stated in Note 33.

Dividend Dividends received from companies other than subsidiaries, associates and joint ventures are recognised as income when the distribution of the dividend has been finally declared in the distributing company.

Sale of property, plant and equipment When selling property, plant and equipment, the gain/loss from the sale is calculated by comparing the sales proceeds with the residual book value of the sold operating asset. Calculated profits/losses are recognised under other operating revenues and other operating expenses respectively.

Public subsidies Public subsidies are included on a net basis in the income statement and balance sheet. Where subsidies are connected to activities that are directly recognised in the income statement, the subsidy is treated as a reduction of the expenses related to the activity that the subsidy is intended to cover. Where the subsidy is related to projects that are recognised in the balance sheet, the subsidy is treated as a reduction of the amount recognised in the balance sheet.

Foreign currency Subsidiaries prepare their accounts in the company's functional currency, normally the local currency in the country where the company operates. Statkraft AS uses Norwegian kroner (NOK) as its functional currency, and it is also the presentation currency for the consolidated accounts. When preparing the consolidated accounts, foreign subsidiaries, associated companies and joint ventures are translated into NOK in accordance with the current exchange rate method. This means that balance sheet items are translated to NOK at the exchange rate as of 31 December; while the income statement is translated using monthly weighted average exchange rates throughout the year. Currency translation effects are recognised in comprehensive income and reclassified to the income statement upon sale of shareholdings in foreign companies.

Current transactions in foreign currency are translated to the spot exchange rate on the transaction date, while the balance sheet items are evaluated at the balance sheet date rates. Currency effects are recognised under financial items. Gains and losses resulting from changes in exchange rates on debt to hedge net investments in a foreign entity are recognised directly in comprehensive income, and reclassified to the income statement upon sale of the foreign entity.

Financial instruments
General Financial instruments are recognised when the entity becomes a party to the contractual provisions of the instrument. Initial recognition of financial assets and liabilities are at fair value. Transaction costs are added to or deduced from the financial asset or liability unless the instrument is carried at fair value through profit and loss as the transaction cost is recorded in the income statement immediately. Financial assets and liabilities are classified on the basis of the nature and purpose of the instruments into the categories "financial assets at fair value through profit or loss", "held-to-maturity investments", "available-for-sale financial assets" and "loans and receivables". The categories that are relevant for Statkraft and the treatment to be adopted for the financial instruments included in each of these categories are described below.

Measurement of different categories of financial instruments

1) Financial instruments valued at fair value through profit or loss

- Financial contracts for the purchase and sale of energy-related products are classified as derivatives. Energy derivatives consist of both stand-alone derivatives, and embedded derivatives that are separated from the host contract and recognised at fair value as if the derivative were a stand-alone contract. Derivatives in this category that are not embedded derivatives, have mainly been acquired for the purpose of selling in the short term.
- Currency and interest rate derivatives have been acquired to manage and reduce the Group's exposure to currency and interest rate fluctuations.
- Physical contracts relating to the trading of energy-related products included in trading portfolios and that are managed and followed up on the basis of fair value, are settled financially, or contain written options in the form of volume flexibility.
- Other financial assets held for trading.
  Physical contracts for the purchase and sale of energy-related products that are entered into as a result of mandates connected to Statkraft's own requirements for use or procurement in own production normally fall outside the scope of IAS 39.

2) Loans and receivables are financial receivables or debt that is not quoted in an active market. Loans and receivables are measured at fair value upon initial recognition with the addition of directly attributable transaction costs. In subsequent periods, loans and receivables are measured at amortised cost using the effective interest rate method, where the effective interest remains the same over the entire term of the instrument. An impairment loss is recognised in the income statement.

3) Assets held as available for sale are assets which are not included in any of the above categories. Statkraft classifies strategic long-term shareholdings in this category. The assets are initially measured at fair value together with directly attributable transaction costs. Subsequently, the assets are measured at fair value with changes in value recognised in other comprehensive income. Assets classified as held for sale where the fair value is less than its carrying amount is impaired through the income statement if the impairment is significant or permanent. Additional decline in value will result in an immediate impairment. Impairment cannot be reversed through the income statement until the asset is realised.

4) Financial liabilities are measured at fair value on initial recognition including directly attributable transaction costs. In subsequent periods, financial liabilities are measured at amortised cost using the effective interest rate method, where the effective interest remains the same over the entire term of the instrument.

The determination of the fair value of such assets is described in more detail in Note 10.

Financial instruments designated as hedging instruments Financial instruments that are designated as hedging instruments or hedged items in hedge accounting are identified on the basis of the intention behind the acquisition of the financial instrument. In a fair value hedge the value change will meet the corresponding change in value of the hedged item, while the value changes for cash flow hedges and hedges of net investments in foreign operations will be recognised in other comprehensive income. See also the more detailed description of hedge accounting in Note 11.

Presentation of derivatives in the income statement and balance sheet Derivatives not relating to hedging arrangements are recognised on separate lines in the balance sheet under assets or liabilities. Derivatives with respective positive and negative values are presented gross in the balance sheet. Derivatives are presented net provided there is legal right to the set off of different contracts, and such set-off rights will actually be used for the current cash settlement during the terms of the contracts. All energy contracts traded via energy exchanges are presented net in the balance sheet. Changes in the fair value of energy derivatives are recognised in the income statement on the same accounting line item as earned and realised sales revenues and accrued and realised energy purchases.

Note 1 continued

Change in fair value of currency and interest rate derivatives are presented together with realised finance income and costs.

Taxes
General Group companies that are engaged in energy generation in Norway are subject to the special rules for taxation of energy companies. The Group's tax expense therefore includes, in addition to ordinary income tax, natural resource tax and resource rent tax.

Income tax Income tax is calculated in accordance with ordinary tax rules, so that the tax rate applied is at any time the adopted. The tax expense in the income statement comprises taxes payable and changes in deferred tax liabilities/assets. Taxes payable are calculated on the basis of the taxable income for the year. Deferred tax liabilities/assets are calculated on the basis of temporary differences between the accounting and tax values and the tax effect of losses carried forward. Deferred tax assets are recognised in the balance sheet to the extent that it is probable that the assets will be realised. Tax related to items recognised in other comprehensive income is also recognised in other comprehensive income, while tax related to equity transactions is recognised in equity.

Natural resource tax Natural resource tax is a profit-independent tax that is calculated on the basis of the individual power plant's average output over the past seven years. The tax rate is NOK 13/MWh. Income tax can be offset against the natural resource tax paid. Any natural resource tax that exceeds income tax can be carried forward with interest to subsequent years, and is recognised as prepaid tax.

Resource rent tax Resource rent tax is a profit-dependent tax that is calculated at a rate of 30% of the net resource rent revenue generated by each power plant. Resource rent revenue is calculated on the basis of the individual power plant's production hour by hour, multiplied by the spot price for the corresponding hour. The actual contract price is applied for deliveries of concessionary power and power subject to physical contracts with a term exceeding seven years. Income from green certificates is included in gross resource rent revenue. Actual operating expenses, depreciation and a tax-free allowance are deducted from the calculated revenue in order to arrive at the tax base. The tax-free allowance is set each year on the basis of the taxable value of the power plant's operating assets, multiplied by a normative interest rate set by the Ministry of Finance. From 2007 onwards negative resource rent revenues per power plant can be pooled with positive resource rent revenues for other power plants. Negative resource rent revenues per power plant from the 2006 fiscal year or earlier years can only be carried forward with interest offset against future positive resource rent revenues from the same power plant. Deferred tax assets linked to negative resource rent carry-forwards and deferred tax linked to other temporary differences are calculated on the basis of power plants where it is probable that the deferred tax asset will be realised within a time horizon of ten years. The applied rate is a nominal tax rate of 31%. The tax-free allowance is treated as a permanent difference in the year it is calculated for, and therefore does not affect the calculation of deferred tax connected with resource rent.

Deferred tax liabilities and deferred tax assets are recognised net provided that these are expected to reverse in the same period. The same applies to deferred tax liabilities and deferred tax assets connected with resource rent tax. Deferred tax positions connected with income tax payable cannot be offset against tax positions connected with resource rent tax.

Classification as short-term/long-term Balance sheet items is classified as short-term when they are expected to be realised within 12 months after the balance sheet date. With the exception of the items mentioned below, all other items are classified as long-term. Some derivatives that are hedging instruments in hedge accounting are presented together with the hedging item. The first year's repayments relating to long-term liabilities are presented as current liability.

Intangible assets Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Costs relating to intangible assets, including goodwill, are recognised in the balance sheet provided that the requirements for doing so have been met. Goodwill and intangible assets with an indefinite useful life are not amortised and are tested annually for impairment.

Research and development costs Research costs are expensed as incurred. Development costs are capitalised to the extent that a future economic benefit can be identified from the development of an identifiable intangible asset.

Property, plant and equipment Investments in production facilities and other property, plant and equipment are recognised at cost less accumulated depreciation and impairment. Depreciation is charged from the time the assets are available for use. The cost of property, plant and equipment includes fees for acquiring or bringing assets into a condition in which they can be used. Directly attributable borrowing costs are added to cost. Expenses incurred after the operating asset has been taken into use, such as ongoing repair and maintenance expenses, are recognised in the income statement as incurred, while other expenses that are expected to increase future production capacity are recognised in the balance sheet. In the case of time-limited licences, provisions are made for decommissioning costs, with a balancing entry increasing the carrying amount of the relevant asset.

Costs incurred for own plant investments are recognised in the balance sheet as facilities under construction. Cost includes directly attributable costs including interest on loans.

Depreciation is calculated on a straight-line basis over assets' expected useful economic lives. Residual values are taken into account in the calculation of annual depreciation. Periodic maintenance is recognised in the balance sheet over the period until the time when the next maintenance round is scheduled. The depreciation period is adapted to the licence period. Estimated useful lives, depreciation methods and residual values are assessed annually.

Land including waterfall rights is not depreciated, as the assets are deemed to have perpetual life if there is no right of reversion to state ownership.

Impairment Property, plant, equipment and intangible assets that are depreciated, are reviewed for impairment at the end of every quarter. When there are indications that future earnings cannot justify the carrying value, the recoverable amount is calculated to consider whether an allowance for impairment must be made. Intangible assets with indefinite useful life are not amortised, but tested for impairment once a year and when events or circumstances indicate that the asset might be impaired. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. Value in use is calculated as future expected cash flows discounted by using a required rate of return equal to the market's required rate of return for corresponding assets in the same industry. The difference between the carrying amount and recoverable amount is recognised as an impairment loss. For the purposes of assessing impairment losses, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Cash-generating units A cash-generating unit (CGU) is the lowest level at which independent cash flows can be measured. The highest level of a CGU is a reported operating segment. CGU in Statkraft is defined as follows:

Hydropower: Power plants located in the same water resource and managed together to optimise power production.

Wind power plants: Wind turbines in a wind farm connected to a common transformer

Gas power plants: A gas power plant normally constitutes a CGU unless two or more plants are controlled and optimised together so that revenues are not independent of each other.

District heating: Each plant together with associated infrastructure including transmission lines.

Biomass power plants: The individual plants.

Segment is used as the lowest CGU for testing goodwill for impairment.

Note 1 continued

Leases Leases are recognised as finance lease agreements when the risks and returns incidental to ownership have been substantially transferred to Statkraft. Finance leases are capitalised at the commencement of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. When calculating the lease's present value, the implicit interest cost in the lease is used if it is possible to calculate this. If this cannot be calculated, the company's marginal borrowing rate is used. Direct costs linked to establishing the lease are included in the asset's cost price.

The same depreciation period as for the company's other depreciable assets is used. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are mainly recognised as an expense on a straight-line basis over the lease term. When leased production plants where use is closely connected with the production, lease payments are measured by consumption and presented as energy purchases.

Inventories

1) Green certificates and CO_2 certificates Green certificates awarded by own production are measured at cost price and classified as intangible assets. The same applies to CO_2 certificates.

Green certificates and CO_2 certificates are deemed to be held for trading purposes and are recognised as inventories. Inventories of green certificates and CO_2 certificates held for trading purposes are measured at net realisable value. Net realisable value is measured as sales value less expected costs to sell.

2) Other inventories Other inventories are measured at the lower of cost and net realisable value.

Cost is allocated to specific inventories where possible. For exchangeable goods, cost is allocated in accordance with the weighted average or the FIFO (first in, first out) method.

Cash and cash equivalents Cash and cash equivalents includes certificates and bonds with short residual terms at the time of acquisition. The item also includes restricted cash. The amount of restricted cash is specified below the cash flow statement and in Note 29. Market settlements for derivatives connected with financial activities (cash collateral) are recognised in the balance sheet. Bank deposits, cash and similar from joint operations are also presented under this line item.

Equity Dividends proposed at the time of approval of the financial statements are classified as equity. Dividends are reclassified as current liabilities once they have been approved by the General Assembly.

Provisions, contingent assets and contingent liabilities Provisions are only recognised where there is an existing obligation as a result of a past event, and where it is more than 50% probable that an obligation has arisen. It must also be possible to reliably measure the provision. With lower probability the conditions will be stated in the notes of the financial statements unless the probability of payment is very low. Provisions are recognised in an amount that is the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

Onerous contracts Obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Concessionary power, licence fees and compensation Each year, concessionary sales are made to local authorities at statutory prices stipulated by the Norwegian Parliament (Stortinget). The supply of concessionary power is recognised as income on an ongoing basis in accordance with the established concessionary price. In the case of certain concessionary power contracts, agreements have been made regarding financial settlement in which Statkraft is invoiced for the difference between the spot price and the concessionary price. Such concessionary contracts are not included in the financial statements. The capitalised value of future concessionary power obligations is estimated and disclosed in Note 30.

Licence fees are expensed as they accrue and are paid annually to central and local government authorities. The capitalised value of future licence fees is estimated and disclosed in Note 17.

The Group pays compensation to landowners for the right to use waterfalls and land. In addition, compensation is paid to other parties for damage caused to forests, land, telecommunications lines, etc. Compensation payments are partly non-recurring and partly recurring, and take the form of cash payments or a liability to provide compensational power. The present value of obligations connected to the annual compensation payments and free power are classified as provisions for liabilities. Annual payments are recognised as other operating expenses, while non-recurring items are offset against the provision.

Pensions

Defined benefit schemes A defined benefit scheme is a retirement benefit scheme that defines the retirement benefits that an employee will receive on retirement. The retirement benefit is normally set as a percentage of the employee's salary. To be able to receive full retirement benefits, contributions will normally be required to be paid over a period of between 30 and 40 years. Employees who have not made full contributions will have their retirement benefits proportionately reduced. The liability recognised in the balance sheet which relates to the defined benefit scheme is the present value of the future retirement benefits that are reduced by the fair value of the plan assets. The present value of future benefits in the pension schemes accrued at the balance sheet date is calculated by accrued benefits method.

Remeasurement gains and losses attributable to changes in actuarial assumptions or base data are recognised in other comprehensive income.

Net pension fund assets for overfunded schemes are classified as non-current assets and recognised in the balance sheet at fair value. Net retirement benefit liabilities for underfunded schemes and non-funded schemes that are covered by operations are classified as long-term liabilities.

The net retirement benefit cost for the period is included under salaries and other payroll costs, and comprises the total of the retirement benefits accrued during the period, the interest on the estimated liability and the projected yield on pension fund assets.

Defined contribution schemes A defined contribution scheme is a retirement benefit scheme where the Group pays fixed contributions to a fund manager without incurring further obligations for Statkraft once the payment has been made. The payments are expensed as salaries and payroll costs.

SEGMENTS

The Group reports operating segments in accordance with how the Group management makes, follows up and evaluates its decisions. The operating segments have been identified on the basis of internal management information that is periodically reviewed by the management and used as a basis for resource allocation and key performance review.

STATEMENT OF CASH FLOW

The cash flow statement has been prepared using the indirect method. The statement starts with the Group's profit before taxes in order to show cash flow generated by operating activities. The cash flow statement is divided into net cash flow from operations, investments and financing activities. Dividends disbursed to the owner and to non-controlling interests are presented under financing activities. Receipts and payments of interest and dividends from associated companies are presented as provided cash flow from operations.

CHANGES IN ACCOUNTING POLICIES 2013

The following new and amended standards and interpretations have been implemented for the first time in 2013:

IFRS 10 Consolidated Financial Statements The standard relates to definition of subsidiaries and places greater emphasis on actual

Note 1 continued

control than earlier principles did. Investments in subsidiaries and associated companies have been evaluated in accordance with IFRS 10. The implementation of the standard has not resulted in any changes for Statkraft.

IFRS 11 Joint Arrangements The standard regulates accounting of activities where Statkraft has joint control with other investors. Joint operations shall, in accordance with the new standard, be incorporated in accordance with a method corresponding to the gross method. The agreement between the participants, describing individual rights and obligations in the joint operations, will determine how to account for an asset in jointly controlled operations. For Statkraft, this entails that several shareholdings previously presented in accordance with the equity method will now be presented in accordance with the gross method in accordance with IFRS 11. All entities that meet the definition of joint arrangements will be accounted for using the equity method. The effect of the implementation of IFRS 11 is shown in note 1

IFRS 12 Disclosure of Interests in Other Entities The standard sets requirements related to note information concerning investments in subsidiaries, associated companies and jointly controlled entities. The purpose is to provide information about characteristics and risks in relation to the Group's investments in such companies, and which effects this has on the Group's balance sheet, results and cash flows. The standard introduces several new information requirements, particularly for the annual accounts.

IAS 27 Separate Financial Statements As a consequence of the publishing of IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities, the IASB has amended IAS 27. IAS 27 now only applies to the accounting in the separate financial statements. The title of the standard is amended accordingly.

IAS 28 Investment in Associates and Joint Ventures As a consequence of the new standards IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates has been renamed IAS 28 Investment in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates.

IFRS 13 Fair Value Measurement The standard defines principles and guidelines for measuring the fair value of assets and liabilities which other standards require or permit to be measured at fair value. The effect of the implementation of IFRS 13 is limited.

IAS 19 Employee Benefits The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and rewording. Due to the discharge of the corridor approach the actuarial gains and losses now are recognised through other comprehensive income in the period in which they arise. The amendments to IAS 19 has an impact on the net benefit expense, as the expected return on plan assets are calculated using the same interest rate as applied for the purpose of discounting the benefit obligation. Statkraft has earlier not used the corridor method. The effect of implementation of the amendments to IAS 19 has been limited.

IFRS 7 Financial Instruments - disclosures The amendments imply that entities are required to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures will provide users with information that is useful in evaluating the effect of netting agreements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments - presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. The amendments do not impact the Group's financial position or performance.

IAS 1 Presentation of Financial Statements The amendments in IAS 1 require all items in other comprehensive income to be grouped into two categories. Items that can be reclassified to profit or loss in subsequent periods are presented separate from items that will never be reclassified. The amendments will only affect the presentation and has no effect on the Group's financial position or profit or loss.

At the time of adoption of these financial statements, the following standards are issued by the IASB and effective for the financial year 2014:

IAS 36 Impairment of Assets IAS 36 is amended to address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. These amendments are issued to align the disclosure requirements in IAS 36 with the IASB's original intention when consequential amendments to IAS 36 were made as a result of the issuance of IFRS 13 Fair Value Measurement. The amendments are effective for annual periods beginning on or after 1 January 2014.

IAS 32 Financial Instruments: Presentation IAS 32 is amended in order to clarify the meaning of "currently has a legally enforceable right to set-off" and the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments are effective for annual periods beginning on or after 1 January 2014.

Interpretations not approved, but relevant for Statkraft which can give effect on the financial statement in future period:

IFRS 9 Financial instruments IFRS 9, as issued, reflects the two first phases of IASB's work on the replacement of IAS 39, which are classification and measurement of financial assets and financial liabilities and hedge accounting. Third and last phase of this project will address amortised cost measurement and impairment of financial assets. The mandatory effective date of IFRS 9 has been removed and it is expected that the standards earliest effective mandatory date is for annual periods beginning 1 January 2017. The IASB have decided that a new date should be decided upon when the entire IFRS 9 project is closer to completion. The Group will evaluate potential effects of IFRS 9 as soon as the final standard, including all phases, is issued.

Note 1 continued

CHANGES IN ACCOUNTING POLICIES 2013

Statkraft has changed its accounting policy from the equity method to the proportionate consolidation method in accordance with IFRS 11 Joint arrangements for the following investments:

- Scira Offshore Energy Ltd. (Sheringham Shoal)
- Dudgeon Offshore Wind Ltd.
- Forewind Ltd.
- Naturkraft AS
- Kraftwerksgesellschaft Herdecke, GmbH & Co. KG

The effects of the implementation of IFRS 11, as well as the transition to accounting for assets and liabilities for some contracts, are shown in the tables below:

NOK million	2012
TOTAL COMPREHENSIVE INCOME	
PROFIT AND LOSS	
Increase in gross operating revenues [1]	5 219
Increase in net operating revenues	693
Increase (+)/decrease (-) in operating expenses [2]	-499
Changes in operating profit	195
Decrease in share of profit from associates and joint ventures	-153
Changes in net financial items	-76
Changes in profit before tax	-35
Increase in tax expense	-84
Changes in net profit	-120
OTHER COMPREHENSIVE INCOME	
Changes in other comprehensive income	-
Changes in comprehensive income	-120

[1] Increase in gross operating revenues includes the increase resulting from the change to gross presentation for various contracts of NOK 5236 million for the year 2012. The opposite effect is presented under energy purchase, and net operating revenues are unchanged as a result.

[2] The changes in net profit/loss in 2012, after the transition to the gross method according to IFRS 11, is due to that the investment in Herdecke according to the equity method was valued at zero. When changing to the gross method, fixed assets have been impaired by a further NOK 120 million in 2012.

NOK million	31.12.2012	01.01.2012
BALANCE SHEET		
ASSETS		
Increase in intangible assets	28	29
Increase in property, plant and equipment	5 489	3 954
Decrease in investments in associates and joint ventures	-2 050	-1 029
Increase in other non-current assets	616	372
Increase in cash and cash equivalents (incl. restricted cash)	394	322
Increase in other current assets	-3 562	-2 601
Increase in assets	914	1 047
EQUITY AND LIABILITIES		
Changes in equity	-87	-
Increase in long-term liabilities	490	490
Increase in current liabilities	511	559
Changes in equity and liabilities	914	1 047

NOK million	Year 2012
STATEMENT OF CASH FLOW	
Changes in net cash flow from operating activities	342
Changes in net cash flow from investing activities	-254
Changes in net cash flow from financing activities	-16

Note 2 Accounting judgements, estimates and assumptions

When preparing the consolidated accounts in accordance with IFRS and applying the Group's accounting policies, the management of the company must exercise judgement, prepare estimates and make assumptions that influence the items in the income statement, balance sheet and notes. Estimates and assumptions applied are based on experience with similar judgements in previous periods, expertise from experts in the Group, changes in framework conditions and other relevant information. Accounting judgements, estimates and assumptions are to a large extent influenced by the management's assessment of future revenues. Expected future revenues are based on a combination of expectations regarding future prices, production volumes, regulatory issues, infrastructure maturity and project risk. Observable market prices in liquid periods are applied in the valuation of future revenues. For later periods, a combination of Statkraft's expectations for long-term market prices, including carbon price and subsidy scheme developments, is applied, plus expected capacity payments.

Estimates and assumptions may change over time and are subject to continuous review. Actual figures may deviate from recognised estimates. The effect on the income statement of estimate deviations and changed estimates and assumptions is recognised in the period in which the change occurs or accrued over the periods affected by the change.

Accounting judgements that are of material importance to the Group's Financial Statements are as follows:

Impairment The Group has significant carrying amounts in property, plant and equipment, intangible assets and investments in associates and joint ventures. These assets are tested for impairment when indicators of possible impairment of value exist, i.e. there is a risk of the recognised value exceeding the recoverable amount. Goodwill is tested annually for impairment. An impairment test can result in a need to recognise significant loss in relation to assets recognised in the balance sheet.

Calculation of recoverable amount, which is the higher of fair value less cost of disposal and value in use, is based on future cash flows where long-term price paths, expected production volumes and required rate of return are the most important factors. Considerable judgement is exercised by the management to estimate the development of these factors.

When determining the value in use of property, plant and equipment under construction, accrued expenses on the balance sheet date and remaining investment framework approved by Statkraft's management are included. Expected maintenance investments are included for commissioned power plants.

Business combinations Statkraft must allocate the purchase amount for acquired businesses to acquired assets and liabilities, based on the estimated fair value. If the combinations are achieved in stages, fair value must also be calculated of the current ownership interest when de-facto control is transferred to Statkraft. Changes in fair value are recognised in profit or loss. For major acquisitions, Statkraft uses independent external advisors to assist in the determination of the fair value of acquired assets and liabilities. This type of valuation requires the management to make judgements as regards valuation method, estimates and assumptions. The management's estimates of fair value and useful life are based on assumptions supported by the Group's experts, but with inherent uncertainty. Actual results may therefore deviate from the estimates.

Deferred tax asset Recognition of deferred tax assets involves judgment, and is carried out to the extent that it is probable that it will be utilised. The Group also recognises deferred tax assets associated with resource rent taxation from production revenues from Norwegian power plants in the balance sheet. Deferred tax assets relating to resource rent revenue carry-forwards are recognised in the balance sheet with the amount expected to be utilised within a period of ten years. The period over which negative resource rent revenues can be used is estimated on the basis of expectation relating to future revenues.

Non-financial energy contracts According to IAS 39, non-financial energy contracts that are covered by the definition of "net financial settlements" shall be treated as if these were financial instruments. This will typically apply to contracts for physical purchases and sales of power and gas. Management has reviewed the contracts that are defined as financial instruments, and those contracts that are not covered by the definition as a result of "own use" exception.

Property, plant and equipment Property, plant and equipment is depreciated over its expected useful life. Expected useful life is estimated based on experience, historical data and accounting judgements, and is adjusted in the event of any changes to the expectations. Residual values are taken into account in calculating depreciation. Estimates of decommissioning obligations, which are included as part of the plant's carrying amount, are subject to ongoing reviews.

Pensions The calculation of pension liabilities involves the use of judgement and estimates across a range of parameters. The discount rate is set at 4.1% for Norwegian pension schemes and is based on high- quality corporate bonds (OMF). This is a change from previous years where government bonds have been the base for setting the discount rate. Statkraft is of the opinion that the OMF market represents a deep and liquid marked with relevant durations that qualify as a reference interest rate in accordance with IAS 19.

Note 3 Segment information

Statkraft's segment reporting is in accordance with IFRS 8. The Group reports operating segments in accordance with how the Group management makes, follows up and evaluates its decisions. The operating segments have been identified on the basis of internal management information that is periodically reviewed by the management and used as a basis for resource allocation and key performance review.

We are presenting the underlying results for each of the segments. The underlying results consist of ordinary results, adjusted for unrealised effects from energy contracts (excluding Trading and Origination) and material non-recurring items.

The segments are:

Nordic hydropower includes hydropower plants in Norway, Sweden and Finland. The production assets are mainly flexible.

Continental energy and trading includes gas power plants in Germany and Norway, hydropower plants in Germany and the UK and bio-based power plants in Germany, as well as Baltic Cable AB, the subsea cable between Sweden and Germany.

The segment includes Trading and Origination, market access UK and Germany, as well as revenue optimisation and risk mitigation related to both the Continental and Nordic production. In this manner, the Group can take advantage of its overall market expertise in the best possible manner. From 2012, Statkraft offers market access to minor renewable energy producers in Germany and the United Kingdom. This introduction has resulted in substantially increased gross operating revenues and energy purchase costs.

Note 3 continued

International hydropower operates in emerging economies with expected high growth and substantial need for energy. Statkraft's investments in hydropower internationally are part of the Group's long-term strategy where the Group's expertise is exploited to ensure increased supply of renewable energy and profitable growth.

Wind power includes Statkraft's investments in land-based and offshore wind power. The segment has land-based wind farms in operation in Norway and under development and in operation in Sweden and the United Kingdom. The segment has offshore wind farms in operation and under development in the United Kingdom.

District heating operates in Norway and Sweden. Further growth will primarily take place in Norway where Statkraft is one of the two largest suppliers of district heating.

Industrial ownership includes management and development of Norwegian shareholdings within the Group's core business, as well as the end-user business in Fjordkraft.

Other activities include small-scale hydropower, innovation, internal financial loans to other segments from Statkraft Treasury Centre and group functions.

Group items include adjustment of non-recurring items, unrealised effects on energy contracts excluding Trading and Origination, eliminations and unallocated assets.

Accounting specification per segment

Segments NOK million	Statkraft AS Group	Nordic Hydropower	Continental Energy & Trading	International Hydropower	Wind power	District heating	Industrial ownership	Other activities	Group Items
2013									
Operating revenues external, underlying	49 564	10 506	23 318	1 697	39	640	7 420	192	5 754
Operating revenues internal, underlying	-	3 813	17	-	1 029	2	53	477	-5 391
Gross operating revenues, underlying	49 564	14 318	23 335	1 697	1 067	642	7 472	669	362
Net operating revenues, underlying	24 246	13 238	1 764	1 017	1 026	392	3 174	665	2 970
Operating profit, underlying	13 002	8 796	72	93	103	-4	1 109	-564	3 397
Unrealised value changes energy contracts	-	2 279	810	211	-	-	21	-43	-3 278
Significant non-recurring items	-	164	-97	162	-190	86	-	-	-125
Operating profit	13 002	11 239	785	466	-87	82	1 130	-607	-7
Share of profits/losses from associated and joint ventures	1 101	-	3	458	-1	-	640	-	-
Profit before financial items and tax	14 103	11 239	789	924	-88	82	1 770	-607	-7
Balance sheet 31.12.13									
Investments in associates and joint ventures	16 002	-	-	6 559	1	-	9 438	-	4
Other assets	137 685	55 134	5 407	13 509	12 321	3 188	14 714	53 899	20 487
Total assets	153 687	55 134	5 407	20 068	12 322	3 188	24 152	53 899	20 483
Depreciation, amortisation and impairment	-3 045	-1 247	-330	-185	-595	-137	-474	-78	-
Maintenance investments and other investments	1 980	1 399	86	42	11	2	440	-	-
Investments in new generating capacity	11 303	4 476	316	2 672	2 531	417	497	393	-
Investments in shares	62	-	-	50	1	-	-	11	-
2012									
Operating revenues external, underlying	37 550	10 143	16 857	1 566	17	625	6 691	117	1 533
Operating revenues internal, underlying	-	3 221	-32	1	508	1	33	452	-4 184
Gross operating revenues, underlying	37 550	13 365	16 825	1 567	526	626	6 724	568	-2 651
Net operating revenues, underlying	18 352	12 479	2 016	1 054	511	384	3 010	565	-1 667
Operating profit, underlying	5 559	8 274	397	98	-141	-2	1 061	-856	-3 271
Unrealised value changes energy contracts	-	-1 663	738	-113	-	-	1	7	1 030
Significant non-recurring items	-	-	-2 105	-78	-	-	-216	175	2 224
Operating profit	5 559	6 610	-969	-93	-141	-2	846	-674	-17
Share of profits/losses from associated and joint ventures	871	-	-31	146	-25	-1	781	-	-
Profit before financial items and tax	6 430	6 610	-1 000	53	-166	-3	1 627	-674	-17
Balance sheet 31.12.12									
Investments in associates and joint ventures	15 924	-	-	6 368	82	-	9 463	-	12
Other assets	129 983	48 837	4 689	10 442	9 433	2 874	14 254	58 947	-19 494
Total assets	145 907	48 837	4 689	16 810	9 515	2 874	23 717	58 947	-19 482
Depreciation, amortisation and impairment	-4 933	-1 136	-2 517	-301	-116	-145	-650	-69	-
Maintenance investments and other investments [1]	1 811	1 206	127	90	7	-	381	-	-
Investments in new generating capacity	7 327	302	1 014	1 687	3 188	369	538	229	-
Investments in shares	2 583	-	-	2 433	144	6	-	-	-

[1] Classification between maintenance investments and investments in new capacity has been changed for 2012, with an effect of NOK 746 million.

Note 3 continued

Specification of non-recurring items:

NOK million	2013	2012
Unrealised value changes energy contracts, excl. Trading and Origination	3 288	-1 030
Significant non-recurring items	125	-2 224
Revenue recognition related to termination of energy contract	*164*	-
Bargain purchase in step acquisition of Devoll	*162*	-
Gain on sale of Sluppen Eiendom AS	*86*	-
Cost related to purchase in step acquisition of biomass companies	*-97*	-
Final settlement of sale of Trondheim Energi Nett	*-*	*175*
Impairment of property, plant and equipment and intangible assets	*-190*	*-2 399*
Eliminations and other group items	-	-
Total	3 413	-3 254

Specification per product
Reference is made to Note 12.

Specification per geographical area
External sales revenues are allocated on the basis of the geographical origin of generating assets or activities.

Non-current assets consist of property, plant and equipment and intangible assets except deferred tax and are allocated on the basis of the country of origin for the production facility or activity.

Geographical areas

NOK million	Statkraft AS Group	Norway	Germany	Sweden	UK	Other
2013						
Sales revenues external	48 148	25 690	15 703	79	4 690	1 985
Non-current assets as of 31.12.	103 487	56 168	4 800	21 308	8 755	12 456
2012						
Sales revenues external	36 447	19 158	15 073	104	311	1 800
Non-current assets as of 31.12.	89 934	51 294	4 034	17 437	7 490	9 679

Information regarding significant customers
No external customers account for 10% or more of the Group's operating revenues.

Note 4 Subsequent events

There have been no subsequent events.

Note 5 Business combinations

BUSINESS COMBINATIONS 2013

Devoll Hydropower Sh.A. On 7 May, Statkraft acquired the remaining 50% of the shares in Devoll Hydropower Sh.A., and now owns 100% of the shares. The cost price of 100% of the shares in the step acquisition totalled NOK 162 million. The net assets in Devoll were NOK 324 million. The preliminary acquisition analysis shows a purchase at beneficial terms, with NOK 162 million immediately recognised as income.

Biomasseheizkraftwerk Landesbergen GmbH and Biomasseheizkraftwerk Emden GmbH On 31 August, Statkraft acquired the remaining 50% shareholding in the biomass power plant Biomasseheizkraftwerk Landesbergen GmbH and the 70% shareholding in Biomasseheizkraftwerk Emden GmbH, and now wholly owns both companies. The seller of both shareholdings was E.ON. In 2009, Statkraft entered into an agreement with E.ON on delivering operation and maintenance (O&M) services to these biomass power plants. The O&M agreement was terminated in connection with the stepwise acquisition. The agreement existed prior to the stepwise acquisition and has not met the recognition criteria for the balance sheet in previous periods, hence an amount of NOK 97 million has been expensed in the third quarter. The net assets in the power plants have been valued at zero.

Ortnevik Kraftlag AS and Knutfoss Kraft AS On 6 December, Småkraft acquired the companies Ortnevik Kraftlag AS and Knutfoss Kraft AS. The cost price for 100% of the shares in the two companies totalled NOK 9 million. The net assets in the companies amount to NOK 1 million and NOK -6 million. The preliminary acquisition analysis' has identified excess value of NOK 14 million in total.

Allocation of cost price for business combinations in 2013	Devoll Hydropower Sh.A [1]	Other acquisitions	Total
Acquisition date	07.05.2013		
Voting rights/shareholding acquired through the acquisition	50%		
Total voting rights/shareholding following acquisition	100%	100%	
Measurement of non-controlling interests	Proportionate share	Proportionate share	

Consideration NOK million			
Cash	-	9	9
Fair value of previously recognised shareholdings	162	-	162
Total acquisition cost	162	9	171
Book value of net acquired assets (see table below)	324	-5	319
Identification of excess value, attributable to:			
Intangible assets	-	-	-
Property, plant and equipment	-	14	14
Gross excess value	-	14	14
Deferred tax on excess value	-	-	-
Net excess value	-	14	14
Fair value of net acquired assets, excluding goodwill	324	9	333
Of which			
Majority interests	324	9	333
Non-controlling interests	-		-
Total	324	9	333
Total acquisition cost	162	9	171
Fair value of net acquired assets, acquired by the majority through the transaction	324	9	333
Goodwill [2]	-162	-	-162

[1] The allocation of purchase price is deemed to be provisional pending the completion of the final valuation of the acquired assets and liabilities.

[2] There is no goodwill for Devoll which is deemed to be a bargain purchase. This results in the immediate recognition of NOK 162 million in income.

Note 5 continued

NOK million	Devoll Hydropower Sh.A	Other acquisitions	Total
Book value of net acquired assets			
Intangible assets	261	2	263
Property, plant and equipment	11	71	82
Non-current assets	272	73	345
Cash and cash equivalents	27	41	68
Receivables	31	25	56
Current assets	58	66	124
Acquired assets	330	139	469
Long-term interest-bearing liabilities	-	64	64
Other interest-free liabilities	6	65	71
Liabilities and non-controlling interests	6	129	135
Net value of acquired assets	324	9	333
Net value of acquired assets, including increase in the value of private placing	324	9	333
Total acquisition cost	162	14	176
Non-cash elements of acquisition cost	162	5	167
Consideration and cost in cash and cash equivalents	-	9	9
Cash and cash equivalents in acquired companies	27	41	68
Net cash payments in connection with the acquisitions	-27	32	5
Fair value of acquired receivables	31	25	56
Gross nominal value of acquired receivables	31	25	56
Gain/loss from derecognition of previously recognised shareholding	-	-	-
Contribution to gross operating revenue since acquisition date	-	-2	-2
Contribution to net profit since acquisition date	-6	-	-6
Proforma figure 2013 gross operating revenue	-	130	130
Proforma figure 2013 gross net profit	-9	-1	-10

Note 5 continued

BUSINESS COMBINATIONS 2012

Fountain Intertrade Corporation On 6 March 2012, Statkraft, through SN Power and Agua Imara, achieved a majority on the board of the company Fountain Intertrade Corp. (FIC), Panama, in accordance with the shareholder agreement between the parties. SN Power via Agua Imara owned and owns 50.1% of the shares in the company. The change in the composition of the board means that SN Power has achieved control as regards IFRS. As a result, FIC has been derecognised as an associate company and incorporated into the consolidated accounts as a subsidiary from the acquisition date of 6 March. There was no gain or loss from the derecognition.

Catamount Energy Ltd. On 15 November 2012, Statkraft UK Ltd acquired the remaining 50% of the company Catamount Energy Ltd for NOK 120 million. The fair value of the former shareholding has been estimated at NOK 120 million. Value in excess of the book equity has been allocated to property, plant and equipment in the amount of NOK 342 million, and to intangible assets, in the amount of NOK -65 million. Goodwill of NOK 64 million has been identified. The derecognition of the previously recognised asset created a gain of NOK 115 million presented under financial items.

Other acquisitions Other acquisitions include the acquisition of Muchinga Power Company Ltd. on 20 September 2012 for a price of NOK 24 million and the acquisition of Hamneset Energisentral AS on 2 May 2012 for a purchase price of NOK 4 million.

Allocation of cost price for business combinations in 2012	Fountain Intertrade Corp.	Catamount Energy Ltd.	Other acquisitions	Total
Acquisition date	06.03.12	15.11.12		
Voting rights/shareholding acquired through the acquisition	0.00%	50.00%		
Total voting rights/shareholding following acquisition	50.10%	100.00%		
Measurement of non-controlling interests	Proportionate share	Proportionate share	Proportionate share	
Consideration				
NOK million				
Cash	-	120	28	148
Fair value of previously recognised shareholdings	121	120	-	241
Total acquisition cost	121	240	28	389
Book value of net acquired assets (see table below)	242	-36	1	207
Identification of excess value, attributable to:				
Intangible assets	-	-65	-	-65
Property, plant and equipment	-	342	3	345
Gross excess value	-	277	3	280
Deferred tax on excess value	-	-64	-	-64
Net excess value	-	213	3	216
Fair value of net acquired assets, excluding goodwill	242	177	4	423
Of which				
Majority interests	121	177	4	302
Non-controlling interests	121	-	-	121
Total	242	177	4	423
Total acquisition cost	121	240	28	389
Fair value of net acquired assets, acquired by the majority through the transaction	121	177	4	302
Goodwill [1]	-	63	24	87

[1] Recognition of goodwill in the acquisition of Catamount Energy Ltd. relates to recognition of deferred tax liabilities on added values at nominal value.

Note 5 continued

NOK million	Fountain Intertrade Corp.	Catamount Energy Ltd.	Other acquisitions	Total
Book value of net acquired assets				
Intangible assets	258	65	20	343
Property, plant and equipment	48	-	-	48
Other non-current financial assets	5	-	-	5
Non-current assets	311	65	20	396
Cash and cash equivalents	93	-	1	94
Receivables	3	5	-	8
Current assets	96	5	1	102
Acquired assets	407	70	21	498
Long-term interest-bearing liabilities	122	102	-	224
Other interest-free liabilities	13	4	20	37
Taxes payable	6	-	-	6
Derivatives	24	-	-	24
Liabilities and non-controlling interests	165	106	20	291
Net value of acquired assets	242	-36	1	207
Net value of acquired assets, including increase in the value of private placing	242	-36	1	207
Total acquisition cost	121	240	28	389
Non-cash elements of acquisition cost	121	120	-	241
Consideration and cost in cash and cash equivalents	-	120	28	148
Cash and cash equivalents in acquired companies	93	-	1	94
Net cash payments in connection with the acquisitions	-93	120	27	54
Fair value of acquired receivables	3	5	-	8
Gross nominal value of acquired receivables	3	5	-	8
Gain/loss from derecognition of previously recognised shareholding	-	115	-	115
Contribution to gross operating revenue since acquisition date	-	-	2	2
Contribution to net profit since acquisition date	-6	-	1	-5
Proforma figure 2012 gross operating revenue	-	-	4	4
Proforma figure 2012 gross net profit	-6	6	1	1

Note 6 Management of capital structure

The main aim of the Group's management of its capital structure is to maintain a reasonable balance between the company's debt/equity ratio, its ability to expand and its maintenance of a strong credit rating.

The tools for long-term management of the capital structure consist primarily of the draw-down and repayment of long-term liabilities and payments of share capital from/to the owner. The Group endeavours to obtain external financing from various capital markets. The Group is not subject to any external requirements with regard to the management of capital structure other than those relating to the market's expectations and the owner's dividend requirements.

There were no changes in the Group's targets and guidelines governing the management of capital structure in 2013.

The most important target figure for the Group's management of capital structure is long-term credit rating. Statkraft AS has a long-term credit rating of A- (stable outlook) from Standard & Poor's and Baa1 (stable outlook) from Moody's. Statkraft's goal is to maintain its current rating, and BBB+/Baa1 as a minimum.

Overview of capital included in management of capital structure

NOK million	Note	2013	2012
Long-term interest-bearing liabilities	31	33 364	33 517
Current interest-bearing liabilities	31	7 013	7 108
Cash and cash equivalents, excluding restricted cash and short-term financial investments	29	-8 137	-5 665
Net liabilities		32 239	34 960

Note 7 Market risk in the Group

RISK AND RISK MANAGEMENT OF FINANCIAL INSTRUMENTS GENERALLY

Statkraft is engaged in activities that entail risk in many areas and has a unified approach to the Group's market risks. Risk management is about assuming the right risk based on the Group's ability and willingness to take risks, expertise, financial strength and development plans. The purpose of the risk management is to identify threats and opportunities for the Group, and to manage the risk towards an acceptable level to provide reasonable surety for achieving the Group's objectives.

Market risk is the risk that a financial instrument's fair value or future cash flows will fluctuate as a result of changes in market prices. In Statkraft, market risk will primarily relate to energy price risk, interest rate risk and foreign currency risk. The following section contains a more detailed description of the various types of market risk, and how these are managed.

DESCRIPTION OF PORTFOLIOS IN ENERGY TRADING

Risk management in energy trading in Statkraft focuses on portfolios of contracts rather than specific contracts in accordance with IAS 39. Internal guidelines for market exposure have been established for all portfolios. Responsibility for continual monitoring of granted mandates and frameworks lies with independent organisational units. The frameworks for trading in both financial and physical contracts are continually monitored and regularly reported.

A description of the energy portfolios in Statkraft can be found below:

Long-term contracts As a power producer, Statkraft has entered into physical power sales agreements with industrial customers in the Nordic region. The long-term contracts have varying terms, but the longest runs until 2030. Market risk for the long-term sales contracts relates to future market prices of. The prices of some of these sales obligations are indexed to other market risks related to foreign currency and raw materials such as metals

Statkraft has established a special portfolio with the objective of reducing market risk for physical sales contracts. The portfolio consists of financial energy contracts with a maturity of within five years.

Statkraft also has commitments in relation to financial power contracts, physical power purchase contracts and physical gas purchase contracts. The market risk in the portfolio is derived from the future market prices for electricity, gas, coal and oil products.

Financial contracts and embedded derivatives in physical contracts are recognised at fair value, other contracts entered (into) own use do not qualify for recognition in the balance sheet and are recognised in the income statement as part of normal purchase and sale.

Power and gas purchase agreements are recognised at fair value in accordance with IAS 39 since power and gas acquired according to the contract and sold directly in the market.

Nordic and Continental dynamic asset management portfolios
Statkraft has one Nordic and one Continental dynamic asset management portfolio, managed in Oslo and in Düsseldorf, respectively. Portfolio management is a market activity where Statkraft uses analyses of the market, portfolio risk and financial activities to generate value in the futures and forward market, in addition to physical production and trading. The objective of the portfolio management is to optimise portfolio revenues and in addition reduce the portfolio risk.

Mandates are based on volume thresholds and available production. The risk is quantified using simulations of various scenarios for relevant risk factors.

The management portfolios consist mainly of financial contracts for electricity, CO_2, coal, gas and petroleum products. The contracts are traded via energy exchanges and bilateral contracts. These generally have terms of less than five years.

The gas agreements are measured at fair value in accordance with IAS 39.

Trading and Origination Statkraft has various portfolios for Trading and Origination that are managed independently of the Group's expected electricity production. Teams have been established in Oslo, Trondheim, Stockholm, London, Amsterdam and Düsseldorf, as well as in Brazil and India. The portfolios act in the market with the aim of realising gains on changes in the market value of energy and energy-related products, as well as gains on non-standardised contracts.

The trading activities involve buying and selling standardised and traded products. Electricity and CO_2 products, as well as green certificates, gas and oil products are traded. The contracts in the trading portfolio have durations ranging from 0 to 5 years.

Origination activities include buying and selling both standardised products and structured contracts. Structured products may be energy contracts with a special duration, long-term contracts or energy contracts in different currencies. The trading with transport capacity over borders and virtual power plant contracts are also included in the activities. Quoted, traded contracts such as system price, regional prices and foreign currency are generally used to reduce the risk involved in trading in structured products and contracts. The majority of the contracts in the portfolio have durations of up to five years, though some contracts run until 2022.

Statkraft has allocated risk capital for the trading and origination business. Clear guidelines have been established for the types of products that are allowed to be traded. The mandates for trading and origination activities are adhered to through specified limits for Value-at-Risk and Profit-at-Risk. Both methods calculate the maximum potential loss a portfolio can incur, with a given probability factor over a given period of time. Credit risk and operational risk are also quantified in connection with the allocated risk capital.

All trading and origination contracts, except for power purchase agreements with minor producers of renewable energy in Germany and in the UK, are recognised at fair value in accordance with IAS 39.

FOREIGN EXCHANGE AND INTEREST RATE RISK

Statkraft is exposed to two main types of risk as regards the financial activities: foreign exchange risk and interest rate risk. Statkraft uses interest rate and foreign currency instruments in its management of the company's interest rate and foreign exchange exposure.

Interest rate and currency swaps and forward exchange rate contracts are used to achieve the desired currency and interest rate structure for the company's loan portfolio. Forward exchange rate contracts are also used to hedge cash flows denominated in foreign currency.

Statkraft's methods for managing these risks are described below:

Foreign exchange risk Statkraft incurs currency risk in the form of transaction risk, mainly in connection with energy sales revenues, investments and dividend from subsidiaries and associates in foreign currency. Balance sheet risk is related to shareholdings in foreign subsidiaries in Belgium, the UK, Sweden, Albania, Turkey and Germany, as well as in SN Power, which uses USD as its functional currency. There is also balance sheet risk in connection with investments in some associateds companies.

The operational currency for Statkraft's trading on energy exchanges is EUR, which means that all contracts that are entered into via energy exchanges are denoted in EUR and are thus exposed to EUR. A corresponding currency exposure is incurred in connection with energy trading on other exchanges in other currencies than EUR. Statkraft hedges its currency exposure related to cash flows from energy sales of physical contracts and financial trading on energy exchanges, investments, dividends and other currency exposures in accordance with the company's financial strategy. Economic hedging is achieved by using financial derivatives and loans in foreign currencies as hedging instruments. Few of the hedging relationships fulfil the requirements of hedge accounting in accordance with IAS 39.

Interest rate risk Statkraft's interest rate exposure is mainly in connection with the debt portfolio. An interest rate management framework has been established based on a mix between fixed and floating interest rates. The floating interest percentage shall be in the 25-75% interval. The part of the portfolio exposed to fixed interest rates shall have a remaining maturity of at least five years. The strategy for managing interest rate risk has been established based on an objective of achieving the most cost-efficient financing, coupled with the aim of a certain stability and predictability in finance costs.

Compliance with the limit for currency and interest rate risk is followed up continuously by the independent middle-office function. Responsibility for entering into and following up positions has been separated and is allocated to separate organisational units. The interest rate exposure per currency in relation to established frameworks in the finance strategy is regularly reported to corporate management via the CFO.

Note 8 Analysis of market risk

Statkraft follows up market risk in energy optimisation, portfolios for Trading and Origination, currency and interest rate positions, distribution grid revenues and end-user business and district heating.

The Group quantifies risk as deviations from expected net results with a given confidence level (value-at-risk). Market risk is included in these calculations, which are used both in the follow-up of the business areas/portfolios and at Group level as part of reporting to Group management and the Board. Statkraft's targets for market risk shall have a 95% probability of covering all potential losses (deviations from expected results) connected with the market risk of positions at the balance sheet date during the course of a year. Uncertainty in the underlying instruments/prices and their interrelatedness are calculated using statistical methods.

The time period for the calculations is one year. For contracts with exposure of more than one year, only the uncertainty relating to the current year is reflected in the calculations. The exposure can take the form of actual exposure or an expected maximum utilisation of frameworks. The model also takes into account correlation, both within the individual areas and between the areas.

Total market risk as of 31 December 2013 was calculated at NOK 1985 million. Increased market risk from Trading and Origination in combination with reduced diversfication effects have only partly been offset by reduced market risk from Energy optimisation. The increased risk in Trading and Origination is mainly due to a change in how the risk is calculated: For 2013 the risk is based on total allocated risk capital, compared to the share actually used earlier. The reason for the change is that the share actually used is volatile and represents a snapshot, wheras the allocated risk capital gives a picture of the size of the risk embedded in the current system.

The diversification effect emerges as the difference between total market risk in the specified areas and total market risk, where the correlation between e.g. energy prices, interest rates and currency exchange rates is taken into account. The reduction in diversifcation effects is mainly driven by a change in how this is calculated.

NOK million	2013	2012
Market risk in energy optimisation (volume risk, spot price risk and hedging)	1 439	1 599
Market risk in Trading and Origination portfolios (excl. market access in Germany and the UK)	616	257
Market risk in interest rates and currency	35	69
Market risk in distribution grid revenues	30	30
Market risk in end-user activities and district heating	50	50
Total market risk before diversification effects	2 169	2 005
Diversification effects	-185	-797
Total market risk	1 985	1 209
Diversification effect as a percentage	9%	40%

Specification of loans by currency [1)]

NOK million	2013	2012
Loans in NOK	14 184	16 671
Loans in SEK	1 897	2 583
Loans in EUR	12 047	15 413
Loans in USD	2 773	2 478
Loans in GBP	5 761	-
Loans in other currencies	-	9
Total	36 663	37 154

[1)] Includes long-term interest-bearing liabilities, first-year instalment on long-term interest-bearing liabilities, certificates and the currency effect of combined interest rate and currency swaps.

Specification of interest by currency [1)]	2013	2012
Nominal average interest rate, NOK	4.80%	4.50%
Nominal average interest rate, SEK	1.30%	2.50%
Nominal average interest rate, EUR	3.60%	3.60%
Nominal average interest, USD	3.50%	3.90%
Nominal average interest, GBP	1.20%	-

[1)] Includes long-term interest-bearing liabilities, first-year instalment on long-term interest-bearing liabilities, certificates and combined interest rate and currency swaps.

Fixed interest rate loan portfolio [1)]

	Future interest rate adjustments				
NOK million	2014	1–3 years	3–5 years	5 years and more	Total
Loans in NOK	9 288	-2 038	1 964	4 971	14 184
Loans in SEK	1 888	9	-	-	1 897
Loans in EUR	5 881	83	1 328	4 755	12 047
Loans in USD	1 086	-	-	1 687	2 773
Loans in GBP	70	5 131	149	410	5 761
Total	18 213	3 186	3 442	11 823	36 663

[1)] Includes long-term interest-bearing liabilities, first-year instalment on long-term interest-bearing liabilities, certificates and the currency effect of combined interest rate and currency swaps. The split between years also shows the timing of account interest rate adjustments in interest rate swaps and combined interest rate and currency swaps.

Short-term financial investments – bonds per debtor category

NOK million	2013	2012	Mod. duration	2013 Av. interest rate (%)
Commercial and savings banks	109	108	3.03	2.70%
Industry	44	30	2.27	2.82%
Public sector	77	97	2.45	2.02%
Total	230	235		

Note 9 Credit risk and liquidity risk

CREDIT RISK

Credit risk is the risk of a party to a financial instrument inflicting a financial loss on the other party by not fulfilling its obligations. Statkraft assumes counterparty risk in connection with energy trading and physical sales, when investing surplus liquidity and when trading in financial instruments.

It is assumed that no counterparty risk exists for financial energy contracts which are settled through an energy exchange. For all other energy contracts entered into, the limits are stipulated for the individual counterparty using an internal credit rating. The counterparties are allocated to different categories. The internal credit rating is based on financial key figures. Bilateral contracts are subject to limits for each counterparty with regards to volume, amount and duration.

Statkraft has netting agreements with several of its energy trading counterparties. In the event of default, the netting agreements give a right to a final settlement where all future contract positions are netted and settled. Statkraft has good follow-up routines for ensuring that outstanding receivables are paid as agreed. Customer lists sorted by age are followed up continuously. If a contractual counterparty experiences payment problems, special procedures are applied.

Investment of surplus liquidity is mainly distributed among institutions rated A- or better. For investment of surplus liquidity, the limits are stipulated for the individual counterparty using an internal credit rating determined by the President and CEO.

Statkraft has entered into agreements relating to interim cash settlement of the market value of financial derivatives with its counterparties (cash collateral), significantly reducing counterparty exposure in connection with these agreements. Cash collateral is settled on a weekly basis and will therefore not always be settled on 31 December. There could therefore be an outstanding credit risk at year-end. Agreements have also been established for individual counterparties for financial energy contracts.

In order to reduce credit risk in connection with investments, bank or parent company guarantees are used in some cases when entering into agreements. The bank which issues the guarantee must be an internationally rated commercial bank which meets minimum rating requirements. Parent company guarantees are also used. In such cases, the parent company is assessed by ordinary internal credit assessments. Subsidiaries will naturally never be rated higher than the parent company. In connection with bank guarantees and parent company guarantees, the counterparty will be classified in the same category as the issuer of the guarantee.

The individual counterparty exposure limits are monitored continuously and reported regularly to the management. In addition, the counterparty risk is quantified by combining exposure with the probability of the individual counterparty defaulting. The overall counterparty risk is calculated and reported for all relevant units, in addition to being consolidated at the Group level and included in the Group risk management.

The risk of counterparties not being able to meet their obligations is considered to be limited. Historically, Statkraft's losses on receivables have been limited.

Statkraft's gross credit risk exposure corresponds to the recognised value of financial assets, which are found in the various notes to the balance sheet. To the extent that relevant and significant collateral has been provided, this has been presented below.

NOK million	Note	2013	2012
Gross exposure credit risk:			
Other non-current financial assets	25	2 540	10 714
Derivatives	28	10 854	10 393
Receivables	27	9 568	9 604
Short-term financial investments		464	457
Cash and cash equivalents	29	7 685	5 440
Total		31 111	36 608
Exposure reduced by security (guarantees, cash collateral etc.):			
Derivatives	31	-938	-2 957
Net exposure credit risk		30 834	33 651

Note 9 continued

LIQUIDITY RISK

Statkraft assumes a liquidity risk because the terms of its financial obligations are not matched to the cash flows generated by its assets. Furthermore, Statkraft assumes liquidity risk due to cash payments when furnishing surety in connection with both trading in financial contracts and financial derivatives. The liquidity risk is minimised through the following tools: liquidity forecasts, reporting of short-term liquidity target figures, liquidity reserve requirements, minimum cash in hand and requirements relating to guarantees in connection with energy trading.

Liquidity forecasts are prepared to plan future financing needs as well as the investment of the Group's surplus liquidity.

An individual target figure for short-term liquidity capacity, which reflects Statkraft's ability to cover its future obligations, is included in the CFO's balanced scorecard. The objectives relating to Statkraft's desire for a satisfactory liquidity reserve consist of available cash in hand, financial placements and unused credit facilities to cover e.g. refinancing risk, and also to act as a buffer against volatility in the Group's cash flows.

A guarantee has been established to cope with significant fluctuations in the collateral required by energy exchanges in connection with financial contracts. The guarantee significantly reduces the volatility in the Group's cash flows.

Maturity schedule, external long-term liabilities

NOK million	2014	2015	2016	2017	2018	After 2018
Instalments on debt from Statkraft SF	-	-	-	-	-	400
Instalments on bond loans from the Norwegian market	3 452	2 149	4 287	-	-	2 500
Instalments on other loans raised in non-Norwegian markets	-	4 176	-	5 450	-	9 974
Instalments on external loans in subsidiaries and other loans	172	677	413	355	470	2 513
Interest payments	1 674	1 394	1 199	977	783	1 729
Total	5 298	8 396	5 899	6 782	1 253	17 117

Allocation of non-discounted value of derivatives per period

The Group has a significant number of financial derivatives, which are reported as derivatives in the balance sheet. For derivatives with negative market value, where contractual due dates are decisive for the understanding of the timing of the cash flows, the non-discounted values are allocated to the time periods shown in the table below.

NOK million	2014	2015	2016	2017	2018	After 2018
Energy derivatives	3 062	826	564	401	193	228
Interest rate and foreign currency derivatives	551	1 644	215	160	249	703
Total derivatives	3 613	2 470	779	561	441	931

Note 10 Financial Instruments

Financial instruments account for a significant part of Statkraft's total balance sheet and are of material importance for the Group's financial position and results. Most of the financial instruments can be categorised into the two main categories of financial activities and energy trading. In addition to the above, other financial instruments exist in the form of accounts receivable, accounts payable, cash, short-term financial investments and equity investments.

Financial instruments in energy trading Within energy trading, financial instruments are used in the trading and origination activity. The trading and origination activity is managed independently of the Group's energy production. Its main objective is to achieve profit from changes in the market value of energy- and energy-related financial products, as well as profit from unstandardised contracts. Financial instruments are also used as part of the Group's financial hedging strategy for continuous optimisation of future revenues from the expected production volume. Financial instruments in energy trading mainly consist of financial and physical agreements relating to purchase and sale of power, gas, oil, coal, carbon quotas and green certificates. Derivatives recognised in the balance sheet are shown as separate items and are evaluated at fair value with changes in value recognised in the income statement. As the Group's future own production of power does not qualify for recognition in the balance sheet under rules in IFRS, the effect of changes in value of financial energy derivatives may have major effects on the income statement without necessarily reflecting the underlying activities.

Financial instruments in financial activities Financial instruments used in financial activities primarily consist of loans, interest rate swaps, combined interest rate and currency swaps and forward exchange contracts. Financial derivatives are used as hedging instruments in accordance with the Group's financial hedging strategy. The hedging objects will be assets in foreign currency, future cash flows or loan arrangements measured at amortised cost. For selected loan arrangements where the interest rate has been changed from fixed to floating (fair value hedging), some net investments in foreign units and cash flows, hedging is reflected in the accounts in accordance with IAS 39. Because not all financial hedging relationships are being reflected in the accounts, changes in value for financial instruments may result in volatility in the income statement without fully reflecting the financial reality.

Note 10 continued

FAIR VALUE OF ENERGY DERIVATIVES

The fair value of energy derivatives is set at quoted prices when market prices are available. The fair value of other energy derivatives has been calculated by discounting expected future cash flows. Below is a description of assumptions and parameters that have been applied in the determination of fair value.

Electricity price Energy exchange contracts are valued at official closing rates on the balance sheet date. The closing rates are discounted.

For other bilateral electricity contracts, the expected cash flow is stipulated on the basis of a market price curve on the balance sheet date. The market price curve for the next five years is stipulated on the basis of official closing rates on energy exchanges. For time horizons above six years, the prices are adjusted for expected inflation.

Several electricity contracts refer to area prices. These contracts are valued using the official closing rates on energy exchanges, where such exist. Separate models are used for regional prices without official closing prices. If the contracts extend beyond the horizon quoted on energy exchanges, the price is adjusted for the expected rate of inflation.

Raw materials Statkraft has energy contracts where the contract price is indexed against raw materials such as gas, petroleum products and coal. These are valued using forward prices from relevant commodity exchanges and major financial institutions. If quotes are not available for the entire time period, the commodity prices are adjusted for inflation based on the most recent quoted price in the market.

CO_2 contracts CO_2 contracts are priced based on the forward price of EUA quotas and CER quotas. For time horizons above 9 years, the prices are adjusted for expected inflation. Green certificates are valued at forward price and adjusted for inflation from the last quoted price.

Green certificates are recognised at forwardprice and adjusted for inflation from last noted price quote.

Foreign currency Several energy contracts have prices in different currencies. Quoted foreign exchange rates from European Central Bank (ECB) are used in the valuation of contracts denominated in foreign currency. If there are no quotes for the entire time period in question, the interest parity is used to calculate exchange rates.

Interest rates The market interest rate curve (swap interest rate) is used as a basis for discounting derivatives. The market interest rate basket is stipulated on the basis of the publicised swap interest rate from major financial institutions. Credit surcharge is added to the market interest rate curve in cases where the credit risk is relevant. This applies to all external bilateral contracts classified as assets and liabilities.

FAIR VALUE OF EQUITY INVESTMENTS IN THE CO_2 FUND

Equity investments in CO_2 funds are valued by discounting expected future cash flows. Assumptions concerning the number of quotas that will be distributed by the fund are a discretionary estimate. The price assumption is described under CO_2 contracts above.

FAIR VALUE OF CURRENCY AND INTEREST RATE DERIVATIVES

The fair value of interest rate swaps and combined interest rate and currency swaps, is determined by discounting expected future cash flows to current value through use of observed market interest rates and quoted exchange rates from ECB. The valuation of forward currency exchange contracts is based on quoted exchange rates, from which the forward exchange rate is extrapolated. Estimated present value is subjected to a test of reasonableness against calculations made by the counterparties to the contracts.

FAIR VALUE OF SHORT-TERM FINANCIAL INVESTMENTS

Certificates and bonds Certificates and bonds are evaluated at listed prices.

Shares and shareholdings Shares and shareholdings are valued at quoted prices where such are available and the securities are liquid. Other securities are valued by discounting expected future cash flows

FAIR VALUE OF LONG-TERM LIABILITIES, FIRST YEAR'S INSTALMENT ON LONG-TERM LIABILITIES AND CERTIFICATE LOANS

The fair value is calculated on the basis of valuation techniques where expected future cash flows are discounted to present value. Expected cash flows are calculated and discounted using observed market interest rates and exchange rates for the various currencies (swap interest rate curve) adjusted upwards for credit risk.

Note 10 continued

Assets and liabilities recognised at amortised cost

NOK million	Note	2013 Recognised value	2013 Fair value	2012 Recognised value	2012 Fair value
Financial assets measured at amortised cost					
Loans to associates	25	1 420	1 420	1 066	1 066
Bonds and other long-term receivables	25	880	880	775	775
Accounts receivable	27	6 835	6 835	7 106	7 106
Accrued revenues, etc.	27	1 055	1 055	976	976
Prepaid tax	27	73	73	510	510
Short-term loans to associates	27	48	48	137	137
Receivables related to cash collateral	27	1 009	1 009	291	291
Other receivables	27	549	549	584	584
Cash and cash deposits	29	6 128	6 128	4 686	4 686
Total		17 997	17 997	16 131	16 131
Financial liabilities measured at amortised cost					
Long-term interest-bearing debt to Statkraft SF	31	-400	-500	-400	-478
Bond loans in the Norwegian market	31	-8 936	-9 495	-12 919	-12 982
Other loans raised in non-Norwegian markets	31	-19 601	-21 374	-17 267	-19 136
External loans in subsidiaries and other loans	31	-4 428	-4 428	-2 931	-3 013
Debt connected to cash collateral	31	-938	-938	-2 957	-2 957
Certificate loans	31	-	-	-700	-700
Overdraft facilities	31	-	-	-96	-96
First year's instalment on long-term liabilities	31	-3 624	-3 661	-3 313	-3 371
Short-term interest-bearing liabilities to Statkraft SF	31	-2 427	-2 427	-	-
Other short-term loans	31	-24	-24	-42	-42
Accounts payable	32	-693	-693	-1 450	-1 450
Indirect taxes payable	32	-1 963	-1 963	-1 896	-1 896
Interest-free debt to Statkraft SF	32	-3	-3	-1 322	-1 322
Other interest-free liabilities	32	-6 522	-6 522	-4 640	-4 640
Total		-49 558	-52 027	-49 933	-52 083

Assets and liabilities recognised at fair value, divided among level for fair-value measurement

The company classifies fair-value measurements by using a fair-value hierarchy which reflects the importance of the input used in the preparation of the measurements. The fair-value hierarchy has the following levels:

Level 1: Non-adjusted quoted prices in active markets for identical assets or liabilities.
Level 2: Other data than the quoted prices included in Level 1, which are observable for assets or liabilities either directly, i.e. as prices, or indirectly, i.e. derived from prices.
Level 3: Data for the asset or liability which is not based on observable market data

2013

		Fair-value measurement at period-end using:			
NOK million	Note	Level 1	Level 2	Level 3	Fair value
Financial assets at fair value					
Energy derivatives	28	765	4 064	2 850	7 678
Currency and interest rate derivatives	28	-	3 175	-	3 175
Short-term financial investments		464	-	-	464
Money market funds, certificates, promissory notes, bonds	29	1 557	-	-	1 557
Total		2 786	7 239	2 850	12 875
Available-for-sale financial assets					
Other shares and securities	25	50	190	-	240
Total		50	190	-	240
Financial liabilities at fair value					
Energy derivatives	28	-569	-1 799	-3 532	-5 900
Currency and interest rate derivatives	28	-38	-4 165	-	-4 204
Equity investment CO_2 fund		-	-	-	-
Total		-607	-5 964	-3 532	-10 103

Note 10 continued

2012

NOK million	Note	Level 1	Level 2	Level 3	Fair value
		Fair-value measurement at period-end using:			
Financial assets at fair value					
Energy derivatives	28	19	4 273	2 385	6 667
Currency and interest rate derivatives	28	-	3 717	-	3 717
Short-term financial investments		457	-	-	457
Money market funds, certificates, promissory notes, bonds	29	755	-	-	755
Total		1 231	7 990	2 385	11 606
Available-for-sale financial assets					
Other shares and securities	25	8 873	-	-	8 873
Total		8 873	-	-	8 873
Financial liabilities at fair value					
Energy derivatives	28	-22	-3 958	-4 070	-8 050
Currency and interest rate derivatives	28	-	-2 293	-	-2 293
Equity investment CO_2 fund		-	-	-36	-36
Total		-22	-6 251	-4 106	-10 379

Total unrealised changes in value

NOK million	Note	2013	2012
Energy contracts	20	3 066	-569
Financial items	20	-10 860	2 022
Total		-7 795	1 154

Assets and liabilities measured at fair value based on Level 3

NOK million	Financial assets at fair value	Financial liabilities at fair value	Total
Opening balance 01.01.2013	2 385	-4 106	-1 721
Unrealised changes in value, incl. currency translation effects	468	697	1 165
Additions	-	-127	-127
Moved from Level 3	-3	4	1
Closing balance 31.12.2013	2 850	-3 532	-682
Net realised gain (+)/loss (-) for 2013			934
Opening balance 01.01.2012	3 714	-5 364	-1 650
Unrealised changes in value, incl. currency translation effects	-1 295	488	-807
Purchase	-	-27	-27
Moved from Level 3	-34	797	763
Closing balance 31.12.2012	2 385	-4 106	-1 721
Net realised gain (+)/loss (-) for 2012			-271

Sensitivity analysis of factors classified to Level 3

NOK million	10% reduction	10% increase
Net effect on energy prices	-112	103
Net effect on gas prices	60	-59

The reason the effects are not symmetrical is due to volume flexibility in the contracts that reduce the downside.

Note 11 Hedge accounting

Fair value hedging Three loan arrangements are treated as fair value hedges. Issued bond loans have been designated as hedging objects in the hedging relationships, and the associated interest rate swaps have been designated as hedging instruments.

The hedging objects are issued fixed-interest bonds with a total nominal value of EUR 1200 million. The hedging instruments are interest rate swaps with a nominal value of EUR 1200 million, entered into with major banks as the counterparties. The agreements swap interest rate from fixed to floating 3-month and 6-month EURIBOR. The critical terms of the hedging object and hedging instrument are deemed to be approximately the same, and 90–110% hedging efficiency is assumed. The inefficiency is recognised in the income statement.

Hedging of net investments in foreign operation EUR 1000 million of Statkraft AS' external debt is designated as hedging of the net investment in Statkraft Treasury Centre. In addition comes GBP 220 million in synthetic debt in the hedging of the net investment in Statkraft UK Ltd. The currency effects of this debt are recognised in other comprehensive income. The accumulated effect of the hedging is that NOK -742 million is recognised in other comprehensive income as a negative effect at the end of 2013. The effect of the hedging for the year is NOK -1374 million recognised in other comprehensive income as a negative effect.

Cash flow hedging As a general rule, the Group does not hedge cash flows. However, cash flow hedges have been established in SN Power and Kraftwerksgesellschaft Herdecke GmbH & Co KG. SN Power has established cash flow hedging of currency in connection with various investments, in total hedges for USD 97 million. Further, hedge accounting is practised for hedges of floating interest rates into fixed interest rates using interest rate swaps, in total, loans of USD 258 million have been hedged in SN Power and EUR 44 million in Herdecke.

Fair value of hedging instruments

NOK million	2013	2012
Hedging instruments used in fair value hedging	1 036	1 224
Hedging instruments in cash flow hedging [1]	-152	-337
Hedging instruments used in net investments in foreign operation [2]	-742	632
Total fair value of hedging instruments	142	1 519

[1] The value represents the fair value of financial instruments. Changes in fair value are recognised in other comprehensive income.

[2] The value represents the currency effects from financial instruments. Currency effects are recognised in other comprehensive income.

Other information on fair value hedging

NOK million	2013	2012
Net gain (+)/loss (-) on hedging instruments	-312	46
Net gain (+)/loss (-) on hedging objects, in relation to the hedged risk	316	-43
Hedge inefficiency	4	3

Note 12 Sales revenues

Statkraft's revenues come from spot sales, contract sales to the industry, financial trading, distribution grid operations, as well as district heating and power sales to end-users.

Statkraft optimises its hydropower generation in the Nordic area based on an assessment of the value of available water in relation to actual and expected future spot prices. This is done irrespective of contracts entered into. In the event that Statkraft has physical contractual obligations to supply power that deviate from actual output, the difference is either bought or sold on the spot market. Necessary spot purchases are recorded as a correction to power sales.

Physical and financial contracts are used to optimise the underlying production in the form of purchase and sales positions. See note 7 for a more detailed description of these contracts.

NOK million	2013	2012
Physical spot sales, including green certificates	31 750	24 485
Concessionary sales at statutory prices [1]	341	307
Long-term contracts [2]	8 234	4 566
Nordic and Continental Dynamic Asset Management Portfolio	727	596
Trading and Origination (excl. market access Germany and the UK)	681	726
Distribution grid	1 184	1 071
End-user business	4 603	4 024
District heating	684	655
Currency hedging energy contracts	-66	1
Other	10	17
Sales revenues	48 148	36 447

[1] Statkraft has obligations to supply power to municipalities at concessionary prices.

[2] Statkraft has a number of physical contractual obligations of varying duration to both Norwegian and international customers.

Note 13 Other operating revenues

NOK million	2013	2012
Leasing and service revenues [1]	766	419
Other operating revenues	649	684
Total	1 415	1 103

[1] Rental income increased from 2012 to 2013 as a result of the transfer of power plants from Statkraft SF to Statkraft AS.

POWER PLANT LEASING

Statkraft SF has been the owner of power plants which have been leased to Aktieselskabet Tyssefaldene, Svelgen Kraft AS and Aktieselskabet Saudefaldene, respectively, in line with Proposition to the Storting No. 52 (1998-99). Following an application from Statkraft, the Ministry of Petroleum and Energy decided to grant an exemption on 1 February 2013 from the licence and right of pre-emption requirements for the transfer of the leased power plants from Statkraft SF to Statkraft Energi AS. The leased power plants Sauda I-IV, Svelgen I and II, as well as Tysso II were transferred from Statkraft SF to Statkraft Energi AS, effective 1 April 2013. The transaction also included the lease agreements and all other agreements which Statkraft SF was party to in relation to the leased plants. The lease agreements have been recorded as “other operating revenues”.

Note 14 Energy purchases

NOK million	2013	2012
Gas purchases	2 749	2 347
Energy purchases from external producers [1]	17 344	11 894
End-user business	4 234	3 931
Total	24 327	18 172

[1] Energy purchases from external producers increased significantly due to Statkraft offering minor producers of renewable energy in Germany and the UK market access from 2012. The amount includes variable lease payments of NOK 1200 million (UK PPA), see Note 35. The contracts are recognised gross in the income statement and will be stated in the items energy purchase and net physical spot sales. See Note 12.

Note 15 Payroll costs and number of full-time equivalents

NOK million	2013	2012
Salaries	2 304	2 135
Employers' national insurance contribution	348	326
Pension costs	382	462
Other benefits	102	122
Total	3 136	3 046

Pension costs are described in further detail in Note 16.

	2013	2012
Average number of full-time equivalents Group	3 484	3 417
Number of full-time equivalents as of 31.12.	3 493	3 475

Note 16 Pensions

Pension benefit schemes in the Group as of 31 December 2013 are mainly defined benefit schemes for employees in Norway. For employees outside Norway a minor extent of defined contribution schemes or defined benefit schemes have been established in accordance with local statutes.

Funded defined benefit schemes Norwegian companies in the Group have organised their pension schemes in the National Pension Fund (SPK), own pension funds as well as in insurance companies. Employees in the Group's Norwegian companies participate in public service occupational pension schemes in accordance with the Norwegian Public Service Pension Fund Act, the Norwegian Public Pension Service Pension Fund Transfer Agreement and the regulatory framework governing public service pensions. 2534 employees and 1344 pensioners were covered by benefit schemes as of 31 December 2013.

The occupational pension schemes cover retirement, disability, surviving spouse and child's pension. With maximum accrual, the retirement schemes provide pension benefits amounting to 66% of pensionable income, up to 12G. Those born in 1943 or later will get their pension benefit adjusted for life expectancy. Adjustment for life expectancy may lead to lower pension benefits than 66% of pensionable income. Members of public service occupational pension schemes born in 1958 or earlier will still receive 66% of the pension base due to an individual guarantee.

Pension scheme benefits are coordinated with the benefits provided by the Norwegian National Insurance Scheme. The majority of the companies also offer early retirement from the age of 62 under the Norwegian early retirement pension scheme.

Employees who leave the company before pensionable age receive a deferred pension entitlement provided they have at least three years' pension entitlements.

National Pension Fund (SPK) Companies with schemes in the SPK pay an annual premium and are responsible for the financing of the scheme, but are not responsible for the deferred pension entitlements. Pension benefits from the SPK are guaranteed by the Norwegian state (Section 1 of the Pension Act).

The SPK scheme is not asset-based, but management of the pension fund assets is simulated as though the assets were invested in 1, 3, 5 or 10-year Norwegian government bonds or a combination of these. In this simulation it is assumed that the bonds are held to maturity. The pension assets are guaranteed by the Norwegian government and up to 35% of the pension fund assets can be invested in the Norwegian Government Pension Fund - Global, which is a real fund where yields are linked to the market situation. The investment choice principles have been set out in a separate investment strategy for the Statkraft Group's pension assets in SPK. The Group will not make any new investments in the Norwegian Government Pension Fund - Global.

The pension benefit scheme in the National Pension Fund (SPK) was closed 1 January 2014, and existing members as of 31 December 2013 may choose to enter into a new defined contribution scheme. The new defined contribution scheme in Statkraft's wholly owned companies in Norway entails contributions of 6% of the pensionable salary up to 7.1 of the National Insurance Scheme's basic amount (G), and 18% of the pensionable salary between 7,1G and 12G.

Pension funds and insurance companies The pension funds and insurance companies have placed the pension assets in a diversified portfolio of Norwegian and foreign interest-bearing securities, Norwegian and foreign shares, secured loans to members, hedge funds and properties through external asset managers.

Unfunded defined benefit schemes In addition to the above, some Group companies in Norway have entered into a pension agreement that provide all employees whose pensionable incomes exceed 12G with a retirement and disability pension equivalent to 66% of that portion of their pensionable income exceeding 12G. Due to new guidelines for companies owned by the Norwegian state, as stated by the Government 31 March 2011, the agreement was closed 30 April 2012. Existing members will still be part of the agreement.

Existing members of the closed agreement who leave the company before pensionable age receive a deferred pension entitlement for the scheme above 12G, provided they have at least three years' pension entitlements.

Actuarial calculations The present value of defined benefit pension liabilities and the current year's accrued pension entitlements are calculated using the accrued benefits method. The net present value of pension benefits accrued at the balance sheet date adjusted for expected future salary increases until pensionable age is based on best estimate assumptions as of 31 December 2013. Calculations are based on staff numbers and salary data at the end of the year.

Estimate deviation in 2013 is mainly due to updated life expectancy assumptions (K2013).

Explanation for selected assumptions as of 31 December 2013
The discount rate is set at 4.1% for Norwegian pension schemes and is based on high quality corporate bonds (OMF). Statkraft is of the opinion that the OMF market represents a deep and liquid marked with relevant durations that qualify as discount rate according to IAS 19.

Salary adjustments for Norwegian schemes are calculated as the total of the expected nominal salary increase of 1.75%, inflation of 1.75% and career progression increase of 0.25%.

For the majority of the Norwegian schemes, adjustment of current pensions follows the average less 0.75 percentage points. For demographic factors, the K2013 and IR73 tariffs are used to establish mortality and disability risks. The stipulation of parameters which apply to foreign defined-benefit schemes is adapted to local conditions.

The following assumptions are used	31.12.2013	01.01.13	31.12.2012	01.01.2012
Annual discount rate [1]	4.10%	3.80%	3.80%	2.80%
Salary adjustment	3.75%	3.75%	3.75%	4.00%
Adjustment of current pensions	2.75%	2.75%	2.75%	3.00%
Adjustment of the National Insurance Scheme's basic amount (G)	3.50%	3.50%	3.50%	3.75%
Forecast voluntary exit				
• Up to age 45	3.50%	3.50%	3.50%	3.50%
• Between ages 45 and 60	0.50%	0.50%	0.50%	0.50%
• Over age 60	0.00%	0.00%	0.00%	0.00%
Rate of inflation [1]	1.75%	1.75%	1.75%	2.00%
Tendency to take early retirement (AFP)	10.00–30.00%	10.00–30.00%	10.00–30.00%	10.00–30.00%

[1] Foreign entities apply discount rate, projected yield and rate of inflation according to local assumptions.

Note 16 continued

Breakdown of net defined benefit pension liability

NOK million	2013	2012	01.01.12
Present value of accrued pension entitlements for funded defined benefit schemes	5 638	5 118	5 923
Fair value of pension assets	4 117	3 624	3 302
Net pension liability for funded defined benefit schemes	1 521	1 494	2 621
Present value of accrued pension entitlements for unfunded defined benefit schemes	457	351	410
Employers' national insurance contribution	273	255	424
Net pension liabilities in the balance sheet - see Note 30	2 252	2 100	3 455

Movement in defined benefit pension liability during the year

NOK million	2013	2012
Defined benefit pension liabilities 01.01	5 469	6 333
Increase in liabilities due to new subsidiaries/members	-	2
Present value of accrued pension entitlements for the year	278	364
Interest expenses	192	171
Amortisation of scheme change	-	-10
Actuarial gains/losses	260	-1 276
Paid benefits	-129	-108
Currency translation effects	25	-8
Gross defined benefit pension liabilities 31.12	6 095	5 469

Movement in the fair value of pension assets for defined benefit pension schemes

NOK million	2013	2012
Fair value of pension assets 01.01	3 624	3 302
Projected yield on pension assets	131	112
Actuarial gains/losses	102	-
Total contributions	341	314
Increase in pension assets due to new subsidiaries/members	-	2
Paid benefits	-103	-99
Currency translation effects	22	-7
Fair value of pension assets 31.12	4 117	3 624

Pension assets comprise	2013	2012	01.01.12
Equity instruments	718	534	532
Interest-bearing instruments	3 036	2 776	2 469
Other	362	313	300
Fair value of pension assets 31.12	4 117	3 624	3 302

Movement in actuarial gains and losses recognised directly in comprehensive income

NOK million	2013	2012
Cumulative amount recognised in comprehensive income before tax 01.01	2 089	3 543
Recognised in comprehensive income during the period	175	-1 453
Cumulative amount recognised directly in comprehensive income before tax 31.12	2 264	2 089
Deferred tax relating to actuarial gain (-)/loss (+) recognised directly in comprehensive income	600	585
Cumulative amount recognised directly in comprehensive income after tax 31.12	1 664	1 504

Pension cost recognised in the income statement
Defined benefit schemes

NOK million	2013	2012
Present value of accrued pension entitlements for the year	278	364
Interest expenses	192	171
Projected yield on pension assets	-131	-115
Amortisation of scheme changes	-	-10
Employee contributions	-26	-26
Employers' national insurance contribution	43	53
Pension cost defined benefit schemes	355	437

Defined contribution schemes

Employer payments	27	25
Total pension cost - see Note 15	382	462

	Discount rate		Annual salary increase		Increase in G		Staff turnover rate	
Sensitivity analysis upon changes in assumptions	1%	-1%	1%	-1%	1%	-1%	1%	-1%
Increase (+)/decrease (-) in net pension cost for the period	-87	105	66	-69	39	-51	-20	14
Increase (+)/decrease (-) in net pension liability as of 31.12.2013	-1 008	1 237	508	-458	608	-643	-107	70

Note 17 Property tax and licence fees

NOK million	2013	2012
Property tax	1 316	1 031
Licence fees	324	314
Total	1 640	1 345

Licence fees are adjusted in line with the Consumer Price Index, with the first adjustment taking place on 1 January five years after the licence was granted and every fifth year thereafter. The increase in property tax is due to regulatory changes in Norway and Sweden.

The present value of the Group's future licence fee obligations that are not provided for in the annual financial statements is estimated at NOK 6237 million, discounted at an interest rate of 5.2% in accordance with the regulations relating to the adjustment of licence fees, annual compensation and funds, etc. In 2012, the corresponding amount was NOK 5718 million with an interest rate of 5.5%.

Note 18 Other operating expenses

NOK million	2013	2012
Purchase of third-party services	1 177	1 286
Materials	540	501
Cost of power plants operated by third parties	264	341
Compensation payments	107	104
Rent	262	275
IT expenses	300	152
Marketing	114	117
Travel expenses	163	173
Insurance	131	110
Other operating expenses	363	410
Total	3 422	3 469

Note 19 Financial items

2013

	Assessment basis					
NOK million	Fair value through profit or loss	Amortised cost	Available for sale	Equity method	Bank	Total
Financial income						
Interest income	48	-	-	-	170	218
Dividend other shares/investments	-	-	-	1	-	1
Other financial income	-	19	-	-	-	19
Total	48	19	-	1	170	237
Financial expenses						
Interest expenses external debt	-283	-1 132	-	-	-	-1 415
Other interest expenses	-5	-55	-	-	-8	-68
Capitalised borrowing costs	-	211	-	-	-	211
Other financial expenses	-	-	-	-	-78	-78
Total	-288	-976	-	-	-87	-1 351
Net currency effects	-1 701	-7 126	-	-	-575	-9 403
Other financial items						
Net gains and losses on derivatives and securities	-954	-	-	-	-	-954
Impairment and gain/loss of financial assets	-	-	-123	-	-	-123
Total	-954	-	-123	-	-	-1 076
Net financial items	-2 895	-8 083	-123	1	-492	-11 592

Note 19 continued

2012

NOK million	Fair value through profit or loss	Amortised cost	Available for sale	Equity method	Bank	Total
	Assessment basis					
Financial income						
Interest income	29	28	-	-	174	231
Dividend other shares/investments	-	-	632	-	-	632
Other financial income	-	18	-	115	-	133
Total	29	46	632	115	174	996
Financial expenses						
Interest expenses external debt	-	-1 327	-	-	-	-1 327
Other interest expenses	-49	-42	-	-	-12	-103
Capitalised borrowing costs	-	179	-	-	-	179
Other financial expenses	-	-	-	-	-50	-50
Total	-49	-1 190	-	-	-62	-1 301
Net currency effects	1 904	2 670	-	-	-107	4 467
Other financial items						
Net gains and losses on derivatives and securities	349	-	-	-	-	349
Impairment and gain/loss of financial assets	-	-31	-2 140	-	-	-2 171
Total	349	-31	-2 140	-	-	-1 822
Net financial items	2 233	1 495	-1 508	115	5	2 341

Note 20 Unrealised effects presented in the income statement

NOK million	2013 Unrealised	2013 Realised	2013 Total	2012 Unrealised	2012 Realised	2012 Total
Sales revenues						
Long-term contracts	1 285	6 949	8 234	-1 613	6 179	4 566
Nordic and Continental Dynamic Asset Management Portfolio	480	247	727	71	525	596
Trading and Origination (excl. market access Germany and the UK)	-223	904	681	460	266	726
End-user	-28	4 631	4 603	-	4 024	4 024
Other sales revenues	-	33 969	33 969	-	26 534	26 534
Eliminations	-43	-23	-66	7	-6	1
Total sales revenues	1 471	46 678	48 148	-1 075	37 523	36 447
Energy purchases	1 595	-25 922	-24 327	506	-18 678	-18 172
Net currency effects	-9 934	531	-9 403	3 815	653	4 468
Other financial items						
Net gains and losses on derivatives and securities	-924	-29	-954	347	2	349
Impairment and gain/loss of financial assets	-2	-120	-123	-2 140	-30	-2 171
Total unrealised effects	-7 795			1 452		

Note 21 Taxes

The tax expense comprises the following

NOK million	2013	2012
Income tax	2 910	2 763
Resource rent tax payable	1 923	1 628
Correction relating to tax assessment for previous years [1)]	-589	64
Change in deferred tax	-1 940	-331
Withholding tax	-	95
Tax expense in the income statement	2 303	4 220

[1)] Correction relating to tax assessment for previous years in 2013 is mainly due to Statkraft receiving prior years withholding tax related to dividend from the E.ON SE shares of NOK 566 million. In 2012 the claim was presented as a contingent asset, and not recognized in the balance sheet.

Income tax payable

NOK million	2013	2012
Income taxes payable on the Group's profit for the year	2 910	2 763
Effect of Group contributions on tax liability	-1 121	-815
Income tax payable before offsetting against natural resource tax for the year	1 789	1 948

Taxes payable in the balance sheet

NOK million	2013	2012	01.01.2012
Natural resource tax	595	577	575
Resource rent tax payable	1 923	1 628	1 409
Income tax exceeding natural resource tax	1 195	1 371	1 036
Prepaid tax	-211	-521	-
Tax due from previous financial years	-	189	390
Taxes payable in the balance sheet	3 503	3 246	3 411

Prepaid tax included in receivables

NOK million	2013	2012	01.01.2012
Prepaid tax included in receivables - see Note 27	73	510	-

Reconciliation of nominal Norwegian tax rate of 28% and effective tax rate

NOK million	2013	2012
Profit before tax	2 511	8 771
Expected tax expense at a nominal rate of 28%	703	2 456
Effect on taxes of		
Resource rent tax	2 687	1 613
Differences in tax rates from Norway	-759	-392
Change in tax rates	-152	-299
Share of profit from associates	-308	-244
Tax-free income	-25	-195
Changes relating to previous years	-440	-
Reduction in value E.ON SE shares	34	596
Change in unrecognised deferred tax assets	178	715
Other permanent differences [1)]	385	-29
Tax expense	2 303	4 220
Effective tax rate	91.7%	48.1%

[1)] Other permanent differences is mainly due to non-deductible interests, depreciations on added values without tax effect and changes in value related to equity instruments without tax effect.

Note 21 continued

BREAKDOWN OF DEFERRED TAX

The following table provides a breakdown of the net deferred tax liability. Deferred tax assets and deferred tax connected with various tax subjects/regimes are presented separately in the balance sheet. Deferred tax assets are recognised in the balance sheet to the extent that it is probable that these will be utilised.

NOK million	01.01.2013	Recognised during the period	Recognised in Other comprehensive income	Acquisition and sale of companies	Group contribution	31.12.2013
Current assets/current liabilities	346	-460	-372	-	1 121	635
Property, plant and equipment [1]	6 624	-141	292	-121	-	6 654
Pension liabilities	-575	17	-47	-	-	-605
Other long-term items	2 734	-2 226	242	-	-	705
Tax loss carryforward/compensation [1]	-288	-34	-24	132	-	-215
Deferred tax, resource rent tax	1 317	646	-	-	-	1 963
Negative resource rent tax carryforward [2]	-2 617	259	-	-	-	-2 358
Total net deferred tax liability	7 541	-1 940	91	11	1 121	6 824
Of which presented as deferred tax asset, see Note 22	1 973					1 291
Of which presented as deferred tax liability, see Note 30	9 514					8 116

NOK million	01.01.2012	Recognised during the period	Recognised in Other comprehensive income	Acquisition and sale of companies	Group contribution	31.12.2012
Current assets/current liabilities	639	-1 219	111	-	815	346
Property, plant and equipment [1]	7 047	-318	-169	64	-	6 624
Pension liabilities	-942	-43	410	-	-	-575
Other long-term items	1 460	1 343	-69	-	-	2 734
Tax loss carryforward/compensation [1]	-210	-78	-	-	-	-288
Deferred tax, resource rent tax	1 794	-477	-	-	-	1 317
Negative resource rent tax carryforward [2]	-3 078	461	-	-	-	-2 617
Total net deferred tax liability	6 711	-331	283	64	815	7 541
Of which presented as deferred tax asset, see Note 22	2 226					1 973
Of which presented as deferred tax liability, see Note 30	8 938					9 514

[1] The Group also has deferred tax assets not recognized in the balance sheet. This mainly relates to Germany with not recognized deferred tax assets of NOK 1106 million as of 31.12.2013 (NOK 926 million as of 31.12.2012).

[2] Tax assets related to negative resource rent tax carryforward that are estimated used within the next ten years, are recognised in the balance sheet. Normal production and price curve expectations for the next ten years form the basis for the calculation of expected future taxable profit. Off-balance sheet deferred tax assets related to negative resource rent tax carryforward amounted to NOK 1653 million as of 31.12.2013 (NOK 1695 million as of 31.12.2012).

Deferred tax recognised in comprehensive income

NOK million	2013	2012
Actuarial gains/losses pensions	-49	410
Translation differences	480	-254
Net investment hedge	-340	126
Total deferred tax recognised in comprehensive income	91	283

Note 22 Intangible assets

NOK million	2013	2012
Deferred tax asset	1 291	1 973
Goodwill	824	684
Other [1]	1 395	585
Total	3 510	3 242

[1] Includes rights in connection with leasehold improvements for power plants transferred from Statkraft SF.

Deferred tax is presented in more detail in Note 21.

NOK million	Goodwill	Other	Total
2013			
Balance at 01.01	684	585	1 269
Additions	48	1 078	1 126
Additions from business combinations	-	263	263
Transferred to/from non-current assets	-	-716	-716
Currency translation effects	116	230	347
Disposals	-	-2	-2
Amortisation	-25	-35	-61
Impairment	-	-8	-8
Balance at 31.12	824	1 395	2 219
Cost 31.12	1 340	1 754	3 094
Accumulated amortisation and impairment as of 31.12	-517	-359	-876
Balance at 31.12	824	1 395	2 219
2012			
Balance at 01.01	711	199	910
Additions	-	174	174
Additions from business combinations	87	278	365
Capitalised loan expenses	-	22	22
Reclassifications between asset classes	-36	36	-
Transferred to/from non-current assets	-	17	17
Currency translation effects	-36	-12	-48
Disposals	-10	-11	-21
Amortisation	-	-95	-95
Impairment	-31	-22	-53
Balance at 31.12	684	585	1 269
Cost 31.12	1 161	1 124	2 285
Accumulated amortisation and impairment as of 31.12	-478	-539	-1 016
Balance at 31.12	684	585	1 269
Expected economic lifetime		10–15 years	

GOODWILL IMPAIRMENT
Goodwill has been tested for impairment in the third quarter. The testing resulted in no material impairment losses in the financial statements for 2013.

RESEARCH AND DEVELOPMENT
The Group's research and development activities comprise activities relating to new energy sources and the further development of existing plants and technologies. Research activities relating to new energy sources include general research projects. These projects are intended to provide further knowledge on technologies or other areas that could provide a basis for future activities/projects.

In order to gain new knowledge and develop new methods within the fields of energy optimisation and preservation, the Group also performs research and development activities in connection with existing plants/energy sources. Research and development activities carried out in 2013 and 2012 are expensed with about NOK 109 million and NOK 120 million, respectively.

Note 23 Property, plant and equipment

NOK million	Regulation plants	Turbines, generators etc.	Distribution grid facilities	Shareholdings in power plants operated by third parties	Properties, mountain halls, buildings, roads, bridges and quay facilities	Plants under construction	Other [1]	Total
2013								
Balance at 01.01	18 601	21 609	3 459	2 076	28 780	9 624	4 396	88 546
Additions	1 152	643	119	35	2 236	7 288	483	11 957
Additions from business combinations	-	940	-	-	-648	127	-326	96
Transferred between asset classes	126	990	106	-	1 742	-3 256	292	-
Transferred from intangible assets	226	4 463	-	2	-3 961	-48	34	716
Disposals	-	-794	-2	-43	-243	-12	33	-1 062
Capitalised loan expenses	-	-	-	-	-	210	-	210
Currency translation effects	491	787	56	-	1 374	437	73	3 219
Depreciation	-534	-1 224	-296	-52	-274	-	-382	-2 761
Impairment	-	-210	-	-	-3	-3	-	-215
Accumulated depreciation/ impairment on disposals	-	222	2	-	30	-	310	563
Balance at 31.12	20 062	27 425	3 444	2 023	29 035	14 367	4 912	101 269
Cost 31.12	28 068	48 208	8 552	3 197	32 282	14 392	7 983	142 681
Accumulated depreciation and impairment as of 31.12	-8 006	-20 782	-5 107	-1 175	-3 247	-24	-3 070	-41 412
Balance at 31.12	20 062	27 425	3 444	2 023	29 035	14 367	4 912	101 269

[1] The Other item mainly includes district heating plants, buildings, office and computer equipment, electro-technical installations and vehicles.

NOK million	Regulation plants	Turbines, generators etc.	Distribution grid facilities	Shareholdings in power plants operated by third parties	Properties, mountain halls, buildings, roads, bridges and quay facilities	Plants under construction	Other	Total
2012								
Balance at 01.01	19 030	17 692	3 550	2 107	29 215	9 586	4 015	85 195
Additions	84	2 590	135	42	318	5 229	509	8 907
Additions from business combinations	-	-	-	-	74	285	34	393
Transferred between asset classes	123	3 944	70	-2	134	-4 511	243	-
Transferred from intangible assets	-	-	1	-	-	-	-17	-16
Disposals	-	-90	-1	-1	-39	-58	-245	-434
Capitalised loan expenses	-	-	-	-	-	179	-	179
Currency translation effects	-123	-290	-13	-	-499	-213	-28	-1 166
Depreciation	-513	-947	-283	-71	-304	-	-321	-2 439
Impairment	-	-1 337	-	-	-133	-874	-1	-2 345
Accumulated depreciation/ impairment on disposals	-	47	1	2	14	-	207	271
Balance at 31.12	18 601	21 609	3 459	2 076	28 780	9 624	4 396	88 546
Cost 31.12	26 015	37 174	8 137	3 306	32 725	10 979	7 425	125 761
Accumulated depreciation and impairment as of 31.12	-7 415	-15 562	-4 678	-1 230	-3 946	-1 356	-3 029	-37 216
Balance at 31.12	18 601	21 609	3 459	2 076	28 780	9 624	4 396	88 546

INVESTMENTS IN 2013

The addition in 2013 of property, plant and equipment worth NOK 11 957 million and intangible assets worth NOK 1126 million, consisted of both investments in new capacity and maintenance investments. Maintenance investments amounted to NOK 1980 million (NOK 1811 million in 2012). The investments primarily relate to the Nordic hydropower and Industrial ownership (Skagerak Energi) segments. Investments in new capacity amounted to NOK 11 303 million (NOK 7327 million in 2012). Of this, NOK 3897 million relates to acquisition of assets from Statkraft SF. The largest projects were the Norwegian hydropower plants Svartisen, Eiriksdal/ Makkoren and Nedre Røssåga, the Knapsack II gas power plant in Germany, hydropower plants in Turkey, Panama and Peru, landbased wind power in Sweden and the UK, district heating plans in Norway and Sweden, as well as small-scale hydropower in Norway.

IMPAIRMENT LOSSES 2013

In 2013, property, plant and equipment was impaired by a total of NOK 215 million, compared with NOK 2345 million in 2012.

Impairment for 2013 relates mainly to Norwegian wind farms Hitra, Smøla and Kjøllefjord, that were impaired with NOK 190 million due to expectations about lower future prices and increased property tax.

Note 23 continued

NOK million	Carrying value	Value in use	Impairment in 2013
Norwegian wind farms	590	460	190
Other	-	-	25
Total impairment			215

Impairment assessment In assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). The recoverable amount of a cash-generating unit is calculated based on the value of the asset for the business. The recoverable amount is the higher of fair value less costs to sell and value in use. Identification of an asset's cash-generating unit involves judgment by management at Statkraft.

Basis of valuation The recoverable amount is based on value in use. Value in use is estimated using discounted future cash flows. Projected revenues are based on an expectation about future production and price paths.

Other operating expenses are based on fiscal year 2013 which is considered to be a representative year. Assets under construction are included in the value in use with accrued expenses at year end, and the remaining investment limits approved by Statkraft's management. For the power plants in operation, the anticipated maintenance expenditures are included.

A WACC before tax that reflects specific risks relating to the relevant operating segment is used.

Evaluation of the assumptions used When calculating the expected value in use, assumptions regarding future revenues and costs are included. The estimated values are particularly sensitive to changes in future power prices A reduction in power prices of 5% will reduce the value in use with 7% for the Norwegian wind farms in total.

USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT

A more detailed specification of the useful economic lives of the various assets is provided below. There have been no material changes in depreciation schedules compared with previous years:

	Depreciation period (years)		Depreciation period (years)
Waterfall rights	perpetual	Distribution grid facilities	
Land	perpetual	– transformer	35
Dams		– switchgear, high voltage	35
– riprap dams, concrete dams	75	Buildings (admin etc.)	25–50
– other dams	30	Wind turbines	
Tunnel systems	75	– land-based	20-22
Mechanical installations		– offshore	25
– pipe trenches	40	Other fixed installations	
– generators (turbine, valve)	40	– permanent	20
– other mechanical installations	15	– less permanent	10
Underground facilities	75	Miscellaneous fixtures	5
Roads, bridges and quays	75	Office and computer equipment	3
Electrotechnical installations		Furnishings and equipment	5
– transformer/generator	40	Vehicles	8
– switchgear (high voltage)	35	Construction equipment	12
– control equipment	15	Small watercraft	10
– operating centre	15	Gas and steam generators	20–25
– communication equipment	10	Water cooling systems	20–25
		Gas power plant transformers	20–25

Note 24 Associates and joint ventures

Information concerning Statkraft's material associated companies and joint ventures are shown in the table below. Based on size and complexity, the following companies are considered material:

2013

NOK million	BKK	Agder	SN Aboitiz Power – Magat Inc	SN Aboitiz Power - Beguet Inc	Malana Power Company Ltd. 1)	Desenvix Energias Renováveis S.A	Other	Total
Opening balance 01.01	5 323	4 113	1 006	948	899	1 953	1 682	15 924
Share of profits	333	405	348	270	15	-52	-121	1 200
Amortisation of excess value								-
Impairment	-14	-66	-	-	-	-	-19	-99
Capital increase	-	-	-	-	-	-	51	51
Investment/sales	-	-	-	-31	-	-	-136	-167
Dividend	-399	-284	-165	-179	-	-	-24	-1 051
Currency translation effects	-	-	-14	-35	-39	-253	321	-20
Transactions against other comprehensive income	-36	-32	-	15	-	-	216	163
Closing balance 31.12	5 207	4 136	1 175	989	875	1 648	1 970	16 002
Excess value 31.12.2013	2 225	2 175	419	51	407	-	1 269	6 546
Of which unamortised waterfall rights	1 818	333	1 027	-	-	-	1 269	4 447

1) In the table above the numbers of Malana and Allan Duhangan are shown as a total, as these are classified as one cash-generating unit.

2012

NOK million	BKK	Agder	SN Aboitiz Power – Magat Inc	SN Aboitiz Power - Benguet Inc	Malana Power Company Ltd. 1)	Desenvix Energias Renováveis S.A	Other 2)	Total
Opening balance 01.01	5 127	3 804	1 337	833	1 474	-	2 505	15 080
Share of profits	396	474	751	259	13	-36	-368	1 489
Amortisation of excess value								
Impairment	-14	-66	2	-	-468	-	-72	-618
Capital increase	-	-	-	-	-	-	-8	-8
Investment/sales	-	9	-29	-	-	2 382	10	2 372
Dividend	-399	-297	-1 088	-204	-	-	31	-1 957
Currency translation effects	-	-	32	64	-120	-393	-334	-748
Transactions against other comprehensive income	213	189	1	-4	-	-	-82	320
Closing balance 31.12	5 323	4 113	1 006	948	899	1 953	1 682	15 924
Excess value 31.12.2012	2 240	2 240	384	-	385	-	1 226	6 475
Of which unamortised waterfall rights	1 818	333	942	-	-	-	1 142	4 235

1) The companies Malana Power Ltd. and Allan Duhangan Inc. are classified as one cash generating unit, and are therefore presented as one company in the table. The impairment of NOK 460 million is due to challenges in operating the power grid in India. This has led to restriction of market access.

2) There has been an impairment of NOK 44 million in the biomass plants Landsbergen and Emden in Germany due to worsened market conditions. This is mainly due to increased wood prices.

Description of the activities in significant associates and joint ventures

The power company BKK is headquartered in Bergen and active in Western Norway. The Group's core activities are the production, sale and transmission of electric power. Alongside its core activities, the company also sells consultation and contracting services. BKK also offers broadband, district heating and joint metering of energy.

Agder Energi is headquartered in Kristiansand and is a Norwegian renewable energy company active in Southern Norway. The Group's activities include production, trading and transmission of electric power, as well as other energy-related services.

SN Aboitiz Power is a company domiciled in the Philippines which SN Power through a partnership with Aboitiz Equity Ventures owns and operates hydropower plants Magat and Benguet. The company's activities are production, sale and transmission of electric power. 75% of its production is sold at spot prices in the electricity market, while 25% is sold through long-term contracts.

Malana Power Company Ltd. is a company domiciled in India where SN Power through cooperation with Bhilwhara Group owns and operates the hydropower plant Malana. The company's activities are production, sale and transmission of electric power. The main part of the plant's production is sold through long-term contracts.

Desenvix Energias Renovaveis SA is a company domiciled in Brazil where SN Power through collaboration with Jackson Group and Funcef owns, develops and operates hydro- and wind power plants and transmission lines. The production includes both spot sales and sales through long-term contracts. The project portfolio in the company is delayed by more than a year compared to initial plan. The shareholders of Desenvix have committed to capital injections in 2014 to secure the funding of the company.

Note 24 continued

Financial information for significant associated companies
The following table presents summarized financial information for significant associated companies. The figures apply to 100% of the companies' operations in accordance with IFRS 12.

2013

NOK million	BKK	Agder	SN Aboitiz Power – Magat Inc	SN Aboitiz Power – Benguet Inc	Malana Power Company Ltd.	Desenvix Energias Renováveis Renováveis S.A
Current assets	3 125	2 767	737	892	48	148
Non-current assets	16 381	13 494	3 171	3 737	1 209	4 399
Short-term liabilities	2 403	4 295	266	530	30	554
Long-term liabilities	10 702	7 730	1 817	1 756	246	2 318
Gross operating revenues	3 895	9 890	1 441	1 226	73	639
Net profit	687	846	732	571	7	-134
Total comprehensive income	795	920	732	571	7	-134

2012

NOK million	BKK	Agder	SN Aboitiz Power – Magat Inc	SN Aboitiz Power – Benguet Inc	Malana Power Company Ltd.	Desenvix Energias Renováveis Renováveis S.A
Current assets	1 917	2 703	552	571	36	431
Non-current assets	15 734	12 706	3 194	3 863	1 233	4 871
Short-term liabilities	3 143	4 697	3	369	307	832
Long-term liabilities	8 101	6 769	2 006	1 869	257	2 583
Gross operating revenues	4 178	8 945	1 926	823	102	533
Net profit	820	1 044	1 488	526	23	-89
Net profit from discontinued operations	-	145	-	-	-	-
Total comprehensive income	1 543	1 426	1 488	526	23	-89

JOINT VENTURES, JOINT OPERATIONS AND ASSOCIATES
Shares in companies classified as joint ventures and associates are recognised using the equity method in the consolidated financial statements. Companies classified as joint operations are treated in accordance with the proportionate consolidation method as indicated in IFRS 11.

Name	Registered office	Shareholding	Voting share
JOINT VENTURES:			
Andershaw Wind Power Limited	London	50.00%	50.00%
Barmoor Wind Power Ltd.	Berwick upon Tweed	50.00%	50.00%
Burica Hydropower SA	Panama City	50.00%	50.00%
Dugar Hydro Power Ltd	Himachal Pradesh	50.00%	50.00%
Hidroelectrica La Confluencia S.A	Santiago	50.00%	50.00%
Hidroelectrica La Higuera S.A	Santiago	50.00%	50.00%
HPC Ammerån AB	Stockholm	50.00%	50.00%
HPC Byske AB	Stockholm	50.00%	50.00%
HPC Edsox AB	Stockholm	50.00%	50.00%
HPC Röan AB	Stockholm	50.00%	50.00%
Luster Småkraft AS	Gaupne	50.00%	50.00%
Viking Varme AS	Porsgrunn	50.00%	50.00%
JOINT OPERATIONS:			
Companies			
Aktieselskabet Tyssefaldene [1]	Tyssedal	60.17%	60.17%
Dudgeon Offshore Wind Limited [1]	London	30.00%	30.00%
Forewind Ltd. [1]	London	25.00%	25.00%
Kraftwerksgesellschaft Herdecke. GmbH & Co. KG	Hagen	50.00%	50.00%
Länsi-Suomen Voima Oy	Finland	13.20%	13.20%
Naturkraft AS	Tysvær	50.00%	50.00%
Røldal-Suldal Kraft AS [2]	Suldal	4.79%	4.79%
Scira Offshore Energy Ltd.	London	50.00%	50.00%
Sira-Kvina Kraftselskap DA [3]	Sirdal	46.70%	46.70%
Statkraft Agder Energi Vind DA [1]	Kristiansand	62.00%	62.00%

Note 24 continued

Name	Registered office	Shareholding	Voting share
Assets			
Aurlandsverkene	Aurland	7.00%	7.00%
Folgefonn [4]	Kvinnherad	100.00%	100.00%
Grytten	Rauma	88.00%	88.00%
Gäddede	Sweden	70.00%	70.00%
Harjavalta	Finland	13.20%	13.20%
Harrsele	Sweden	50.57%	50.57%
Kobbelv	Sørfold	82.50%	82.50%
Kraftverkene i Orkla	Rennebu	48.60%	48.60%
Leirdøla	Luster	65.00%	65.00%
Leiro	Eidfjord	65.00%	65.00%
Nordsvorka	Surnadal	50.00%	50.00%
Rana [5]	Rana	35.00%	35.00%
Sima	Eidfjord	65.00%	65.00%
Solbergfoss [6]	Askim	33.33%	33.33%
Stegaros	Tinn	50.00%	50.00%
Svartisen	Meløy	70.00%	70.00%
Svorka	Surnadal	50.00%	50.00%
Tyssefaldene [7]	Odda	60.17%	60.17%
Vikfalli	Vik	88.00%	88.00%
Volgsjöfors	Sweden	73.10%	73.10%
Ulla-Førre [8]	Suldal	73.48%	73.40%
ASSOCIATES:			
Agder Energi AS (Agder)	Kristiansand	45.50%	45.50%
Allain Duhangan Hydro Power Ltd.	New Dehli	43.10%	43.10%
Bergenshalvøens Kommunale Kraftselskap AS (BKK)	Bergen	49.90%	49.90%
Desenvix Energias Renováveis S.A	Florianapolis	40.65%	40.65%
Energi og Miljøkapital AS	Skien	35.00%	35.00%
Istad AS	Molde	49.00%	49.00%
Kokemäenjoen Säännöstely-yhtiö	Finland	15.20%	15.20%
Malana Power Company Ltd.	New Dehli	49.00%	49.00%
Manila-Oslo Renewable Enterprise Inc [9]	Manila	16.70%	16.70%
Nividhu (Pvt) Ltd.	Colombo	30.00%	30.00%
Rullestad og Skromme Energi AS	Etne	35.00%	35.00%
SN Aboitiz Power – Magat Inc	Manila	40.00%	40.00%
SN Aboitiz Power Benguet Inc	Manila	40.00%	40.00%
SN Aboitiz Power Cordillera Inc	Manila	40.00%	40.00%
SN Aboitiz Power Hydro Inc	Manila	40.00%	40.00%
SN Aboitiz Power Nueva Ecjia Inc	Manila	40.00%	40.00%
SN Aboitiz Power Pangasnan Inc	Manila	40.00%	40.00%
SN Aboitiz Power RES Inc	Manila	40.00%	40.00%
SN Aboitiz Power Generation Inc	Manila	40.00%	40.00%
The foundation Norwegian Electricity Cooperation	Oslo	29.00%	29.00%

[1] The shareholder's agreements indicate joint control.
[2] Statkraft owns 8.74% of the shares in Røldal-Suldal Kraft AS, which in turn owns 54.79% of the Røldal-Suldal plants. Statkraft's indirect shareholding in the power plant is thus 4.79%.
[3] Statkraft's total shareholding is 46.7% of which Skagerak Energi AS' shareholding is 14.6%.
[4] Statkraft's total shareholding is 100% of which Skagerak Energi AS' shareholding is 14.94%.
[5] 65% of the production in Rana is leased out for 15 years from 1 January 2005.
[6] Statkraft owns 33.3% of Solbergfoss, but controls 35.6% of the production.
[7] Statkraft owns 60.17% of the shares in AS Tyssefaldene, which wholly owns Håvardsvatn power station. Furthermore, Statkraft controls 71.4% of the production from the Tysso II power plant.
[8] Statkraft's total shareholding is 73.48% of which Skagerak Energi AS' shareholding is 1.49%.
[9] The company owns 60% of the investments in the Philippines.

None of the companies have observable market value in the form of listed market prices or similar.

Appropriation rights
Statkraft has appropriation rights in power plants also owned by other players. These rights are treated as joint operations and recognised with Statkraft's share of the revenues, expenses, assets and liabilities. Overview of appropriation rights:

Name	Shareholding
Båtfors	6.64%
Forsmo	2.20%
Selfors	10.60%

Note 25 Other non-current financial assets

NOK million	2013	2012
Measured at amortised cost:		
Loans to associates	1 420	1 066
Bonds and other long-term receivables	880	775
Total measured at amortised cost	2 300	1 841
Available for sale:		
Other shares and securities	240	8 873
Total	2 540	10 714

Other shares and shareholdings in the balance sheet for 2012 includes the E.ON SE shareholding. Statkraft sold its entire shareholding of 83.4 million shares in the first half of 2013. The sale resulted in a loss of NOK 120 million in 2013. The sale freed up NOK 8515 million.

The original cost price of the shares amounts to NOK 23 125 million. The change in value in 2012 was NOK -2146 million, of which NOK -2128 million is recognised as impairment of financial assets, and of which NOK -18 million is recognised in other comprehensive income.

Note 26 Inventories

	2013		2012	
NOK million	Recognised value	Cost price	Recognised value	Cost price
Green certificates measured at net realisable value:				
Electricity certificates	603	744	826	653
Carbon quotas	922	967	430	620
Total	1 525	1 711	1 256	1 273
Measured at the lower of cost price and net realisable value:				
Spare parts	90		101	
Other	180		231	
Total inventories are measured at the lowest of cost price and net realisable value	271		332	
Total	1 796		1 588	

Note 27 Receivables

NOK million	2013	2012
Accounts receivable	6 835	7 106
Accrued revenues, etc.	1 055	976
Short-term loans to associates	48	137
Prepaid tax	73	510
Receivables related to cash collateral	1 009	291
Other receivables	549	584
Total	9 568	9 604
Of which interest-bearing	1 056	428

See Note 29 for more information.

Maturity analysis of receivables

2013		Receivables overdue by			
NOK million	Not yet due	Less than 90 days	More than 90 days	Receivables overdue and impaired	Total
Accounts receivable	6 392	364	113	-33	6 835
Other receivables	2 717	15	1	-	2 733
Total	9 109	379	113	-33	9 568
Recognised as loss for the year					4

2012		Receivables overdue by			
NOK million	Not yet due	Less than 90 days	More than 90 days	Receivables overdue and impaired	Total
Accounts receivable	6 289	733	109	-25	7 106
Other receivables	2 498	-	-	-	2 498
Total	8 787	733	109	-25	9 604
Recognised as loss for the year					3

Note 28 Derivatives

Energy derivatives - net position

NOK million	2013	2012
Long-term contracts	-280	-1 829
Trading and Origination (excl. market access Germany and the UK)	394	354
Nordic and Continental Dynamic Asset Management Portfolio [1]	696	113
Energy purchase contracts	1 164	-252
Other contracts and eliminations	-195	241
Total	1 779	-1 373
Of this:		
- Non-current assets	2 733	2 206
- Current assets	4 945	4 471
- Long-term liabilities	-2 177	-3 863
- Current liabilities	-3 723	-4 187
Total	1 779	-1 373

Currency and interest rate derivatives - net position

NOK million	2013	2012
Interest rate swaps	-253	-289
Forward exchange rate contracts	-1 114	1 716
Combined interest rate and currency swaps	339	-3
Total	-1 028	1 424
Of this:		
- Non-current assets	2 561	3 192
- Current assets	614	525
- Long-term liabilities	-3 537	-2 176
- Current liabilities	-667	-117
Total	-1 028	1 424

Derivatives - net position group

NOK million	2013	2012
Energy derivatives	1 779	-1 373
Currency and interest rate derivatives	-1 028	1 424
Total	751	51
Of this:		
- Non-current assets	5 295	5 397
- Current assets	5 559	4 996
- Long-term liabilities	-5 713	-6 038
- Current liabilities	-4 389	-4 303
Total	751	51

[1] The Nordic hydropower portfolio contains Nord Pool contracts with negative value that are settled against Nord Pool contracts included in Trading and Origination. These contract types are included in a common evaluation unit.

Note 29 Cash and cash equivalents

NOK million	2013	2012
Cash and cash deposits	6 128	4 685
Money market funds, certificates, promissory notes, bonds	1 557	755
Total	7 685	5 440

Book value of cash and cash equivalents pledged as security to/from counterparties

The following amounts in cash and cash equivalents are pledged as security to/from counterparties:

NOK million	2013	2012
Deposit account in connection with power sales on energy exchanges	35	67
Other restricted bank deposits [1]	12	232
Total	47	299

[1] Other restricted bank deposits is related to a back-to-back loan in subsidiaries, where bank deposits is given as collateral. See Note 34.

Cash collateral

Cash collateral comprises payments made to/from counterparties as security for the net unrealised gains and losses that Statkraft has on interest rate swaps, combined interest rate and currency swaps and forward exchange contracts. The table below shows net payments at year end from counterparties, who will eventually be repaid. See Notes 27 and 31.

NOK million	2013	2012
Cash collateral for financial derivatives	-252	2 666

Note 30 Provisions

NOK million	2013	2012
Deferred tax	8 116	9 514
Pension liabilities	2 252	2 100
Other provisions	9 048	8 421
Total provisions	19 416	20 035

Pension liabilities are discussed in more detail in Note 16, while deferred tax is covered in Note 21. Included in other provisions are liabilities in connection with equity instruments.

Note 31 Interest-bearing liabilities

NOK million	2013	2012
Short-term interest-bearing liabilities		
Certificate loans	-	700
First year's instalment on long-term liabilities	3 624	3 313
Debt connected to cash collateral	938	2 957
Overdraft facilities	-	96
Debt to Statkraft SF	2 427	-
Other short-term loans	24	42
Total short-term interest-bearing liabilities	7 013	7 108
Long-term interest-bearing liabilities		
Debt to Statkraft SF	400	400
Bond loans in the Norwegian market	8 936	12 919
Other loans raised in non-Norwegian markets	19 601	17 267
External loans in subsidiaries and other loans	4 428	2 931
Total long-term interest-bearing liabilities	33 364	33 517
Total interest-bearing liabilities	40 377	40 625

The Group's net borrowing in 2013 amounted to NOK 3849 million. Other changes are mainly explained by the sale of E.ON shares that have resulted in a repayment of debt, changes in cash collateral at NOK 2019 million, as well as changes in exchange rates on foreign currency loans. Debt to Statkraft SF at NOK 2427 million is unsettled group contribution. For futher details, see Note 6-11.

Note 32 Other interest-free current liabilities

NOK million	2013	2012
Accounts payable	693	1 450
Indirect taxes payable	1 963	1 896
Debt to Statkraft SF	3	1 323
Other interest-free liabilities [1)]	6 522	4 640
Total	9 181	9 309

[1)] Of other interest-free liabilities NOK 4597 million is accrued, not due interest-free liabilities in 2013. In 2012 it amounted to NOK 3315 million.

Note 33 Contingencies, disputes, etc.

EXCESS/SHORTFALL OF REVENUE
In the monopoly-regulated distribution grid business, differences can arise between the revenue ceiling determined by the Norwegian Water Resources and Energy Directorate (NVE) and the amount actually invoiced as grid rental charges. If the invoiced amount is lower than the revenue ceiling, excess revenue arises, and if the invoiced amount is higher than the ceiling, a shortfall of revenue arises. Excess/shortfall of revenue will even out over time as the actual invoicing is adjusted.

Revenues are recognised in the accounts based on actual invoicing. Accumulated excess/shortfall of revenue as shown in the table below is recognised in future periods.

Excess/shortfall of revenue distribution grid operations, closing balance

NOK million	2013	2012
Cumulative excess revenue transferred to subsequent years	264	405
Cumulative revenue shortfall transferred to subsequent years	-22	-22
Net excess/shortfall of revenue	243	383

DISPUTES
Statkraft has extensive business activities and is consequently likely to be involved in disputes of varying magnitude at any time. At the time the financial statements were prepared, there were no disputes that could have a material effect on Statkraft's result or liquidity.

Note 34 Pledges, guarantees and obligations

PLEDGES

Under certain circumstances local authorities and publicly owned energy companies are entitled to a share of the output from power plants belonging to Statkraft in return for paying a share of the construction costs. To finance the acquisition of such rights, the local authorities/companies have been granted permission to pledge the power plant as security. The mortgage debt raised by the local authorities under this scheme totals NOK 1065 million. In addition, other subsidiaries have a total of NOK 1480 million in pledged assets. As of 31 December 2013, the carrying value of the pledged assets in Statkraft Energi AS totalled NOK 5355 million, and a total of NOK 5023 in other subsidiaries, mainly SN Power. Fjordkraft has available overdraft facilities amounting to NOK 1200 million, being pledged in trade receivables at a maximum of NOK 600 million.No funds were drawn at 31 December 2013.

GUARANTEES

The Statkraft Group has the following off-balance-sheet guarantees:

NOK million	2013	2012
Parent company guarantees [1]	15 392	14 292
Other	2 374	1 194
Total guarantees in Statkraft AS	17 766	15 486

[1] Whereof the most material guarantees are regarding energy purchase of NOK 8939 million and liabilities to suppliers of NOK 4780 million.

Parent company guarantees	1 080	1 710
Guarantees in NASDAQ OMX Stockholm AB and other energy exchanges	1 212	1 647
Other	1 168	879
Total guarantees in subsidiaries	3 460	4 236
Total guarantees	21 226	19 722

CONTRACT OBLIGATIONS

The Statkraft Group has the following off-balance-sheet obligations:

- Long-term agreements to purchase CO_2 quotas.
- Agreements relating to purchase of gas equalling 43.4 TWh in the period to 2017.
- Obligation relating to a financial power exchange agreement on the order of NOK 407 million.
- A license agreement relating to the development, construction and operation of three hydropower plants which involves a responsibility estimated at EUR 707 million.
- An investment decision has been made to build several small-scale hydro power plant. The investment has a frame of NOK 256 million.
- SN Power decided in September 2010 to build the Cheves hydropower plant in Peru. The plant will have an installed capacity of 173 MW and an expected annual production of 866 GWh. The investment, totaling 584 million U.S. dollars, of which 159 million U.S. dollars is remaining as of December 2013. In addition, parent company guarantees is provided for the completion of 278 million U.S. dollars of which 113 million U.S. dollars outstanding.
- SN Power decided in October 2011 to build hydropower plant Bajo Frio in Panama. The plant will have an installed capacity of 58 MW and an expected annual production of 260 GWh. The investment, totaling 234 million U.S. dollars (100%), of which 88 million U.S. dollars is remaining as of December 2013. In addition, parent company guarantees is provided, where SN Power covers 7 million U.S. dollars.

CONCESSIONARY POWER CONTRACTS

The Group recognises concessionary power as normal buying and selling in accordance with stipulated concessionary power prices upon delivery, regardless of whether the settlement takes place upon physical delivery or financial settlement. Concessionary power contracts are normally regarded as indefinite. The parties can however agree on financial settlement for a period of time.

For 2013 several concessionary power contracts were changed from financial settlement to physical delivery. At the end of 2013, the contracts with financial settlement had a total volume of around 86 GWh and an average price of NOK 0.11/kWh. For the remaining contracts with financial settlement, the estimated fair value at 31 December 2013 is around NOK 423 million.

Note 35 Leases

The total of future minimum lease payments in relation to non-cancellable leases for each of the following periods is:

NOK million	Within 1 year of the end of the period	Between 1 and 5 years after the end of the period	More than 5 years after the end of the period	Total
Property rental agreements	127	574	1 271	1 973
Vehicles	7	17	17	41
Other leases	2	5	46	52
Total	136	595	1 334	2 065

Lease-related rent expensed in the period and specified in the following manner:

NOK million	Minimum lease	Variable lease	Sublease payments
Property rental agreements	81	-	-
Vehicles	11	-	-
Other leases	12	3	-
Total	105	3	-

In 2012, Statkraft established new business activity, offering market access to minor renewable energy producers. Some of these activities are defined as leases with variable lease payments, and are presented as energy purchases, see notes 12 and 14. The lease agreements have durations ranging from 1 to 17 years and the rent paid for 2013 was NOK 1200 million.

Statkraft has entered into a sale-leaseback agreement regarding transmission assets of an offshore wind farm. The agreement is assessed as a finance lease where a corresponding lease asset and liability have been recognised. As at 31 December 2013 the book value of the asset is NOK 672 million whereas the liability is NOK 729 million.

The total of future minimum lease payments in relation to non-cancellable leases for each of the following periods are:

NOK million	Within 1 year of the end of the period	Between 1 and 5 years after the end of the period	More than 5 years after the end of the period	Total
Transmission assets	65	327	883	1 275

The net present value of future minimum lease payments in relation to non-cancellable leases for each of the following periods are:

NOK million	Within 1 year of the end of the period	Between 1 and 5 years after the end of the period	More than 5 years after the end of the period	Total
Transmission assets	63	265	400	729

The classification of lease liability of NOK 729 million is NOK 63 million as current liability and NOK 665 million as non-current liability.

Note 36 Fees paid to external auditors

Deloitte AS is the Statkraft Group's auditor and audits all subsidiaries subject to auditing requirements.

The total fees (excluding VAT) paid to the corporate auditor for auditing and other services were as follows:

NOK thousand	2013	2012
Statutory auditing	14 798	15 243
Other certification services	1 301	711
Tax consultancy services	2 460	1 660
Other services	3 434	1 855
Total	21 993	19 469

[1] The main items in the fees for other services in 2013 are related to quality and control procedures associated with the restructuring of the SN Power Group and the certification of the sustainability report .

Note 37 Benefits paid to executive management and the board

Statkraft is organised into business units and support functions. The managers of these units report to the Group management, which comprises the executive vice presidents (EVPs) and the President and CEO.

Salary and other benefits – executive management

NOK	Salary	Bonus [1]	Benefits in kind	Salaries and other benefits
Christian Rynning-Tønnesen, President and CEO	4 492 131	-	161 029	4 653 160
Jens B. Staff, Executive Vice President	2 281 779	425 000	187 541	2 894 320
Jon Brandsar, Executive Vice President	2 277 475	400 000	134 675	2 812 150
Steinar Bysveen, Executive Vice President	2 419 926	300 000	186 931	2 906 857
Hilde Bakken, Executive Vice President	2 228 561	355 000	187 508	2 771 069
Asbjørn Grundt, Executive Vice President	2 617 761	405 000	180 534	3 203 295
Øistein Andresen, Executive Vice President	2 364 335	200 000	165 485	2 729 820

[1] Bonus earned in 2012, but disbursed in 2013.

The Group management has not received any compensation or financial benefits from other companies in the same Group other than those shown above. No additional compensation for special services beyond normal managerial functions has been provided. For 2013, total salaries and other benefits paid to the executive management amounted to NOK 21 970 671.

Remuneration to the Board, Audit Committee and Compensation Committee as well as participation in Board meetings

NOK	Board remuneration	Audit Committee	Compensation Committee	Participation in board meetings
Olav Fjell, chair	445 750	-	45 900	9
Ellen Stensrud, deputy chair	313 150	-	-	6
Halvor Stenstadvold, director	258 100	85 700	-	9
Berit J. Rødseth, director	258 100	62 200	-	7
Inge Ryan, director [1]	126 500	30 500	-	5
Silvija Seres, director	258 100	-	28 550	9
Erik Haugane [1]	131 600	31 700	-	4
Odd Vanvik, employee-elected director	258 100	-	28 550	8
Thorbjørn Holøs, employee-elected director	258 100	62 200	-	8
Lena Halvari, employee-elected director	258 100	-	-	9

[1] Inge Ryan left the board on 26 June 2013 and was replaced by Erik Haugane on the same date.

The Board has no remuneration agreements other than the directors' fee and remuneration for participation in committee work, nor have any loans or surety been granted to directors of the Board. Total remuneration paid to the Board, Audit Committee and Compensation Committee in 2013 was NOK 2 565 600, NOK 272 300 and NOK 103 000, respectively.

Pension provisions - executive management

NOK	Pensions [1]
Christian Rynning-Tønnesen, President and CEO	2 307 450
Jens B. Staff, Executive Vice President	872 625
Jon Brandsar, Executive Vice President	1 100 042
Steinar Bysveen, Executive Vice President	890 454
Hilde Bakken, Executive Vice President	927 059
Asbjørn Grundt, Executive Vice President	1 081 478
Øistein Andresen, Executive Vice President	860 318

[1] The year's accounting cost for the pension scheme which reflects the period during which the individual has been an executive employee.

For 2013, the total pension provision for executive management was NOK 8 039 426.

Note 37 continued

THE BOARD'S STATEMENT REGARDING SALARIES AND OTHER REMUNERATIONS TO SENIOR EXECUTIVES – 2013

The Board of Statkraft will contribute to a moderate, but competitive development of executive remuneration in Statkraft. Principles and guidelines for salary and other remuneration to executive management are designed accordingly.

Statkraft's policy is to offer competitive conditions, but not take a leading position.

Upon deciding salaries and other remunerations in Statkraft, an external position assessment system that ranks positions according to a recognised and widely used methodology is utilised. An annual survey is then conducted, evaluating how similarly ranked positions in the Norwegian labour market are compensated. This information, together with internal reward practices in Statkraft, forms the basis for determining compensation.

Organisation

The Board of Statkraft has established a separate Compensation Committee.

The mandate of the Committee is as follows:

- Once a year prepare the Board's treatment of items relating to the President and CEO's salary and conditions of employment.
- Prepare the Board's statement on executive pay and other compensation paid to senior executives.
- Prepare the Board's treatment of all the fundamental issues relating to salary, bonus systems, pension, and employment agreements and similar for the executive management in Statkraft.
- Deal with specific issues relating to compensation for employees in the Statkraft Group to the extent that the Committee deems that these concern matters of particular importance for the Group's reputation, competitiveness and attractiveness as an employer.
- The President and CEO should consult the Compensation Committee regarding his recommendations for the salaries for the corporate executives and Group's auditor before they are decided upon.

Report on executive remuneration policy
The President and CEO is only compensated with a fixed salary, and corporate executives shall receive both a fixed salary and a variable payment.

Fixed salary The fixed salary is determined based on an assessment of the specific position and the market – as well as an assessment against Statkraft's policy of offering competitive terms, but not take a leading position. When deciding the annual salary regulation, the average salary increases of other employees are also considered.

Variable salary In addition to the fixed salary, the Group has a bonus scheme for the corporate executives. The annual bonus has a maximum disbursement of NOK 500 000 per person. The agreed targets are financial, operational and individual.

Other variable elements Other variable elements include arrangements with a company car, newspapers, phone and coverage of broadband communication in accordance with established standards.

Pension plans For wholly owned Norwegian subsidiaries, Statkraft has established pension schemes in the Government Pension Fund (SPK).

The President and CEO, Christian Rynning-Tønnesen, has a retirement age of 67 years, and will receive a pension of 66% of his annual salary, provided that he has been part of SPK during the entire 30-year vesting period. The other corporate executives have a retirement age of 65 years at the earliest, with the right to 66% of their annual salary, provided that they have been part of SPK during the entire 30-year vesting period.

Statkraft established a pension scheme funded out of current income for income above 12G in 2003. The scheme included all employees with an annual salary over 12G, including the President and CEO and corporate executives. This scheme was closed to new employees in 2012. There is no established new retirement pension scheme for annual salary over 12G, but an additional salary system has been established that can be used for supplementary private pension savings. Additional salary is set at 18% of ordinary salary over 12G. Group disability coverage relating to salaries over 12G has also been established.

Position change agreements The President and CEO and certain corporate executives have agreements regarding change of position after the age of 62. These are agreements where, at any time after the employee has reached 62 years of age, the executive or the company has a mutual right to request to resign, or be requested to resign, from his executive position without further justification. If any of the parties exercise this right, the executive should be offered another position with a salary of 75% of the executive's pay – and working hours of up to 50% until the agreed-upon retirement age.

The policy regarding executive remuneration has now been amended and the arrangement is closed to new employees.

Severance arrangements The mutual period of notice for the President and CEO is 6 months. For corporate executives, there is a mutual notice period of 3 months. After more than 2 years of employment, the employer's period of notice is 6 months.

For the President and CEO and certain corporate executives, agreements have been signed guaranteeing a special severance pay from the employer if notice is given from the employer with a shorter deadline than mentioned above. The agreement waives the employee's rights in the Work Environment Act (Arbeidsmiljøloven) for protection against dismissal. If the employer uses this right of termination, the employee is entitled to a severance payment of up to 12 months' salary in excess of agreed notice period. The amount shall be paid monthly. Severance pay shall be reduced according to established rules if the employee receives other income within the payment period. These agreements are entered into in accordance with the Guidelines for the employment conditions of managers in state-owned enterprises and companies of 28 June 2004.

The policy regarding executive remuneration has also been changed, and the arrangement is closed to new employees.

Terms, President and CEO Fixed salary paid to the President and CEO for 2014 is NOK 4 630 000, with other terms as set out in this statement.

Note 38 Related parties

All subsidiaries, associates and joint ventures stated in Note 24 and Note 39 are related parties of Statkraft. Intercompany balances and transactions between consolidated companies are eliminated in Statkraft's consolidated financial statements and are not shown in this Note.

The individuals stated in Note 37 are members of the corporate management or the Board and are also related parties of Statkraft.

The table below shows transactions with related parties classified as associates or joint ventures that have not been eliminated in the consolidated financial statements.

NOK million	2013	2012
Revenues	326	391
Expenses	487	851
Receivables at the end of the period	1 659	5 507
Liabilities at the end of the period	409	597

Significant transactions with the owner and companies controlled by the owner
The shares in Statkraft AS are all owned by Statkraft SF, which is a company wholly owned by the Norwegian State.

NOK million	2013	2012
Gross operating revenues include:		
Concessionary sales at statutory prices	341	307
Net operating revenues includes:		
Energy purchases from Statoil	812	857
Transmission costs to Statnett	939	996
Operating expenses include:		
Property tax and licence fees to Norwegian authorities	1 222	1 095
Tax expenses include:		
Taxes payable to Norwegian authorities	3 272	2 975
Dividend and Group contribution from Statkraft AS to Statkraft SF	-	4 000

The energy purchase from Statoil shown above includes purchase of gas used either in the Group's electricity production or resold on the market. Volumes and prices are based on long-term contracts negotiated at commercial terms. Transmission costs to Statnett are mainly grid tariff. The prices in this market are stipulated by the Norwegian Water Resources and Energy Directorate. Other transactions with related parties are conducted at commercial terms and conditions.

Statkraft also has transactions and balances with other enterprises controlled by the Norwegian state, but their size, neither individually nor combined, have significance for Statkraft's financial statements.

The leased power plants Sauda I-IV, Svelgen I and II and Tysso II were transferred from Statkraft SF to Statkraft AS, and further to Statkraft Energi AS, on 1 April 2013. The transaction was recognised at fair value where net assets transferred amounted to NOK 3442 million. Of these, NOK 624 million were treated as capital contribution and NOK 2817 million as other paid-in equity.

Note 39 Consolidated companies

Shares in consolidated subsidiaries

Name	Registered office	Country	Parent company	Shareholding and voting share
Shares in subsidiaries				
Hitra Vind AS	Oslo	Norway	Statkraft AS	100.00%
Kjøllefjord Vind AS	Oslo	Norway	Statkraft AS	100.00%
Renewable Energies and Photovoltaics Spania S.L.	Malaga	Spain	Statkraft AS	70.00%
Smøla Vind 2 AS	Oslo	Norway	Statkraft AS	100.00%
Småkraft AS [1)]	Bergen	Norway	Statkraft AS	40.00%
Statkraft Albania Shpk.	Tirana	Albania	Statkraft AS	100.00%
Statkraft Asset Holding AS	Oslo	Norway	Statkraft AS	100.00%
Statkraft Carbon Invest AS	Oslo	Norway	Statkraft AS	100.00%
Statkraft Elektrik Enerjisi Toptan Satış Ltd. Şirketi	Istanbul	Turkey	Statkraft AS	100.00%
Statkraft Energi AS	Oslo	Norway	Statkraft AS	100.00%
Statkraft Enerji A.S.	Istanbul	Turkey	Statkraft AS	100.00%
Statkraft Financial Energy AB	Stockholm	Sweden	Statkraft AS	100.00%
Statkraft Forsikring AS	Oslo	Norway	Statkraft AS	100.00%
Statkraft France SAS	Lyon	France	Statkraft AS	100.00%
Statkraft Germany GmbH	Düsseldorf	Germany	Statkraft AS	100.00%
Statkraft Industrial Holding AS	Oslo	Norway	Statkraft AS	100.00%
Statkraft Norfund Power Invest AS	Oslo	Norway	Statkraft AS	60.00%
Statkraft Suomi Oy	Kotka	Finland	Statkraft AS	100.00%
Statkraft Sverige AB	Stockholm	Sweden	Statkraft AS	100.00%
Statkraft Treasury Centre GBP SA	Brussels	Belgium	Statkraft AS	100.00%
Statkraft Treasury Centre NOK SA	Brussels	Belgium	Statkraft AS	100.00%
Statkraft Treasury Centre SA	Brussels	Belgium	Statkraft AS	100.00%
Statkraft Treasury Centre SEK SA	Brussels	Belgium	Statkraft AS	100.00%
Statkraft UK Ltd.	London	Storbritania	Statkraft AS	100.00%
Statkraft Vind AB	Stockholm	Sweden	Statkraft AS	100.00%
Statkraft Värme AB	Kungsbacka	Sweden	Statkraft AS	100.00%
Statkraft Western Balkans d.o.o.	Belgrade	Serbia	Statkraft AS	100.00%
Södra Statkraft Vindkraft Utveckling AB	Stockholm	Sweden	Statkraft AS	90.10%
Statkraft Energi AS				
Aursjøvegen AS	Sunndalsøra	Norway	Statkraft Energi AS	33.00%
Baltic Cable AB	Malmø	Sweden	Statkraft Energi AS	100.00%
Statkraft Varme AS	Oslo	Norway	Statkraft Energi AS	100.00%
Statkraft Enerji A.S.				
Anadolu Elektrik A.S.	Istanbul	Turkey	Statkraft Enerji A.S.	100.00%
Çakıt Enerji A.S.	Istanbul	Turkey	Statkraft Enerji A.S.	100.00%
Çetin Enerji A.S.	Istanbul	Turkey	Statkraft Enerji A.S.	100.00%
Kargı Kızılırmak Enerji A.S.	Istanbul	Turkey	Statkraft Enerji A.S.	100.00%
Statkraft Energy Ltd.				
Rheidol 2008 Trustees Ltd.	London	United Kingdom	Statkraft Energy Ltd.	100.00%
Statkraft France SAS				
Plaine de l'Ain Power SAS	Lyon	France	Statkraft France SAS	100.00%
Statkraft Germany GmbH				
Statkraft Markets GmbH	Düsseldorf	Germany	Statkraft Germany GmbH	100.00%
Knapsack Power GmbH & Co KG				
Knapsack Power Verwaltungs GmbH	Düsseldorf	Germany	Knapsack Power GmbH & Co KG	100.00%
Statkraft Holding Knapsack GmbH				
Knapsack Power GmbH & Co KG	Düsseldorf	Germany	Statkraft Holding Knapsack GmbH	100.00%

Note 39 continued

Name	Registered office	Country	Parent company	Shareholding and voting share
Statkraft Markets GmbH				
Statkraft Holding Herdecke GmbH	Düsseldorf	Germany	Statkraft Markets GmbH	100.00%
Statkraft Holding Knapsack GmbH	Düsseldorf	Germany	Statkraft Markets GmbH	100.00%
Statkraft Markets BV	Amsterdam	The Netherlands	Statkraft Markets GmbH	100.00%
Statkraft Markets Financial Services GmbH	Düsseldorf	Germany	Statkraft Markets GmbH	100.00%
Statkraft Romania SRL	Bucharest	Romania	Statkraft Markets GmbH	100.00%
Statkraft South East Europe EOOD	Sofia	Bulgaria	Statkraft Markets GmbH	100.00%
Statkraft Trading GmbH	Düsseldorf	Germany	Statkraft Markets GmbH	100.00%
Statkraft Markets BV				
Devoll Hydropower Sh.A.	Tirana	Albania	Statkraft Markets BV	100.00%
Statkraft Industrial Holding AS				
Skagerak Energi AS	Porsgrunn	Norway	Statkraft Industrial Holding AS	66.62%
Fjordkraft AS [2)]	Oslo	Norway	Statkraft Industrial Holding AS	3.15%
Fjordkraft AS				
Trondheim Kraft AS	Trondheim	Norway	Fjordkraft AS	100.00%
Skagerak Energi AS				
Skagerak Elektro AS	Porsgrunn	Norway	Skagerak Energi AS	100.00%
Skagerak Kraft AS	Porsgrunn	Norway	Skagerak Energi AS	100.00%
Skagerak Naturgass AS	Porsgrunn	Norway	Skagerak Energi AS	100.00%
Skagerak Nett AS	Porsgrunn	Norway	Skagerak Energi AS	100.00%
Skagerak Varme AS	Porsgrunn	Norway	Skagerak Energi AS	100.00%
Skagerak Kraft AS				
Grunnåi Kraftverk AS	Porsgrunn	Norway	Skagerak Kraft AS	55.00%
Sauland Kraftverk AS	Hjartdal	Norway	Skagerak Kraft AS	67.00%
Statkraft Vind AB				
Statkraft Leasing AB	Stockholm	Sweden	Statkraft Vind AB	100.00%
Statkraft SCA Vind AB	Stockholm	Sweden	Statkraft Vind AB	60.00%
Statkraft SCA Vind II AB	Stockholm	Sweden	Statkraft Vind AB	60.00%
Statkraft Södra Vindkraft AB	Stockholm	Sweden	Statkraft Vind AB	90.10%
Statkraft SCA Vind AB				
Statkraft SCA Vind Elnät AB	Stockholm	Sweden	Statkraft SCA Vind AB	100.00%
Statkraft Södra Vindkraft AB				
Statkraft Södra Vindarrende AB	Växjö	Sweden	Statkraft Södra Vindkraft AB	100.00%
Vindpark EM AB	Stockholm	Sweden	Statkraft Södra Vindkraft AB	90.10%
Statkraft Sverige AB				
Gidekraft AB	Stockholm	Sweden	Statkraft Sverige AB	90.10%
Järnvägsforsen AB	Stockholm	Sweden	Statkraft Sverige AB	94.85%
Statkraft Sverige Vattendel 3 AB	Stockholm	Sweden	Statkraft Sverige AB	100.00%
Statkraft Suomi Oy				
Ahvionkoski Oy	Kotka	Finland	Statkraft Suomi Oy	100.00%
Statkraft UK Ltd.				
Baillie Windfarm Holdings Ltd.	London	United Kingdom	Statkraft UK Ltd.	80.00%
Berry Burn Wind Farm Limited	London	United Kingdom	Statkraft UK Ltd.	100.00%
Statkraft Wind UK Ltd.	London	United Kingdom	Statkraft UK Ltd.	100.00%
Statkraft Energy Ltd.	London	United Kingdom	Statkraft UK Ltd.	100.00%

Note 39 continued

Name	Registered office	Country	Parent company	Shareholding and voting share
SN Power				
Statkraft Norfund Power Invest AS				
Agua Imara AS	Oslo	Norway	Statkraft Norfund Power Invest AS	51.00%
SN Power Brasil AS	Oslo	Norway	Statkraft Norfund Power Invest AS	100.00%
SN Power Holding AS	Oslo	Norway	Statkraft Norfund Power Invest AS	100.00%
Agua Imara AS				
Agua Imara ACA Pte Ltd	Singapore	Singapore	Agua Imara AS	100.00%
Agua Imara ACA Pte Ltd				
Fountain Intertrade Corporation	Panama City	Panama	Agua Imara ACA Pte Ltd	50.10%
Lunsemfwa Hydro Power Company Ltd	Kabwe	Zambia	Agua Imara ACA Pte Ltd	51.00%
Lunsemfwa Hydro Power Company Ltd				
Muchinga Power Company Ltd.	Kabwe	Zambia	Lunsemfwa Hydro Power Company Ltd	100.00%
SN Power Brasil AS				
SN Power Investimentos Ltda	Florianopolis	Brazil	SN Power Brasil AS	100.00%
SN Power Investimentos Ltda				
SN Power Energia do Brasil Ltda	Florianopolis	Brazil	SN Power Investimentos Ltda	100.00%
SN Power Holding AS				
SN Power Holding Singapore Pte. Ltd.	Singapore	Singapore	SN Power Holding AS	100.00%
SN Power Holding Singapore Pte. Ltd.				
Himal Power Ltd.	Kathmandu	Nepal	SN Power Holding Singapore Pte. Ltd.	50.70%
SN Power Holding Chile Pte. Ltd.	Singapore	Singapore	SN Power Holding Singapore Pte. Ltd.	100.00%
SN Power Holding Peru Pte. Ltd.	Singapore	Singapore	SN Power Holding Singapore Pte. Ltd.	100.00%
SN Power India Pvt. Ltd.	New Dehli	India	SN Power Holding Singapore Pte. Ltd.	100.00%
SN Power Invest Asia Pte. Ltd.	Singapore	Singapore	SN Power Holding Singapore Pte. Ltd.	100.00%
SN Power Markets Pvt. Ltd.	New Dehli	India	SN Power Holding Singapore Pte. Ltd.	100.00%
SN Power Vietnam Pte. Ltd.	Singapore	Singapore	SN Power Holding Singapore Pte. Ltd.	80.00%
SN Power Holding Chile Pte. Ltd.				
SN Power Chile Inversiones Eléctricas Ltda.	Santiago	Chile	SN Power Holding Chile Pte. Ltd.	100.00%
SN Power Chile Inversiones Electricas Ltda.				
SN Power Chile Tingueririca y Cia.	Santiago	Chile	SN Power Chile Inversiones Electricas Ltda.	99.90%
SN Power Holding Peru Pte. Ltd.				
SN Power Peru Holding S.R.L	Lima	Peru	SN Power Holding Peru Pte. Ltd.	100.00%
SN Power Peru Holding S.R.L				
Empresa de Generacion Electrica Cheves S.A [3]	Lima	Peru	SN Power Peru Holding S.R.L	68.69%
SN Power Peru S.A	Lima	Peru	SN Power Peru Holding S.R.L	100.00%
SN Power Peru S.A				
Empresa de Generacion Electrica Cheves S.A [3]	Lima	Peru	SN Power Peru S.A	31.31%

[1] Småkraft AS is owned 20% by Statkraft Kraft AS, Agder Energi As and Bergenhalvøens Kommunale Kraftselskap AS. Statkraft AS owns 40% directly.
[2] Fjordkraft AS is owned by Statkraft Industrial Holding AS (3.15%), Skagerak Energi AS (48%) and Bergenshalvøens Kommunale Kraftselskap AS (48.85%).
Fjordkraft AS has been consolidated since 1 January 2007.
[3] Power plants under construction.

Non-controlling interests' share of the Group's activities
There are significant non-controlling shareholdings in SN Power Invest AS and Skagerak Energi AS.
Their shares of the Group's activities and cash flows can be found in the following table:

	SN Power Group		Skagerak Energi Group	
NOK million	2013	2012	2013	2012
Gross revenues	622	1 506	2 875	2 710
Total comprehensive income	684	391	490	879
- of which allocated to non-controlling interests	-317	37	-2	-1
Assets	13 371	14 657	10 705	10 395
Debt	4 978	4 115	6 827	6 563
Equity	8 393	10 542	3 878	3 832
- of which accumulated non-controlling interests	1 083	865	31	28
Dividend disbursed to non-controlling interests	79	98	-	-
Net cash flow from operating activities	33	-140	912	-15