STATKRAFT MARKETS GMBH

ANNUAL REPORT 2011

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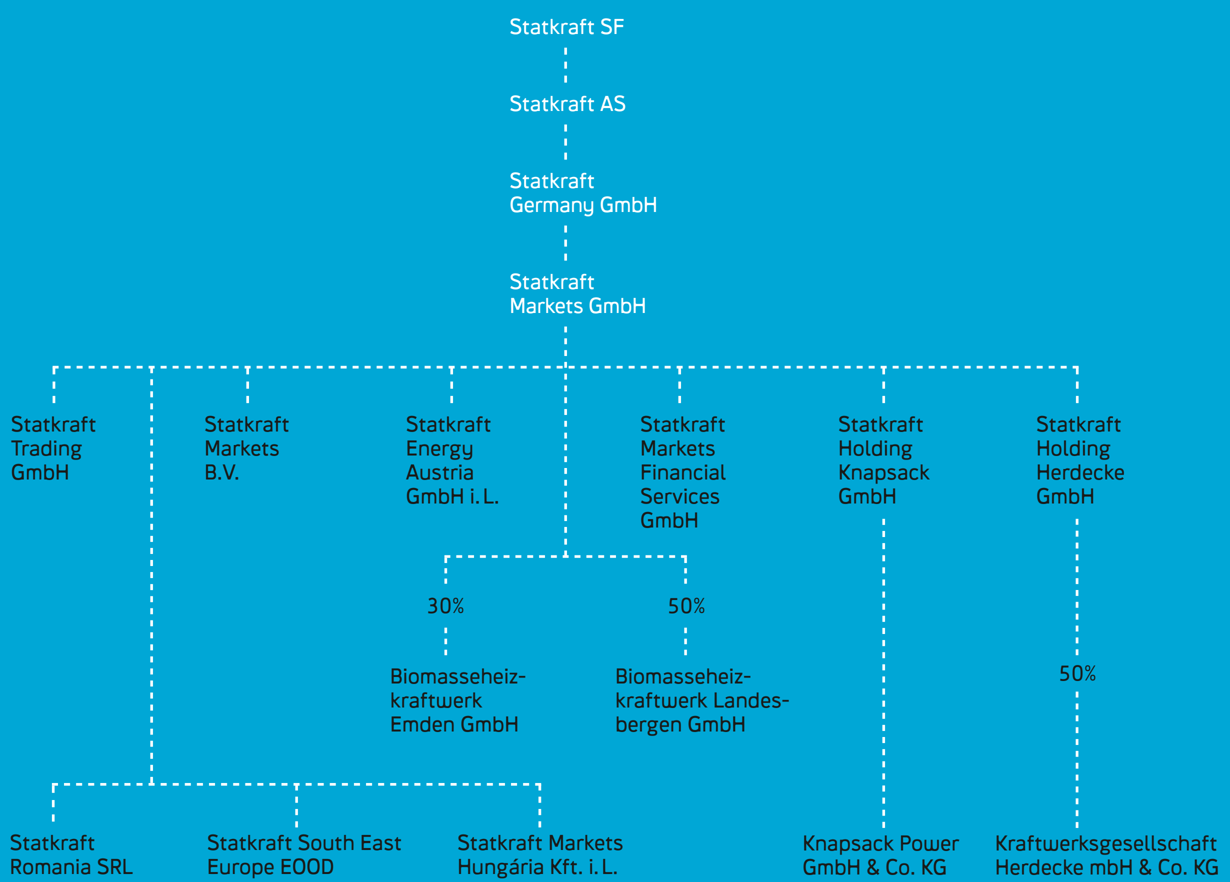
KEY INDICATORS

Key indicators of Statkraft Markets GmbH

Values in million EUR	2011	2010	2009	2008
Sales revenue	15,058.6	7,837.6	5,577.8	5,173.2
EBIT	–162.6	–79.8	12.6	–2.5
Profit before taxes	–165.6	–83.1	–2.9	–1.7
Profit after taxes	–163.0	–86.5	–4.2	–1.4
Cash flow of continuous operations	93.1	2.3	–45.2	1.5
Cash and cash equivalents	23.5	13.9	12.7	20.7
Net working capital	274.8	151.7	37.9	5.4
Balance sheet total	1,095.4	1,025.8	817.6	736.8
Equity	410.8	317.8	317.8	317.8
Equity ratio (%)	37.5	30.9	38.9	43.1
Number of employees	211	196	190	274

Corporate structure



ANNUAL REPORT
THE 2011 BUSINESS YEAR

Statkraft Markets GmbH is a company in the Statkraft Group. Statkraft is Europe's largest producer of renewable energy. The Group produces and develops hydropower, wind power, gas power and district heating, and is a significant player in European energy exchanges, with specialist expertise in physical and financial energy trading. The Statkraft Group also has a substantial commitment to innovation.

Statkraft Markets GmbH is engaged in trading power, fuel and emissions certificates in continental Europe and power production. Power is generated by environmentally friendly run-of-river, pumped storage and gas-fired power stations. The key operative subsidiary and associate are Knapsack Power GmbH & Co. KG and Kraftwerksgesellschaft Herdecke GmbH & Co. KG.

The already low margins for gas-fired power stations in Germany decreased further in 2011. During the summer months in particular, the electricity generated from subsidised solar plants which is continuing to grow, reduced the spark spreads further, i.e. the difference between the energy price on the one hand, and gas and CO_2 prices on the other. In previous years it was possible to use gas-fired power stations profitably at peak times, especially around midday, due to their flexible and rapid operating method. This potential revenue was considerably reduced because of the growth in the new renewable energies, in particular in solar power. This resulted in extraordinary impairment losses being undertaken in the generation portfolio, which placed a considerable burden on the 2011 result.

However, hydropower and energy trading made a positive contribution to net earnings. The marketing of renewable energy in Great Britain and in Germany increased substantially in 2011. Statkraft Markets GmbH now belongs to the leading portfolio management companies and service providers in this field.

MARKET DEVELOPMENT

Power prices in Germany were higher than in 2010 for most of the year, and the average spot price (base) on the European Energy Exchange (EEX) ended at EUR 51.14 MWh, EUR 7 higher than in 2010. Compared with the average prices for the years 2006–2010, the price was 7% higher in Germany. The EEX price for peak hours (peak load from 8 a.m. to 8 p.m. on working days) reached an annual average of EUR 61.14/MWh, approximately EUR 6 MWh higher than in 2010.

However, gas prices were also higher in 2011 than in 2010. Demand in the fast-developing nations whose growth was less strongly affected by the consequences of the financial crisis than that of the OECD countries played a role in this. Prices at the NCG (NetConnect Germany) virtual trading point were EUR 17.54/MWh in 2010 and EUR 22.9/MWh in the following year.

A consequence of the development in electricity and gas prices was that, the already low margins for the gas-fired power plants continued to decline in 2011.

Compared with 2010, the emissions market essentially declined. While spot prices were at values above EUR 15.34/t in the first quarter, in December the price level fell below EUR 8.

Spot prices also became much less volatile on markets in 2011 and structured optional products, such as virtual power plants, consequently produced fundamentally lower margins. This development is due to the fact that the electricity market in particular is relatively well supplied and that peak loads can usually be run down without making use of highly inefficient capacities. This effect is offset in some cases by medium- to long-term fluctuations in prices, such as on the natural gas market, which have a direct impact on the price of electricity and open up trading options.

The German Federal Parliament (Bundestag) passed the amending law to the Renewable Energy Act (Erneuerbare Energien Gesetz/EEG) in June 2011 in which a lowering of feed-in tariffs and a marked reduction in the advantages of direct energy marketing for renewable energy were passed. The market premium model was introduced at the same time for 2012. Renewable energy plants which meet legislative requirements are entitled to a fixed feed-in tariff and a management fee. Renewable energy plants which waive the fixed feed-in tariff and subject themselves to the rules of the free energy market, including the requirements for balancing energy, will receive a market premium. This market premium reflects the network operators' current costs of energy management for renewable energy. It has been laid down that the market premium will decrease over a period of several years to encourage competition. This is a first step towards integrating renewable energy production into the energy market. The amending law to the Renewable Energy Act has hardly affected the expansion of solar power and wind power. A further build up of 7,500 MW took place in the solar field due to reductions in production costs. Investments in offshore plants in particular were carried out in the wind sector.

Another important political event was the decision by the Federal Parliament in June 2011 to abandon nuclear energy by 2020. The nuclear catastrophe in Japan, along with the subsequent discussion in Germany, led to a radical change in German energy policy. Thus the amending law of October 2010 to the Atomic Energy Law was withdrawn which provided for an extension of the operating periods of existing nuclear power stations of between 8 and 14 years. In April the oldest nuclear power stations were taken out of the grid or not started up again. Phase-out of the reactors led to immediately increased forward prices of between 5% and 10%. However, this increase in forward prices was only temporary and only improved the margin situation for gas power stations in the short term.

BUSINESS DEVELOPMENT

Trading & Origination

The Trading & Origination division provided very good results. Trading in renewable energy and its certificates made a substantial contribution to positive overall profits in 2011. Statkraft Markets GmbH actively sells certified electricity from regenerative generation sources to distribution companies who want to or have to supply their customers with green electricity. Statkraft provides the opportunity to purchase this certified power all over Europe and to market it across borders. Based on customer assessments, Statkraft was assigned by the specialist journals Carbon Finance and Environmental Finance as the best trading company in the field of renewable energy certificates.

Slow progress in the UN negotiations about a new global climate change agreement in Durban and the economic crisis has slowed down the growth in this area. However, Statkraft's good market position enables the company to achieve success even under challenging framework conditions.

While other products stagnated, the product "marketing and market access for renewable energy" was able to grow considerably. On the one hand, this included direct marketing of renewable energy in Germany, which already started in 2010 with its own plants and was continued in 2011 with a large number of third-party plants. In addition, a series of new contracts was concluded with wind power plants in Great Britain. Thus, Statkraft is amongst the largest service providers in the UK for market access in Great Britain.

For the first time in the trading sector, the field of multi-commodity trading made an important contribution to the result.

Energy management

The market environment for dispatch of power plants and production marketing was also characterised in 2011 by further falling margins and lower electricity prices with less volatility. The spark spread, i.e. the margin arising from the energy price along with the gas price and CO_2 price, diminished further. This development reduced the profitability of Statkraft's gas-fired power plants. The older plants in Landesbergen and Emden were in particular affected by this. Because of their comparatively low efficiency and the associated lack of competitiveness in the energy market, these plants were only started up on a very small scale. The marketing of production in third markets such as back-up and green electricity was used increasingly to partly balance out the break-up in margins, but this only managed to balance it out to a certain extent.

Production in 2011 was 4.2 TWh compared with the previous year's 5.4 TWh. The reduction is mainly due to lower generation at the modern gas power stations operated by the subsidiary Knapsack Power GmbH & Co. KG, Hürth, and the joint venture Herdecke mbH & Co. KG, Herdecke. However, in 2011 the generation at Statkraft Markets GmbH power stations in Emden and Landesbergen also dropped from 0.8 TWh to 0.3 TWh.

Construction of the Knapsack power station (capacity 430 MW) continued according to plan. The power station will go into commercial operation in 2013. However, strengthening and replacement projects using various technologies are also in the early stages of development or have been postponed due to the uncertain state of the energy markets.

Energy management activities were extended as services to other countries and include Great Britain and Turkey, along with Germany. In Great Britain in particular, Statkraft Markets GmbH already controls a large portfolio of wind power plants which are partly owned by Statkraft UK Ltd. or increasingly also by third parties.

Operations & Maintenance, Health, safety & environment

The Statkraft Group and Statkraft Markets GmbH both have a clear goal of reducing to zero work accidents with serious consequences and breaches of the requirements relating to physical safety measures in connection with the Group's activities. Clear requirements and close follow-up in all operations and project phases are decisive to achieve safe and sound workplaces and good results. Several measures have been implemented, including increased focus on applicable guidelines for working at heights and use of safety equipment. In general, all projects placed even greater emphasis on sound health and safety expertise among own employees and basic safety training of all contractors and subcontractors. The Statkraft Group emphasises learning from injuries, near-misses and unsafe conditions. The number of events reported in the field of Health and Safety show a positive development for Statkraft Markets GmbH.

Statkraft Markets GmbH has achieved environment improvements in the field of hydroelectric power. The adverse effects on fish migrating both downstream and upstream was reduced by introducing a new type of turbine management along the whole chain of run-of-river power stations in the Weser river basin. An increase in the feed-in tariff was achieved through this ecological improvement.

A number of longer downtimes occurred at the Erzhausen pumped-storage power station because unplanned inspections and ultimately repair work had to be undertaken. In other plants components of the same type and age had indicated possible material fatigue which had to be clarified by these inspections.

OPERATING RESULT

Sales were up from EUR 7.8 billion to EUR 15.1 billion. This increase was basically the result of a greater volume of trade in electricity, gas and emissions certificates. Electricity trading business contributed a proportion of EUR 11.7 billion and the traded volume increased from 132 TWh in 2010 to 230 TWh in 2011. Sales also benefited from gas trading worth EUR 2.7 billion.

The gross margin rose in the year under review from EUR 89.8 million in 2010 to EUR 148.3 million. It is worth noting that this sum also contains income from currency transaction gains which all come from the field of Trading & Origination. Adjusted by this effect, the gross margin in the financial year 2011 amounts to EUR 105.3 million and is thus clearly higher than the previous year's figure. The increase can mainly be attributed to the field of Trading & Origination. Thus considerable income was posted from liquidating the reserve for portfolio appraisal. Trading and Origination reported a gross margin of EUR 106.3 million. The gross margin in the power plant field (Energy Management and Operations & Maintenance) was EUR 42.0 million.

Personnel costs rose by EUR 3.5 million in 2011 to EUR 17.1 million. This is partly due to a 7% increase in the size of the workforce.

The increase in depreciation to EUR 189.1 million compared with EUR 73.5 million in the previous year is largely due to extraordinary depreciation for gas-fired power stations amounting to EUR 167.3 million. These valuation reserves derive from an internal DCF (Discounted Cash Flow) and consider low margins for gas-fired power stations. In this connection loans to associate companies amounting to a total of EUR 7.5 million were written down.

The remaining operating expenses rose to EUR 97.5 million compared with EUR 81.7 million the previous year. Fundamental factors causing this development were increased currency exchange losses brought about on the one hand by higher trade revenue. These losses rose by EUR 26.0 million to EUR 39.8 million (EUR 43.8 million were posted under other operating revenue).

On the other hand, in the year under review markedly lower service costs for power plants were recorded, namely a decrease of EUR 7.9 million to EUR 2.4 million. In the previous year it was chiefly the longer revisions of the gas blocks which led to the high expenditure for services for power stations. Expenditure for legal and consulting costs, along with leasing, repair and similar expenses also fell. Expenditure for group services led to a rise in costs increasing by EUR 5.2 million to EUR 41.3 million. Group services mainly include trading, accounting and IT services from the subsidiaries Statkraft Trading GmbH, Statkraft Germany GmbH and Statkraft Markets BV.

Statkraft Markets GmbH's financial result was negative in 2011 at EUR –10.5 million and was thus worse by EUR 6.3 million compared with the previous year. This is due in particular to value adjustments in financial assets. Furthermore, interest expenses amounting to EUR 5.8 million accrued in the year under review which means a slight rise of EUR 0.5 million compared with the previous year due to higher interest rates.

The interest expenses mainly concern a single fixed maturity date intergroup loan of EUR 255.0 million. It was possible to offset the interest expenses by higher interest revenue in the year under review.

The operating result from ordinary business activity was negative and amounted to EUR –166.7 million owing to the special effects the extraordinary depreciation or rather the valuation items have had. Without these effects the operating result is positive at EUR 9.1 million and reflects the mainly excellent operating result of the Trading & Origination business area. Negative earnings after tax of EUR –163.0 million will be balanced out because of a profit and loss transfer agreement in existence since 1 January 2009 by the sole shareholder Statkraft Germany GmbH.

NET ASSET POSITION AND FINANCIAL POSITION

The reported cash flow from operating activities in the current year resulted in EUR 93.1 million (EUR 2.3 million in the previous year). The extremely high operative cash flow is due in the main to payments received in the year under review from trading in emissions certificates. Thus the receipts from the operative business contributed significantly to funding investment. Cash flow from investment amounted to EUR –196.7 million (EUR –34.0 million in the previous year) and cash flow from funding amounted to EUR 93.0 million (EUR 80.0 million in the previous year). In the operating result this led to a change in capital funds of EUR –10.6 million. Taking account of the positive capital funds at the beginning of the year of EUR 3.0 million, this resulted in a negative balance of EUR –7.6 million on 31 December 2011. Capital funds at the end of 2011 consisted of liquid assets (EUR 23.6 million), short-term liabilities to banks (EUR –0.9 million) along with the negative cash pool account (EUR –30.2 million) in the account balance.

Depreciation of tangible property and financial assets for the financial year 2011 amounted to EUR 196.6 million. Investments in tangible property were EUR 195.5 million. Investments of EUR 2.8 million were made in financial assets. The company received EUR 1.7 million from repayment of loans to holding companies. The fixed assets in the operating result at EUR 420.7 million are practically unchanged compared with the previous year.

The changes in current assets and in liabilities are largely due to the balance sheet date. The increase in equity capital by EUR 93.0 million was to fund the investment and revisions in power plants. Because of the profit and loss transfer agreement the equity capital rose exclusively by this increase in share capital to EUR 410.8 million.

The increase of the balance sheet sum from EUR 1,025.8 million to EUR 1,095.3 million results on the assets side, on the one hand through an increased inventory, and on the other hand to higher receivables caused by higher trade volume and contractual claims from the transfer obligation by the Statkraft Germany GmbH sole proprietor. The reason for the increase in total assets on the liabilities side is mainly based on the contribution to capital of EUR 93.0 million.

Therefore, overall there was an equity ratio of 37.5% (31.0% in 2010) in the year under review which continues to emphasise Statkraft Markets GmbH's good financial standing.

HUMAN RESOURCES

The number of employees was 211 on 31 December 2011, and the annual average was 208.

The Statkraft Group and Statkraft Markets GmbH strive to attain a diverse working environment and promote equal opportunities in its recruitment and HR policy. Because Statkraft Markets GmbH operates with its subsidiaries throughout the whole of Europe, there are employees from 28 different nations working for the German companies at the two locations, Düsseldorf and Hürth-Knapsack. This international environment is attractive for new employees outside Norway and Germany, and has also a positive impact on the company's development potential in new European markets.

The managing directors would like to take this opportunity to thank all employees for their excellent contributions during 2011.

RISK MANAGEMENT

Statkraft Markets GmbH engages in trading activities which are exposed to a number of risks. These include market price, counterparty default, operative risks and risks relating to IT systems. Risk management is, therefore, considered to have the highest priority.

Business activities comprise trading and sales of standardised term products as well as of power profiles and other structured products. The major part of the profiles and structured products is hedged with corresponding standard products. A large portion of term products are contracted for trading purposes, as a rule on the basis of short-term hedge transactions. In total, the business activity should result in a positive margin. Statkraft Markets GmbH is exposed to financial risks, which can cause variations in results, equity and cash flow. In order to identify and manage these risks, the company established a corresponding risk management policy, which is an important part of corporate management.

The risk management committee decides on the risk management policy for the different business segments. The Middle Office plays a pivotal role in risk management by monitoring daily risk controlling and delivering independent and professional valuations. Middle Office managers analyse all new deal opportunities and prepare risk assessments to help the management team to make decisions. This increases risk awareness and ensures efficient risk mitigation. Moreover, the Middle Office prepares daily and weekly risk reports on Statkraft Markets GmbH's market positions which are discussed and evaluated by the management on a weekly basis.

Risk is managed by means of a mandate and a limit system. Contracts can only be closed in compliance with risk limits which are defined both for market risk and counterparty risk. Market price risks in the volatile power and gas markets are measured by the Value at Risk (VaR) procedure and Profit at Risk (PaR) analyses. The Middle Office supervises the portfolio exposures as well as the total risk in the company. In the case of limit breaches, the Middle Office takes the responsibility for reducing exposures and minimising unhedged positions.

Counterparty risk is managed through an internal rating process. For each counterparty, the credit limit is monitored and periodically reviewed, while current exposures are reported regularly. The rating and limit system helps to focus on counterparties with high creditworthiness. Counterparty risk includes positive market values of financial derivatives. In view of the worldwide financial crisis, limits relating to financial institutions and special industrial customers have been critically reviewed and adjusted. Statkraft Markets GmbH did not suffer any losses in 2011 as a result of the insolvency of customers.

As well as evaluating potential counterparty risks, all products, business opportunities and counterparties are assessed with regard to principles of Corporate Social Responsibility (CSR) and all Middle Office risk assessments related to change of mandates or products must take this into account.

Risks arising from the fluctuation of liquidity resulting from the use of financial instruments such as forward contracts are managed by regular monitoring of medium-term and long-term cash flow and daily cash management.

Statkraft Markets GmbH is exposed to a number of different operative risks, including the technical risks inherent in the dispatch of power plants and process risks involved in the handling of trading business, including IT risks in particular. These risks are actively managed. In this respect the Statkraft Markets GmbH energy management function is in close contact with the power plant personnel and takes potential technical failures into account in its marketing strategy. Statkraft Markets GmbH strives to have a high degree of redundancy for all core operations. Following this philosophy, multiple staff members are trained in key processes, and backup routines are aligned in order to ensure that essential skills are always available. The risk management system is monitored by internal auditing and verified by external auditors as part of the year-end audit.

OPPORTUNITIES AND RISKS, OUTLOOK

Statkraft also faces major challenges following the energy changes in Germany and comparable developments in other European countries. Because of market development, the supervisory board and the executive board of Statkraft AS along with the management of Statkraft Markets GmbH decided in February 2012 to set the gas-fired power station in Emden in cold reserve and not to further develop the new asset project Emden 2. The biomass plant at the Emden location will continue to operate on its own. The job losses at the Emden location are to be offset as much as possible by job offers at other locations.

Statkraft has created a good market position in the field of marketing energy from Renewables and has become one of the leading providers in this sector. By February 2012 customers amounting to several thousand MW had been gained. Risks related to this business derive from the energy management, cost competition with other providers and policy on regulatory development.

The EU Commission's proposal for the regulation of bilateral ("over-the-counter") business may – depending on final implementation – entail a change in the trading environment. One aspect of the proposal is for the obligatory clearing of all standardised OTC derivatives. The extent to which physical trading transactions in the energy market will be affected will become clear at the end of June 2012. The clearing of standard products naturally places greater demands on the liquidity of market players. The increased amount of internal administrative work associated with new reporting requirements can also be seen as a risk.

The margins for gas power plants are expected to remain weak in 2012 and 2013, so that an improved capacity utilisation is not expected. The good results produced by the hydroelectric power plants and by Trading & Origination will only partly compensate for this. However, a better result is forecast compared with 2011 (without considering extraordinary depreciation made in 2011).

Düsseldorf, 25 May 2012

Dr Torsten Amelung
Managing Director

Ivar Arne Børset
Managing Director

Stefan-Jörg Göbel
Managing Director

Inger S. Andersen
Managing Director

Dr Gundolf Dany
Managing Director

Dr Jürgen Tzschoppe
Managing Director

FINANCIAL STATEMENTS

BALANCE SHEET AS AT 31 DECEMBER 2011

Assets	31.12.11 EUR	31.12.10 EUR '000
A. Fixed assets		
I. Intangible assets		
1. Purchased software	**1,153,482.00**	1,067
II. Tangible assets		
1. Land, leasehold rights and buildings	**13,372,618.62**	24,952
2. Technical equipment, plant and machinery	**136,643,821.77**	194,326
3. Other equipment, fixtures, fittings and equipment	**2,609,208.41**	3,131
4. Plant and machinery in process of construction	**92,242,921.32**	16,061
	244,868,570.12	238,470
III. Financial assets		
1. Shares in affiliated companies	**156,597,177.89**	156,672
2. Investments	**9,335,737.05**	9,336
3. Loans due from other Group companies	**6,300,000.00**	13,500
4. Other loans	**2,491,958.57**	1,686
	174,724,873.51	181,194
	420,746,925.63	420,731
B. Current assets		
I. Inventories		
Raw materials and supplies	**13,685,136.65**	9,569
II. Receivables and other assets		
1. Trade accounts receivable	**386,009,955.24**	352,172
2. Accounts due from affiliated companies	**194,332,313.71**	120,037
3. Other assets	**51,375,589.48**	97,297
	631,717,858.43	569,506
III. Cash on hand, cash in banks	**23,579,978.18**	13,924
	668,982,973.26	592,999
C. Prepaid expenses	**5,728,209.79**	12,123
	1,095,458,108.68	1,025,853

Shareholders' equity and liabilities	31.12.11 EUR	31.12.10 EUR '000
A. Equity		
I. Capital subscribed	4,000,000.00	4,000
II. Capital surplus	398,104,558.71	305,105
III. Other earnings reserves	45,978.68	46
IV. Retained earnings brought forward	8,663,853.54	8,664
	410,814,390.93	317,815
B. Provisions		
1. Provisions for pensions and similar obligations	5,363,687.34	3,753
2. Tax provisions	237,932.73	574
3. Other provisions	31,453,780.07	81,887
	37,055,400.14	86,214
C. Liabilities		
1. Liabilities due to banks	931,105.21	5
2. Trade accounts payable	254,640,504.73	274,772
3. Accounts due to affiliated companies	354,911,198.12	337,474
4. Other liabilities thereof for taxes: EUR 209,961.51 (previous year: EUR 257 thousand) thereof for social security: EUR 0.00 (previous year: EUR 0 thousand)	6,975,772.73	1,621
	617,458,580.79	613,872
D. Deferred income	30,129,736.82	7,952
	1,095,458,108.68	1,025,853

INCOME STATEMENT PRESENTATION

FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2011

	2011 EUR	2010 EUR '000
1. Sales	15,058,669,566.70	7,837,646
a) Energy tax	114,528.75	–116
2. Other operating income	61,582,887.66	29,751
3. Cost of materials		
a) Cost of raw materials and supplies	–4,476,637.11	–37,268
b) Cost of purchased services	–14,967,571,678.51	–7,740,230
4. Personnel expenses		
a) Wages and salaries	–14,013,043.30	–11,847
b) Social security, pension and other benefit costs thereof for pensions: EUR 991,573.75 (previous year: EUR 75 thousand)	–3,059,790.36	–1,715
5. Depreciation of fixed intangible and tangible assets	–189,148,939.70	–73,535
6. Other operating expenses	–97,263,142.43	–81,664
7. Income from profit transfer agreements	954,596.66	452
8. Other interest and similar income thereof due to affiliated companies: EUR 477,680.90 (previous year: EUR 706 thousand)	2,060,521.40	1,184
9. Write-offs on financial assets	–7,500,000.00	–10
10. Expenses from loss absorption	–165,106.84	–494
11. Interest and similar expenses thereof due to affiliated companies: EUR 3,145,934.16 (previous year: EUR 4,398 thousand)	–5,840,081.93	–5,299
12. Profit/loss from ordinary business operations	–165,656,319.01	–83,145
13. Extraordinary expenses	0.00	–3,448
14. Taxes on income	2,770,584.47	279
15. Other taxes	–131,626.71	–182
16. Loss assumed pursuant to a profit and loss absorption agreement	163,017,361.25	86,496
17. Net income/net loss	0.00	0

NOTES
TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR 2011

General remarks

The annual financial statements have been prepared in compliance with Sections 242 et seqq. and Sections 264 et seqq. German Commercial Code (HGB) as well as with the relevant provisions of the German Law on Limited Liability Companies (GmbHG). The regulations for large firms organised in a corporate form apply.

The income statement was prepared according to the cost summary method.

Accounting and valuation rules

The following accounting and valuation rules were applied when preparing these annual financial statements.

Purchased **intangible fixed assets** and **tangible fixed assets** are recognised at acquisition cost; if subject to wear and tear, scheduled depreciation is taken in accordance with their useful life. For intangible assets a useful life of up to seven years is applied and for buildings up to 39 years; a useful life of up to 30 years is generally applied for other assets.

Since fiscal year 2008, **low-value assets** with a net value of up to EUR 150.00 have been directly expensed in the income statement. A collective item for low-value assets with a net value of more than EUR 150.00 and up to EUR 1,000.00 is recognised in the tangible fixed assets and depreciated over a five-year period using the straight-line method. The item is in its totality of only minor importance.

The **financial assets** are recognised at the lower of cost of acquisition or fair values.

Inventories are recognised at cost of acquisition. Compliance with the lower-of-cost-or-market principle is secured by write-offs as required.

Receivables and other assets are capitalised at nominal value. Appropriate allowances are made in order to cover all related risks.

Liquid assets are recognised at nominal value.

Expenses incurred before the balance sheet date are disclosed as **prepaid expenses** on the assets side to the extent these constitute expenditures for a certain time after this date.

Pension provisions were measured by the projected unit credit method, applying actuarial principles, and based on Prof. Klaus Heubeck's 2005 G mortality tables published in 2006. These provisions were discounted at the average market interest rate of the past seven years as announced by the Deutsche Bundesbank, based on the assumption of a remaining term of 15 years (Section 253 (2) second sentence HGB). This interest rate is 5.14% p.a. In addition, a pay scale trend of 3.75% p.a. and a rise in pensions of 1.00% p.a. were assumed.

Other provisions cover all contingent liabilities as well as impending losses from pending transactions. They are created in the fulfilment amount, taking into account future cost increases, required in accordance with reasonable commercial assessment. Other provisions with a residual term of more than one year are discounted appropriately to the period at the average market interest rate of the past seven years as announced by the Deutsche Bundesbank.

Valuation units in accordance with § 254 HGB (Section 254 Commercial Code). Statkraft Markets GmbH's commercial activities include physical and financial trading and optimisation activities in electricity, gas, emissions rights and other commodities relating to the energy industry. Futures contracts amongst others are concluded for this purpose. Foreign currency transactions are concluded in this context to hedge against exchange risks.

Statkraft Markets GmbH distinguishes between the Trading and Origination divisions. While standard products are used in the Trading division to achieve margins with a short-term horizon, the Origination division involves long-term optimisation activities with structured products and inventories. Both operating areas are divided into assignments both to undertake trading and optimisation activities and to monitor risk, with strict separation of functions being implemented between trading and risk control. The definition of the individual assignments is based in principle on the region traded, the product traded and the commodities, the time horizon or the trading strategies.

Risk limitation of the trading assignments is based on Value-at-Risk (VaR) calculations which are carried out in daily trading by risk control. Defined procedures for reducing risk are initiated if specified limits are exceeded.

Risk limitation is undertaken based on Profit-at-Risk (PaR) calculations which are also carried out in daily trading by risk control. If limits are exceeded in Origination assignments, these, too lead to defined measures for preventing further risks.

In principle transactions concluded in the Trading & Origination divisions are combined in macro valuation units in which the risk-compensating effect of comparable risks is taken into consideration. A macro valuation unit exists if the risk compensating effect of whole groups of basic transactions is looked at in summary and these groups are jointly safeguarded against the (net remaining) risk and this is in accord with the risk management practiced.

Financial risks in the form of price and parity change risks are safeguarded in the valuation units created of the commodities traded in the context of assignments. The balance sheet mapping of the effective parts of the valuation units is done in accordance with the freezing method, according to which the changes in value in basic and hedging transactions which balance one another out and which can be traced back to the particular risk hedged are not reported in the balance sheet.

The safeguarding intention of the macro valuation units exists continuously for the periods which are unfrozen in accordance with the risk guidelines for trading transactions. Contrary changes in payment streams exist for the period up to 2021 on the balance sheet date 31.12.2011. A documented, appropriate, risk management system in working order exists to determine prospective effectiveness. The universe of actions, responsibilities and controls in in-house guidelines are bindingly laid down. Trading in commodity derivatives is permitted in the context of limits laid down. The limits are laid down by independent organisational units and monitored during daily trading.

The assets, debts and floating transactions are included in the valuation units with the following nominal values (book values):

Type of transaction	Nominal value in EUR thousands	Book values in EUR thousands
Assets	13,595	13,595
Debts	7,905	7,905
Floating reference transactions	15,103,008	
Floating sales transactions	15,078,969	

The amount of risk hedged with valuation units is EUR 1,358,172 thousand.

Assessment of the invalidity to date on the balance sheet of the macro valuation units is undertaken each time at the end of the year by looking at the current market values of the particular valuation unit to be attributed. If the balance of all attributable current market values of the transactions included is negative, taking assets and debts possibly included in the valuations units into consideration, then a reserve for valuation units is created. These are not taken into account in the balance sheet, if there are positive attributable current market values.

Liabilities are recognised at the amounts at which they will be repaid.

Receivables and credits or liabilities denominated in **foreign currencies** are posted at the rates in effect at the date of initial posting and measured on the balance sheet date at the mean currency spot rate. The losses from exchange rate changes on the balance sheet rate are recognised as losses. In contrast, unrealised profits from exchange rate changes are given consideration solely if they affect receivables and liabilities with a remaining term of up to one year.

Affiliated companies are all companies included in the consolidated financial statements of Statkraft AS, Oslo, Norway, and companies in which Statkraft AS, Oslo, Norway, either directly or indirectly, holds the majority interest, but that are not included in the consolidated financial statements pursuant to the exercise of an option.

Sales from trading are disclosed as gross figures.

NOTES TO THE BALANCE SHEET

Fixed assets

The movements in fixed assets and their amortisation and depreciation for the fiscal year are presented in the statement of movements in fixed assets (Appendix to the Notes).

On the basis of an internal DCF (Discounted Cash Flow) calculation in 2011 there were further unscheduled write-offs on parts of the fixed assets, specifically the gas-fired power plants. The consideration of declining margins in the operation of the gas-fired power plants was again behind these unscheduled write-offs. **Goodwill** was written off completely in fiscal 2010.

Equity interests valued at EUR 9,336 thousand (previous year: EUR 9,336 thousand) concern the shares at the two biomass CHP plants in Emden and Landesbergen acquired in the framework of a barter transaction concluded with E.ON AG in 2008.

The company has granted loans to the two biomass CHP plant companies. They are disclosed with a value of EUR 4,300 thousand (previous year: EUR 13,500 thousand) as **loans to undertakings in which the company has a participating interest.** In addition to redemption payments of EUR 1,700 thousand allowance was recorded in the amount of EUR 7,500 thousand.

LIST OF SHAREHOLDINGS

Name of the company	Share-holding	Result of the fiscal year 2011 (EUR '000)	Share capital/ liable capital as of 31.12.2011 (EUR '000)	Equity as of 31.12.2011 (EUR '000)
Statkraft Energy Austria GmbH i.L., Vienna, Austria****	100%	19	50	94
Statkraft Markets Financial Services GmbH, Düsseldorf	100%	0*	25	1,093
Statkraft Markets B.V., Amsterdam, The Netherlands	100%	815	6,061	3,157
Statkraft Holding Herdecke GmbH, Düsseldorf	100%	0*	25	7,620
Statkraft Holding Knapsack GmbH, Düsseldorf	100%	0*	25	141,957
Knapsack Power GmbH & Co. KG, Düsseldorf**	100%	–38,423	25	38,674
Knapsack Power Verwaltungs GmbH, Düsseldorf**	100%	3	25	48
Kraftwerksgesellschaft Herdecke, GmbH & Co. KG, Hagen**	50%	6,916	10,000	19,038
Kraftwerksverwaltungsgesellschaft Herdecke mbH, Hagen**	50%	1	25	34
Statkraft Markets Hungária Kft., Budapest, Hungary****	100%	–8	198	182
Statkraft South East Europe EOOD, Sofia, Bulgaria	100%	4	3	109
Statkraft Romania SRL, Bucharest, Romania***	100%	17	100	462
Statkraft Trading GmbH, Düsseldorf	100%	0*	25	25
Biomasseheizkraftwerk Emden GmbH, Emden	30%	–23	1,000	8,760
Biomasseheizkraftwerk Landesbergen GmbH, Landesbergen	50%	–3,719	1,000	5,080

* Result for the year after transfer of profits/losses
** Indirectly held participating interest
*** Indirectly held participating interest of 1%
**** In liquidation as per 31.12.2011

Receivables and other assets

All receivables have a residual term of less than one year.

Receivables due from affiliated companies relate to trade receivables in the amount of EUR 12,561 thousand (previous year: EUR 11,679 thousand) and to receivables from the cash pool in the amount of EUR 5,034 thousand (previous year: EUR 2,390 thousand). Receivables due from the shareholder Statkraft Germany GmbH in the amount of EUR 175,691 thousand (previous year: EUR 102,233 thousand) relate to input tax reimbursement claims and a loss set-off claim. Furthermore, receivables due from affiliated companies relate to receivables from profit and loss absorption agreements in the amount of EUR 955 thousand (previous year: EUR 451 thousand) and short-term loans granted to subsidiaries in the amount of EUR 91 thousand (previous year: EUR 3,284 thousand).

Prepaid expenses

Prepaid expenses of EUR 5,728 thousand (previous year: EUR 12,123 thousand) notably include expenses for option premiums, network fees, gas procurement and IT services relating to the business year 2012.

Deferred tax reimbursements

An item for deferred tax reimbursements was not created during the current fiscal year because a possible disclosure must now be made at the level of Statkraft Germany GmbH in its capacity as controlling company (since 1 January 2009).

Equity

During the reporting period there was a capital injection of EUR 93,000 thousand. As a consequence of the controlling and profit and loss absorption agreement with Statkraft Germany GmbH, the company's equity increased only by the above amount to EUR 410,814 thousand.

Provisions for pensions and similar obligations

Reinsurance policies have been concluded to secure the **pension obligations.** Accordingly, the obligations and the **asset value of the reinsurance policies** have been disclosed in the balance sheet as a total balance pursuant to Section 246 (2) second sentence HGB. Appropriate amounts have been invested in special funds to meet the commitments from pension obligations. These funds are exempt from attachment by all other creditors. They have been measured since 2010 at fair value, which is now set off against the pertinent underlying obligations. This results in an excess obligation in the reporting period, which is recognised in the provisions.

The historical acquisition costs of the plan assets per 31 December 2011 amount to EUR 12,842 thousand for the pensions obligations, while the fair value per 31 December 2011 amounts to EUR 12,834 thousand.

The item of EUR 5,364 thousand (previous year: EUR 3,753 thousand) breaks down to EUR 1,257 thousand (previous year: EUR 10 thousand) for pension provisions (after offset of the reinsurance claim of EUR 12,842 thousand), to EUR 3,151 thousand (previous year: EUR 2,768 thousand) for provisions for partial retirement and to EUR 956 thousand (previous year: EUR 975 thousand) for jubilee provisions and other personnel provisions.

755 EUR thousand gains from plan assets and on the other side EUR 514 thousand pension interest components are recognised within net interest result in the year 2011.

Other provisions

Other provisions were notably created for impending losses from pending transactions/provisions from hedge accounting in the amount of EUR 11,274 thousand (EUR 63,953 thousand), employee bonuses (EUR 773 thousand, previous year: EUR 719 thousand), cost of balance energy (EUR 4,637 thousand, previous year: EUR 1,267 thousand), demolition costs (EUR 5,178 thousand, previous year: EUR 5,178 thousand), restoration provisions (EUR 4,350 thousand, previous year: EUR 4,570 thousand), contributions to employers' liability insurance associations (EUR 388 thousand, previous year: EUR 203 thousand) and holiday leave not yet taken/settlement obligations (EUR 227 thousand, previous year: EUR 158 thousand).

Liabilities

The liabilities have a residual term of up to one year; liabilities of EUR 255,000 thousand (previous year: EUR 255,000 thousand) have a residual term of over five years. Liabilities are partially collateralised by guarantees of the parent company in the amount of EUR 17,322 thousand.

The liabilities due to affiliated companies relate to trade accounts payable in the amount of EUR 63,560 thousand (previous year: EUR 67,931 thousand), liabilities from loans in the amount of EUR 255,000 thousand (previous year: EUR 255,000 thousand) and liabilities from loss compensation obligations in the amount of EUR 165 thousand (previous year: EUR 493 thousand). As of the balance sheet date, there are liabilities from the cash pool due to the top-level parent company Statkraft AS, Oslo, Norway, in the amount of EUR 35,280 thousand (previous year: EUR 13,259 thousand). As of the balance sheet date, there were trade liabilities due to the shareholder Statkraft Germany GmbH in the amount of EUR 906 thousand (previous year: EUR 791 thousand).

Other liabilities of EUR 6,976 thousand (previous year: EUR 1,621 thousand) include tax liabilities of EUR 210 thousand (previous year: EUR 257 thousand), as well as collateral of EUR 5,757 thousand.

Other financial obligations

Obligations pursuant to tenancy leases and leasing agreements sum up to a total of EUR 9,853 thousand (previous year: EUR 2,941 thousand) as per 31 December 2011, of which EUR 930 thousand are due within one year's time and EUR 5,099 thousand are due after five years. This significant change resulted from expiration of an office space lease and signing of a new lease effective in September 2012 for space at a different location in Düsseldorf.

A letter of support has been presented to a clearing office in Austria for the accounting grid obligations of Statkraft Energy Austria GmbH (in liquidation). There was no liability to this clearing office as at the balance sheet date.

Statkraft Markets GmbH issued a guarantee of EUR 2,000 thousand to the Bulgarian State Energy and Water Regulatory Commission, relating to liabilities of Statkraft South East Europe EOOD, Sofia, Bulgaria, pursuant to electricity supply contracts within Bulgaria. The liabilities of Statkraft South East Europe EOOD, Sofia, Bulgaria, from electricity supply contracts within Bulgaria amount to EUR 9 thousand as of 31 December 2011.

The company believes that the originally obligated subsidiary will be able to fulfil all of its obligations in view of its present assets and financial position. Accordingly, it is considered unlikely that the company will be sued for any of the outstanding guarantees or similar commitments stated.

NOTES TO THE INCOME STATEMENT

Sales

Sales revenue in the past fiscal year amounted to EUR 15,058,670 thousand and was distributed among electricity (EUR 11,687,223 thousand), gas (EUR 2,680,752 thousand) and emissions as well as renewables (EUR 687,287 thousand). Sales revenue also includes income from Group services to Statkraft Energi AS, Oslo, Norway, in an amount of EUR 1,072 thousand as well as from other services to customers in an amount of EUR 2,105 thousand. Sales revenue also includes EUR 115 thousand in energy tax which has been deducted on the face of the income statement.

Classified by regional markets, sales were notably generated in Germany (EUR 11,319,139 thousand), Great Britain (EUR 2,947,208 thousand), France (EUR 382,721 thousand), The Netherlands (EUR 293,821 thousand), Italy (EUR 56,460 thousand), Belgium (EUR 54,922 thousand), Switzerland (EUR 53,346 thousand), Hungary (EUR 38,876 thousand), Slovenia (EUR 24,856 thousand), Luxembourg (EUR 24,160 thousand), Czech Republic (EUR 17,012 thousand), Denmark (EUR 10,740 thousand), Norway (EUR 10,435 thousand), Romania (EUR 9,767 thousand), Estonia (EUR 9,156 thousand) and Greece (EUR 9,024 thousand). The remaining sales were generated in other countries of the EU or EEA.

Other operating income

Other operating income amounted to EUR 61,583 thousand. It notably consists of income from the recharging of internal cost for projects and services to Group companies in an amount of EUR 12,056 thousand and participations in the amount of EUR 4,215 thousand, foreign currency gains in an amount of EUR 43,820 thousand (thereof unrealised earnings from the measurement EUR 747 thousand) and income from the reversal of provisions in an amount of EUR 327 thousand.

Depreciation and amortisation of fixed intangible assets and tangible assets

The write-offs on fixed tangible assets include unscheduled depreciation of the gas-fired power plants at the sites in Emden and Landesbergen in the amount of EUR 167,284 thousand in addition to scheduled depreciation.

Other operating expenses

The item other operating expenses includes above all expenses for legal and consultancy fees (EUR 1,493 thousand), rent, repair and similar costs (EUR 4,466 thousand), services for power plants (EUR 2,359 thousand), expenses from group services (EUR 41,293 thousand), foreign currency losses (EUR 39,761 thousand, thereof unrealised expenses from the measurement EUR 822 thousand), IT-related expenses (EUR 1,771 thousand), marketing and information costs (EUR 1,405 thousand), travel expenses (EUR 469 thousand), expenses for telephone and data transmission (EUR 1,105 thousand), membership fees (EUR 544 thousand), guarantee costs (EUR 325 thousand) and expenses for external employees (EUR 1,154 thousand).

The Group service expenses of EUR 41,293 thousand include an item of EUR 13,741 thousand for expenses from the service agreement with Statkraft Trading GmbH. Another EUR 5,920 thousand relates to expenses from the service agreement with Statkraft Germany GmbH.

Interest and similar expenses

Interest income for fiscal year 2011 in the amount of EUR 5,840 thousand includes pension interest components totalling EUR 514 thousand and interest components from other provisions totalling EUR 220 thousand.

Taxes on income

Taxes on income amount to EUR –2,771 thousand, breaking down into EUR –1,282 thousand for corporate income tax and EUR –1,489 thousand in municipal trade tax, related to the two previous years.

Auditor fees

The total fee charged by the auditors Deloitte & Touche GmbH for fiscal year 2011 comes to EUR 110 thousand: EUR 105 thousand for the audit of the financial statements and EUR 5 thousand for other certification services.

Major transactions with affiliated and associated companies

Statkraft Markets GmbH conducted the following major transactions with affiliated and associated companies in fiscal year 2011:

1. Service agreements between Statkraft Markets GmbH and Statkraft Energi AS regarding:
   a) Conduct of energy transactions on its own behalf, but for the account of Statkraft Energi AS
   b) Provision of electricity marketing related to the electricity purchase contract with Kraftwerksgesellschaft Herdecke mbH & Co. KG and Knapsack Power GmbH & Co. KG as well as the shares (two-thirds) in Baltic Cable AG, Malmö, Sweden
2. Electricity supply contracts between Statkraft Markets GmbH and Knapsack Power GmbH & Co. KG
3. Service agreement between Statkraft Markets GmbH and Statkraft Germany GmbH regarding the performance of services for the departments Finance and Business Support, HR and Communications
4. Service agreement between Statkraft Markets GmbH and Statkraft Trading GmbH regarding the performance of services for the departments Dispatch of Power Plants, Energy Trade and Origination
5. Loan agreement between Statkraft Markets GmbH (borrower) and Statkraft Treasury Center S.A.
6. Business management agreement between Statkraft Markets GmbH and Biomasseheizkraftwerk Emden GmbH
7. Business management agreement between Statkraft Markets GmbH and Biomasseheizkraftwerk Landesbergen GmbH
8. Loan agreement between Statkraft Markets GmbH (lender) and Biomasseheizkraftwerk Emden GmbH
9. Loan agreement between Statkraft Markets GmbH (lender) and Biomasseheizkraftwerk Landesbergen GmbH

Management

The managing directors holding sole powers of representation are Dr Torsten Amelung (Chairman), Düsseldorf and Dr Gundolf Dany (Operations & Maintenance), Pulheim.

The managing directors with joint powers of representations were/are Dr Jürgen Tzschoppe (Continental Energy), Düsseldorf, Stefan-Jörg Göbel (Trading & Origination), Düsseldorf, Inger S. Andersen (Finance, as of 1 July 2011), Oslo, Norway, Dr Carsten Poppinga (Finance, until 31 July 2011), Düsseldorf, Stephanus Peters (Origination, until 31 December 2011), Amsterdam, The Netherlands, and Ivar Arne Børset (IT, as of 1 November 2011), Oslo, Norway.

The managing directors perform the duties and responsibilities of the divisions shown above as their full-time occupations.

Total emoluments paid to the management

The company has decided to exercise the option of the protective clause of Section 286 (4) HGB with respect to the emoluments paid to management. Only one managing director, Dr Gundolf Dany, received emoluments from the company in business year 2011.

Employees

The company had an annual average of 208 employees during the reporting period (2010: 195).

Group affiliation

The company's annual financial statements are included in the consolidated financial statements of Statkraft AS, Oslo, Norway, as of 31 December 2011 (smallest group). The largest group of consolidated entities in which the company is included is the consolidated financial statements of Statkraft SF, Oslo, Norway. The management intends to file Statkraft AS' consolidated financial statements, prepared in accordance with the International Financial Reporting Standards (IFRS), in German with the online version of the Bundesanzeiger (German Federal Gazette) according to the relevant provisions for consolidated financial statements and consolidated management reports pursuant to Section 291 HGB. In this case, Statkraft Markets GmbH will not be obligated to prepare its own consolidated financial statements and a consolidated management report according to Section 290 HGB.

Deviations from German legal requirements with respect to the annual financial statements of Statkraft Markets GmbH can arise in the field of fixed assets due to different definitions of useful life, on account of different valuations of goodwill, pension provisions and pending transactions and the creation of provisions for deferred taxes thereon from the application of varying accounting and valuation methods.

Proposal for appropriation of profit

The accumulated deficit for the year will be absorbed by the sole shareholder, Statkraft Germany GmbH, pursuant to the controlling and profit and loss absorption agreement. Net income/accumulated deficit for the year is therefore disclosed as EUR 0 thousand.

Düsseldorf, 25 May 2012

Dr Torsten Amelung
Managing Director

Ivar Arne Børset
Managing Director

Stefan-Jörg Göbel
Managing Director

Inger S. Andersen
Managing Director

Dr Gundolf Dany
Managing Director

Dr Jürgen Tzschoppe
Managing Director

FIXED ASSETS MOVEMENT IN FISCAL YEAR 2011

Gross book value

	As per 1.1.2011 EUR	Additions EUR	Transfers EUR	Disposals EUR	As per 31.12.2011 EUR
I. Intangible assets					
Software	1,842,645.00	165,690.08	59,000.00	0.00	2,067,335.08
Goodwill	11,779,877.84	0.00	0.00	0.00	11,779,877.84
	13,622,522.84	**165,690.08**	**59,000.00**	**0.00**	**13,847,212.92**
II. Tangible assets					
Land, leasehold rights and buildings	37,583,741.17	188,743.26	12,090.81	0.00	37,784,575.24
Technical equipment, plant and machinery	267,864,380.01	1,311,651.09	184,411.52	80,600.77	269,279,841.85
Other equipment, fixtures, fittings and equipment	7,395,960.08	1,285,944.39	126,598.55	20,755.34	8,787,747.68
Plant and machinery in process of construction	16,060,968.38	192,734,278.13	–382,100.88	0.00	208,413,145.63
	328,905,049.64	**195,520,616.87**	**–59,000.00**	**101,356.11**	**524,265,310.40**
III. Financial assets					
Shares in affiliated companies	156,682,177.89	0.00	0.00	75,000.00	156,607,177.89
Investments	18,594,737.05	0.00	0.00	0.00	18,594,737.05
Loans due from other Group companies	13,500,000.00	2,000,000.00	0.00	1,700,000.00	13,800,000.00
Other loans	1,685,785.47	806,173.10	0.00	0.00	2,491,958.57
	190,462,700.41	**2,806,173.10**	**0.00**	**1,775,000.00**	**191,493,873.51**
	532,990,272.89	**198,492,480.05**	**0.00**	**1,876,356.11**	**729,606,396.83**

	Accumulated depreciation				Net book value	
	As per 1.1.2011 EUR	Additions EUR	Disposals EUR	As per 31.12.2011 EUR	As per 31.12.2011 EUR	As per 31.12.2010 EUR
I. Intangible assets						
Software	775,809.66	138,043.42	0.00	913,853.08	1,153,482.00	1,066,835.34
Goodwill	11,779,877.84	0.00	0.00	11,779,877.84	0.00	0.00
	12,555,687.50	**138,043.42**	**0.00**	**12,693,730.92**	**1,153,482.00**	**1,066,835.34**
II. Tangible assets						
Land, leasehold rights and buildings	12,631,984.49	11,779,972.13	0.00	24,411,956.62	13,372,618.62	24,951,756.68
Technical equipment, plant and machinery	73,537,312.47	59,126,560.61	27,853.00	132,636,020.08	136,643,821.77	194,327,067.54
Other equipment, fixtures, fittings and equipment	4,265,155.38	1,934,139.23	20,755.34	6,178,539.27	2,609,208.41	3,130,804.70
Plant and machinery in process of construction	0.00	116,170,224.31	0.00	116,170,224.31	92,242,921.32	16,060,968.38
	90,434,452.34	**189,010,896.28**	**48,608.34**	**279,396,740.28**	**244,868,570.12**	**238,470,597.30**
III. Financial assets						
Shares in affiliated companies	10,000.00	0.00	0.00	10,000.00	156,597,177.89	156,672,177.89
Investments	9,259,000.00	0.00	0.00	9,259,000.00	9,335,737.05	9,335,737.05
Loans due from other Group companies	0.00	7,500,000.00	0.00	7,500,000.00	6,300,000.00	13,500,000.00
Other loans	0.00	0.00	0.00	0.00	2,491,958.57	1,685,785.47
	9,269,000.00	**7,500,000.00**	**0.00**	**16,769,000.00**	**174,724,873.51**	**181,193,700.41**
	112,259,139.84	196,648,939.70	48,608.34	308,859,471.20	420,746,925.63	420,731,133.05

INDEPENDENT AUDITOR'S REPORT

We have audited the annual financial statements – comprising balance sheet, income statement and notes – and including the accounting, and the management report of Statkraft Markets GmbH, Düsseldorf, for the fiscal year from 1 January to 31 December 2010. The accounting and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the management of the company. It is our responsibility to form an opinion, based on our audit, on those annual financial statements, including the accounting, and the management report.

We conducted our audit of the financial statements in accordance with Section 317 HGB, taking into consideration the German standards of auditing issued by the Institut der Wirtschaftsprüfer. These standards require that we plan and perform the audit to obtain reasonable assurance that any errors and irregularities which would materially affect the representation of the assets, liabilities, financial position and profit and loss shown in the annual financial statements with due regard to generally accepted accounting standards and in the management report would be recognised. In determining the audit actions, we gave consideration to our knowledge of the business activities and the economic and legal environment of the company as well as to our expectations of possible errors. The scope of the audit also includes, primarily on a test basis, an assessment of the effectiveness of the internal controlling system related to the accounting as well as of the evidence for the amounts and disclosures in the accounting, financial statements and management report. The audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall presentation of the financial statements and the management report. We believe that our audit provides an adequately assured basis for our opinion.

Our audit did not reveal any reasons for objection.

In our opinion, based on our findings during the audit, the annual financial statements of Statkraft Markets GmbH, Düsseldorf, are in conformity with legal statutes and, with due regard to the generally accepted accounting principles, give a true and fair view of the company's assets, liabilities, financial position and profit and loss. The management report is consistent with the annual financial statements, gives overall a true and fair view of the company's position and accurately describes the opportunities and risks of future developments.

Düsseldorf, 6 June 2012

Deloitte & Touche GmbH
Chartered Accountants

(Crampton)
German Public Auditor

(Hölscher)
German Public Auditor

Note: German version prevails

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