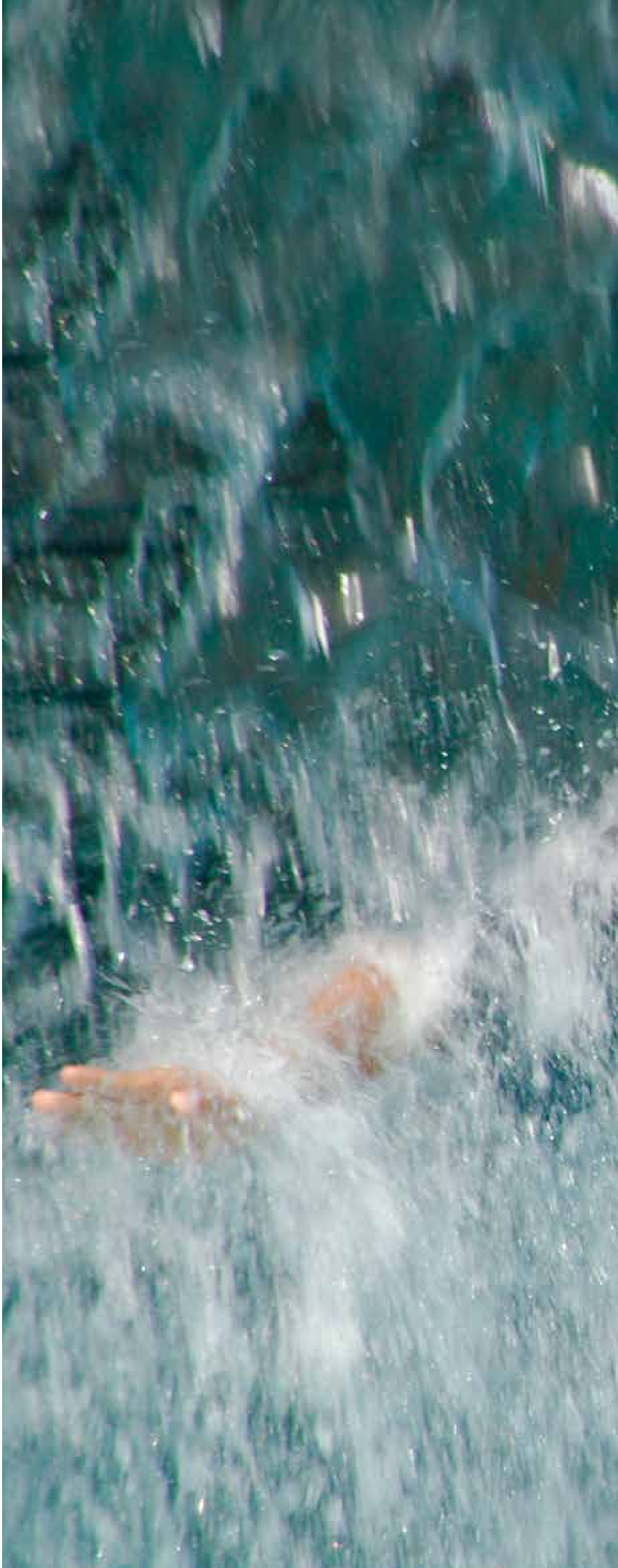
SN Power

ANNUAL REPORT 2013

Powering development

www.snpower.com

Content



OVERVIEW

About SN Power

Creating sustainable success

SN Power Group is a commercial business dedicated to investing in clean, renewable and responsible energy production in emerging global markets.

Statkraft Norfund Power Invest AS (SN Power) was established in 2002 by Norwegian state entities Statkraft and Norfund. The company's mission was to become a leading hydropower company in emerging markets, contributing to economic growth and sustainable development.

In December 2013, Statkraft and Norfund signed a Transaction Agreement to restructure and prolong their cooperation within the renewable energy sector. This led to the creation of a new company – SN Power AS – with ownership split 50/50 between the two founding partners.

The arrival of SN Power AS marks a new dawn for the business. It will now focus exclusively on developments in Southeast Asia, Africa and Central America. The existing operations in the Philippines will continue under SN Power AS as they did before the restructure. The business in Africa and Central America will, as previously, be performed through the subsidiary Agua Imara AS, with BKK Produksjon AS and TrønderEnergi AS remaining as minority shareholders. SN Power AS will also specialise in the development of renewable energy projects, with a focus on hydropower, in a number of promising growth markets in emerging economies.

SN Power's former portfolio in South Asia and South America will be transferred to Statkraft and operationally integrated alongside the firm's other assets. A separate project and construction unit will be established within Statkraft, which will be a preferred supplier of project execution services to all international hydropower projects within Statkraft and SN Power AS.

With **Statkraft** as one of its principal owners, SN Power AS has a strong industrial foundation, built on more than 100 years of developing, owning and operating hydropower in Norway. Statkraft is the largest renewable energy company in Europe, with about 57 TWh in annual electricity production.

Norfund is a Norwegian development financial institution (DFI), which invests risk capital in profitable private enterprises in Africa, Asia, Latin America and the Balkans. Through Norfund, SN Power AS has access to significant experience and expertise in conducting investments in emerging markets.

SN Power invests in clean, renewable energy on a commercial basis in emerging markets.

We focus on acquiring, developing, constructing and operating hydropower assets.

Vision

SN Power's vision:
Powering development through renewable energy.

Mission

SN Power's mission:
To become a leading hydropower company in emerging markets, contributing to economic growth and sustainable development.

Leadership Principles

Always:
– Inspire
– Involve
– Improve
... with Integrity

Core values

SN Power's core values:
COMPETENCE: using knowledge and experience to achieve ambitious goals and be recognized as a leader.

RESPONSIBILITY: creating value while showing respect for employees, customers, the environment and society.

INNOVATION: thinking creatively, identifying opportunities and developing effective solutions.

Key figures

	UNIT	2013	2012	2011	2010	2009	2008	2007	2006
GROSS POWER PORTFOLIO									
Net installed capacity	MW	1 042	1 118	992	838	667	630	630	383
Net installed capacity under construction	MW	186	186	200	300	292	320	284	160
Gross production, actual	GWh	6 705	5 736	4 262	4 250	3 800	3 435	2 162	1 200
Net production (SN Power share)	GWh	3 980	3 562	2 933	2 858	2 700	2 492	1 470	813
FINANCIAL									
Gross operating revenue	MUSD	274	260	189	114	119	161	79	51
IIncome from associated companies / JVs	MUSD	87	108	83	84	31	28	31	3
EBITDA [1]	MUSD	98	65	45	29	46	60	37	23
Net earnings after tax	MUSD	128	107	31	53	41	52	47	11
Cash flow from operational activities	MUSD	33	46	-36	32	17	38	30	15
Cash and cash equivalents	MUSD	161	188	212	247	347	192	134	121
Equity	MUSD	2 016	1 893	1 761	1 305	1 215	863	802	304
Equity investments from SN power	MUSD	29	453	217	107	6	111	425	61
New equity	MUSD	39	60	473	-	281	79	409	81
Interest bearing debt/equity ratio [2]	%	23	24	25	24	26	36	23	28
Equity ratio [3]	%	72	72	71	76	75	70	77	72
HUMAN CAPITAL									
Employees	Number	505	523	494	427	466	479	415	220
Sickness absence	%	1.8	1.2	1.7	1.5	1.2	0.2	0.2	0.2
Total recordable injury rate – Operations		2.6	2.0	2.5	3	1	4	N/A	N/A
Total recordable injury rate – Projects		3.8	7.1	6.9	4	6	16	N/A	N/A
ENVIRONMENT									
Environmental fines	MUSD	-	0	0	0	0	0	0	0
Carbon dioxide emissions [4]	TONNES	30 831	466	4 635	744	3 498	2 992	269	400

[1] Consolidated numbers, excluding income from associated companies/joint ventures.
[2] Long-term and short term liabilities to financial institutions / Total equity
[3] Equity / Assets
[4] Emissions from the Colmito back-up gas fired plant in Chile.

OVERVIEW

Key Events 2013

"The new platform for cooperation will scale up our joint efforts benefiting the global fight against climate change as well as the fight against poverty."

Kjell Roland, Managing Director of Norfund

DECEMBER

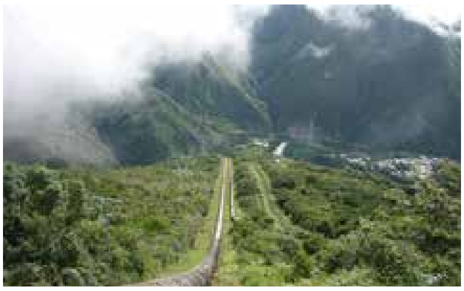
Q4 / Strengthening the position

Bringing the 10-year cooperation to the next phase, Statkraft and Norfund signed a final agreement to restructure and prolong their co-operation within renewable energy. The geographical focus is emerging markets in South-east Asia, Africa and Central America, due to expected long-term economic growth, increased need for environmentally-friendly energy and the potential for hydropower development in the regions.

A new company, also called SN Power, will be created. The business in Africa and Central America will be performed through the subsidiary Agua Imara, where BKK and TrønderEnergi are minority Shareholders.

"This agreement confirms the long term strategic cooperation between Norfund and Statkraft, BKK and TrønderEnergi to harness and develop hydropower resources in developing countries. The new platform for co-operation will scale up our joint efforts benefiting the global fight against climate change as well as the fight against poverty," says Kjell Roland, Managing Director of Norfund.

JULY



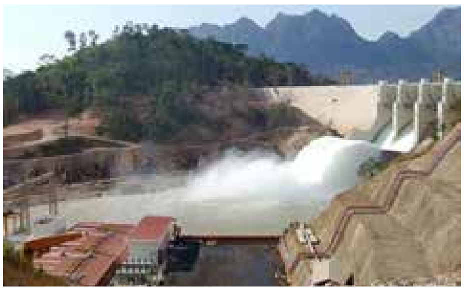
Q3 / From wind to water

SN Power signed an agreement to sell 100% of the shares in Norvind S.A. whose sole asset is the Totoral Wind Farm in Chile, to Latin America Power (LAP), a Brazilian energy company.

Torger Lien, CEO of SN Power declared after the signing: "We are very happy that Totoral was bought by LAP, a company that, like ourselves, is confident in the development of renewable energy in Latin America. Within the process of asset portfolio restructuring of SN Power in Chile, the sale of Totoral allow us to focus in pursuing new investment alternatives in hydropower projects in the region."

"Considering that all the future projects of SN Power in Chile and in the region will be hydropower, the sale of Totoral allow us to concentrate in the search of renewable projects that comply with high standards in environmental and social matters. As a company we are screening for new opportunities, whether in Chile, Peru, Brazil or other market in the region," says Halvor Fossum-Lauritzsen, Acting Country Manager of SN Power Chile.

APRIL



Q2 / A move into Laos

SN Power entered into an agreement to buy Statkraft's 20% ownership share in the 500 MW hydropower plant Theun Hinboun Power Company (THPC) in Laos. THPC is a Laotian power company owned by EdL Generation, Laos (60%), GMS Power, Thailand (20%) and Statkraft (20%). EdL Generation is a listed power company, owned 75% by the state owned Electricite du Laos (EdL). This acquisition represents the first investment of SN Power in Laos.

FEBRUARY

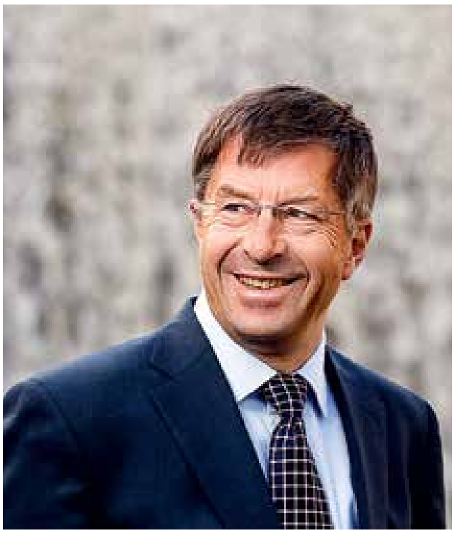
Q1 / Remote controlled water

SN Power Peru's completed the process to atomize and remotely control its main hydropower plants. The Remote Control project automates key processes of the main plants of SN Power Peru – Yaupi, Malpaso, Cahua and Gallito Ciego – so that they are remotely operated from the Control Center located in Lima. This optimization of the available water resources makes SN Power the company with the highest effective power output under remote control in Peru.

New horizons

Message from the CEO

Torger Lien
PRESIDENT & CEO



During the twelve years of SN Power's existence, we have developed, built and acquired a large portfolio of renewable assets in emerging markets.

Challenges have been faced head-on and resolved by teams of dedicated and experienced employees, resulting in sound financial returns and even more exciting opportunities on the horizon. Our owners have therefore decided to reorganize our business to further take advantage of two of our core competencies: optimizing returns from the current asset base and actively seeking opportunities in emerging markets.

Achievements in 2013

Among our great achievements in 2013 has been the finalisation of several important upgrade and construction projects. In Chile, both the La Higuera (HLH) and La Confluencia (HLC) plants resumed full operations, and in the Philippines the rehabilitation of the Binga hydropower plant was completed in October, a year ahead of schedule, below budget and with no major HSE incidents.

Securing the health and safety of the people working for SN Power is a key focus area throughout the company. Promoting health and safety is one of our core business principles but also a licence to operate in the markets we are in. For this reason any fatality related to our projects is one too many. There was nevertheless one fatality in one of SN Power's projects during 2013. It was with deep regret that we received the news that a tunnel worker employed by a contractor was fatally injured after being trapped between a mobile loader and the tunnel wall at the Cheves hydropower project in Peru. Everyone should be safe when working on an SN Power project, and our work to safeguard the health and lives of our people will continue with unprecedented efforts.

Operations in South America showed positive developments in 2013. We have implemented an automation project in **Peru** and several power plants are operating on remote control mode. Through an active commercial strategy, the company also entered into a number of favourable power sales contracts. Although Brasil has seen one of the driest wet seasons in history, our operations have delivered sound results. SN Power has also successfully expanded its commercial activities in Brazil, both optimizing the Enerpar portfolio and through proprietary trading and origination. With all assets in **Chile** back in operations we have laid the foundation for sound operational and financial performance in the years to come.

Our operations in **India** are continuing to deliver

> "After more than a decade of successful investments we have presented our best results in history, and we are celebrating the finalisation of some of our largest and most complex construction projects in 2013. The reorganisation in 2014 will give New SN Power the opportunity to further develop its core excellence; continue its success as a developer of renewable assets in developing and emerging markets."

TORGER LIEN
PRESIDENT & CEO

fair results despite very low market prices in the country. Through our partnership with Tata Power, SN Power continued to evaluate new and promising investment opportunities in 2013. A newly established trading and origination subsidiary of SN Power is in the process of positioning itself within energy trading in India. SN Power's operations in **Nepal** delivered positive results in 2013, however new business development will not be undertaken until the political situation in Nepal has improved, enabling a more stable investment climate.

Performance in the **Philippines** has remained at a high and sound level, although financial results have not been as high as in the exceptional year of 2012. During 2013 the Luzon grid experienced periods of acute power shortages, during which SN Power's hydropower plants successfully delivered ancillary services as a mitigating action.

SN Power is continuing to monitor the development in **Vietnam** with an aim to establish a long term position as an industrial player in the Vietnamese energy market. We have investigated potential hydropower opportunities in **Myanmar** over the last years, and have had promising dialogue with stakeholders in this market which has opportunities for greenfield hydropower development.

Through our 51% ownership share in Agua Imara, SN Power participates in the development of hydropower assets in Africa and Central America. Agua Imara has a majority share in two operating plants located in **Zambia** and four projects under construction or in engineering/feasibility phases in Zambia and **Panama**. Our position in these markets has developed very positively in 2013.

The future of SN Power

Statkraft and Norfund started their cooperation in developing renewable energy globally in 2002 with the establishment of SN Power. In December 2013, the two companies signed an agreement to restructure and prolong their cooperation within renewable energy. SN Power's existing portfolio in South Asia and South America will be integrated with Statkraft International Hydro's other assets.

A new company named SN Power AS will be created, with geographical focus on Southeast Asia, Africa and Central America. The business in Africa and Central America will be performed through the subsidiary Agua Imara though with a common management team with SN Power. The companies will specialize in the development of renewable energy projects in a number of very exciting and promising growth markets in emerging economies, such as Panama, Costa Rica, Zambia, and hopefully, also Vietnam and Myanmar.

We believe that Norwegian companies are uniquely positioned to become leading players in the development and production of renewable energy in developing countries, through our long history and experience with hydropower development, our access to capital and dedication to combat climate change. Access to competitive financing is crucial for successful sustainable investment in these markets. In addition to our historic financing partners, SN Power will work with Norwegian and international financial and guarantee institutions to find ways to support such investments.

The rationale for investing in emerging markets is the attractiveness of these markets due to expected long-term economic growth, increased need for environmentally-friendly energy, and the large potential for profitable and sustainable development of renewable energy sources. New SN Power is uniquely positioned to play an important role in developing sustainable renewable energy projects in these markets.

TORGER LIEN
PRESIDENT & CEO

Global vision

SN Power has diversified its portfolio across different regions, focusing on projects and plants in emerging markets in Latin America, Asia and Africa. SN Power was established in 2002 and is owned by the Norwegian state entities Statkraft and Norfund.

37 plants

SN Power's number of operating plants and plants under construction

12 years

Since 2002, SN Power has built a strong position in emerging hydropower markets

≈500 people

Number of employees in SN Power

1 304 MW

Net installed capacity with a mean annual generation of 5.200 GWh

Figures as of December 31, 2013.

LEARN MORE /snpower.com

Our operations

(AS OF DECEMBER 31, 2013)

South America

Brazil

CERAN COMPLEX
Installed capacity (MW): 360
Average annual output (GWh): 1,515
SN Power ownership: 2.03%

MONJOLINHO
Installed capacity (MW): 74
Average annual output (GWh): 395
SN Power ownership: 40.65%

ESMERALDA
Installed capacity (MW): 22
Average annual output (GWh): 129
SN Power ownership: 40.65%

DONA FRANCISCA
Installed capacity (MW): 125
Average annual output (GWh): 680
SN Power ownership: 0.86%

MOINHO
Installed capacity (MW): 14
Average annual output (GWh): 61
SN Power ownership: 40.65%

ENERCASA
Installed capacity (MW): 33
Average annual output (GWh): 140
SN Power ownership: 40.65%

SANTA ROSA
Installed capacity (MW): 30
Average annual output (GWh): 150
SN Power ownership: 40.65%

PASSOS MAIA
Installed capacity (MW): 25
Average annual output (GWh): 115
SN Power ownership: 20.33%

SANTA LAURA
Installed capacity (MW): 15
Average annual output (GWh): 89
SN Power ownership : 40.65%

MACAÚBAS
(project under construction)
Projected capacity (MW): 30
Average annual output (GWh): 92
SN Power ownership: 40.65%

SEABRA
(project under construction)
Projected capacity (MW): 30
Average annual output (GWh): 92
SN Power ownership: 40.65%

NOVO HORIZONTE
(project under construction)
Projected capacity (MW): 30
Average annual output (GWh): 92
SN Power ownership: 40.65%

BARRA DOS COQUERIOS
(project under construction)
Projected capacity (MW): 30
Average annual output (GWh): 92
SN Power ownership: 35.91%

Chile

LA CONFLUENCIA
Installed capacity (MW): 158
Average annual output (GWh): 642
SN Power ownership: 50%

LA HIGUERA
Installed capacity (MW): 155
Average annual output (GWh): 758
SN Power ownership: 50%

TOTORAL WIND FARM
Installed capacity (MW): 46
Average annual output (GWh): 103
SN Power ownership: 100%

COLMITO
Installed capacity (MW): 60
Average annual output (GWh): 0
SN Power ownership: 50%

Peru

ARCATA
Installed capacity (MW): 5
Average annual output (GWh): 27
SN Power ownership: 100%

CAHUA
Installed capacity (MW): 43
Average annual output (GWh): 292
SN Power ownership: 100%

GALLITO CIEGO
Installed capacity (MW): 38
Average annual output (GWh): 88
SN Power ownership: 100%

LA OROYA
Installed capacity (MW): 9
Average annual output (GWh): 40
SN Power ownership: 100%

MALPASO
Installed capacity (MW): 48
Average annual output (GWh): 140
SN Power ownership: 100%

PACHACHACA
Installed capacity (MW): 10
Average annual output (GWh): 34
SN Power ownership: 100%

PARIAC
Installed capacity (MW): 5
Average annual output (GWh): 36
SN Power ownership: 100%

YAUPI
Installed capacity (MW): 113
Average annual output (GWh): 734
SN Power ownership: 100%

CHEVES
(Project under construction)
Installed capacity (MW): 171
Average annual output (GWh): 812
SN Power ownership: 100%

Central America

Costa Rica

Agua Imara opened an office in Costa Rica in June 2010

Panama

BAJO FRIO
(Project under construction)
Installed capacity (MW): 58
Average annual output (GWh): 260
SN Power ownership: 23%

Africa

Zambia

MULUNGUSHI
Installed capacity (MW): 29
Average annual output (GWh): 236
SN Power ownership: 26%

LUNSEMFWA
Installed capacity (MW): 18
Average annual output (GWh): 149
SN Power ownership: 23.4%

Mozambique

Agua Imara opened an office in Mozambique in 2012

South Asia

India

ALLAIN DUHANGAN
Installed capacity (MW): 192
Average annual output (GWh): 802
SN Power ownership: 43.12%

MALANA
Installed capacity (MW): 109
Average annual output (GWh): 350
SN Power ownership: 49%

Nepal

KHIMTI I
Installed capacity (MW): 60
Average annual output (GWh): 350
SN Power ownership: 57.1%

Sri Lanka

ASSUPINIELLA
Installed capacity (MW): 4
Average annual output (GWh): 18
SN Power ownership: 30%

BELIHULOYA
Installed capacity (MW): 2
Average annual output (GWh): 9
SN Power ownership: 30%

Southeast Asia

The Philippines

AMBUKLAO
Installed capacity (MW): 105
Average annual output (GWh): 207
SN Power ownership: 50%

BINGA
Installed capacity (MW): 120
Average annual output (GWh): 260
SN Power ownership: 50%

MAGAT
Installed capacity (MW): 360
Average annual output (GWh): 940
SN Power ownership: 50%

Singapore

SN Power has an office in Singapore

Vietnam

SN Power opened an office in Hanoi in April 2010

Corporate governance

SN Power complies with international corporate governance practices and its principles are based on the Norwegian Code of Practice for Corporate Governance (NUES). Non-compliances are attributable to the fact that SN Power is not a publicly listed company as it is owned by Statkraft and Norfund, and restrictions contained in the Articles of Association. A statement concerning follow-up of the items in the Norwegian Code of Practice for Corporate Governance is given below.

1. Corporate governance statement

The basis for the board of SN Power's corporate governance work is the Norwegian Code of Practice for Corporate Governance.

The code has been applied to the extent permitted by the company's organisation and ownership. Non-compliances are attributable to the fact that SN Power is not a publicly listed company, that it is owned by Statkraft and Norfund, as well as restrictions contained in the Articles of Association. The non-compliances relate to non-discrimination of shareholders, tradability of shares, the annual general meeting, nomination committee, the corporate assembly, and take over.

SN Power's policy for corporate governance establishes the relationship between the company's owners, board of directors, and management.

2. Business

SN Power's Articles of Association state that: "The object of Statkraft Norfund Power Invest AS is, alone, or through participation in or cooperation with other companies, to plan, design, construct and operate energy production facilities, undertake financial and physical energy trading, and operate businesses which are naturally associated with the same".

Statkraft Norfund Power Invest AS is registered in Norway and its management structure is based on Norwegian company law and the Limited Companies Act. In addition, the company's Articles of Association, mission, values, code of conduct, corporate governance policies and ethical guidelines are guiding for the company's business.

A summary of the mission, values, and code of conduct can be viewed at www.snpower.com.

3. Share capital and dividend

Statkraft Norfund Power Invest AS has a share capital of thousand USD 583 350 divided among 32 533 100 shares, each with a face value of NOK 100.

It is the joint intention and purpose of the shareholders that SN Power shall be a going concern and shall be independently viable in all possible aspects. The shareholders shall exert their individual best efforts to make the company viable and profitable.

See note 3 and 24 for more information about the management of the capital structure and note 20 for shares and shareholder information.

4. Equal treatment of shareholders and transactions with related parties

60% of the shares in Statkraft Norfund Power Invest AS are owned by the state-owned enterprise Statkraft AS and the remaining 40% by the Norwegian investment fund for developing countries NORFUND. The Shareholder Agreement, dated 22nd of December 2008, defines the treatment of shareholders and transactions with related parties.

See note 26 for further information about related parties.

5. Freely negotiable

N/A, shares are not traded in the open market.

6. General meeting

The shareholders exercise supreme authority over Statkraft Norfund Power Invest AS through the annual general meeting. In accordance with the Articles of Association the annual general meeting shall be held annually before the end of June.

In accordance with the Articles of Association of Statkraft Norfund Power Invest AS the annual accounts and auditor's report shall be presented and the following issues dealt with and decided:

- Adoption of the income statement and balance sheet, including the allocation of profit or the covering of any loss
- Adoption of the consolidated income statement and consolidated balance sheet

- Other issues in accordance to the law or the Articles of Association lie with the general meeting

7. Nomination committee
N/A. There is no nomination committee.

8. The corporate assembly and board of directors, composition and independence
Pursuant to the Norwegian Public Limited Liability Companies Act, Statkraft Norfund Power Invest AS does not have a corporate assembly as it has fewer than 200 employees.

Statkraft Norfund Power Invest AS shall have up to 8 directors. Four directors, including the chairperson, are nominated by Statkraft, two are nominated by Norfund, and two directors are elected by the employees of Statkraft Norfund Power Invest AS in accordance with the regulations of the Norwegian Companies' Act. The directors shall be elected for periods of two years.

The board members are evaluated on the basis of their expertise and independence. The board shall furthermore be independent of the company's executive employees. The current challenges facing the company are taken into consideration in establishing the composition of the board.

9. The work of the board of directors
The board has established rules of procedure for the board of Statkraft Norfund Power Invest AS that lay down guidelines for the board's work and decision-making procedures. The board's tasks are described in general by Norwegian company law and the company's Articles of Association. The rules of procedure also define the tasks and obligations of the Chairman and CEO in relation to the board.

Due to its size and that Statkraft Norfund Power Invest AS is not publicly listed, it does not have an audit committee nor a compensation committee. The board will undertake an annual evaluation of its own performance. The purpose of the evaluation is to improve board effectiveness. The chair will act on the results of the performance evaluation by recognising the strengths and addressing the weaknesses of the board.

The annual general meeting determines the remuneration of the board members.

See Report from the Board of Directors for more information about the work of the board of directors.

10. Risk management and internal control
SN Power's investments are made in emerging markets in Asia, Africa and Latin America, and are to a great extent exposed to high level of risk in terms of their future return. SN Power is continuously working to improve its methods for risk management to measure, mitigate, and manage this risk exposure.

Comprehensive risk analysis techniques covering financial, economical, social, environmental, and political factors have been established in the company's project management system. The methods identify risk at an early phase in valuation process and implement appropriate mitigation plans which are monitored through the projects.

As part of the Group's internal control system, Statkraft's corporate audit function assist the SN Power board and management in making an independent and impartial evaluation of the Group's key risk management and control procedures. Statkraft's Corporate Audit shall also contribute to ongoing quality improvement in internal management and control systems. The annual corporate audit report and auditing plan for the coming year shall be laid before the board.

Risk management and internal control has been further discussed in the Report from the Board of Directors and note 3.

11. Board remuneration
The board's remuneration is not related to the company's results.

See Parent company note 3 for information about the board remuneration.

12. Remuneration to executive employees
The salary and other remuneration of the CEO are decided by a convened meeting of the board. The remuneration of other executive management is decided by the CEO, based on a structure agreed by the board to enhance value creation by the company through shared goals.

The board reviews the CEO's performance in meeting agreed goals and objectives on an annual basis.

See note 9 for information about the remuneration to executive employees.

13. Information and communication
SN Power emphasises open and honest communications with all its stakeholders and places the greatest focus on the stakeholders who are directly affected by SN Power's business. The information the company provides to its owner, lenders and the financial markets in general shall permit an evaluation of the company's underlying values and risk exposure. SN Power's financial reports shall be transparent, and provide the reader with a broad, relevant and reliable overview of its strategies, targets and results, as well as its consolidated financial performance.

14. Take-over of the company
N/A. Shares not traded.

15. Auditor
The annual general meeting appoints the auditor based on the board's proposal and approves the auditor's fees. The auditor serves until a new auditor is appointed. The external auditing contract is normally put out to tender at regular intervals.

The board has meetings with the external auditor to review the annual financial statements and otherwise as required. The board evaluates the external auditor's independence and has established guidelines for the use of the external auditor for consultancy purposes. In accordance with the requirement to maintain the auditor's independence, SN Power will only make limited use of the external auditor for tasks other than statutory financial audits.

Prorata Income Statement 2013

SN Power Group

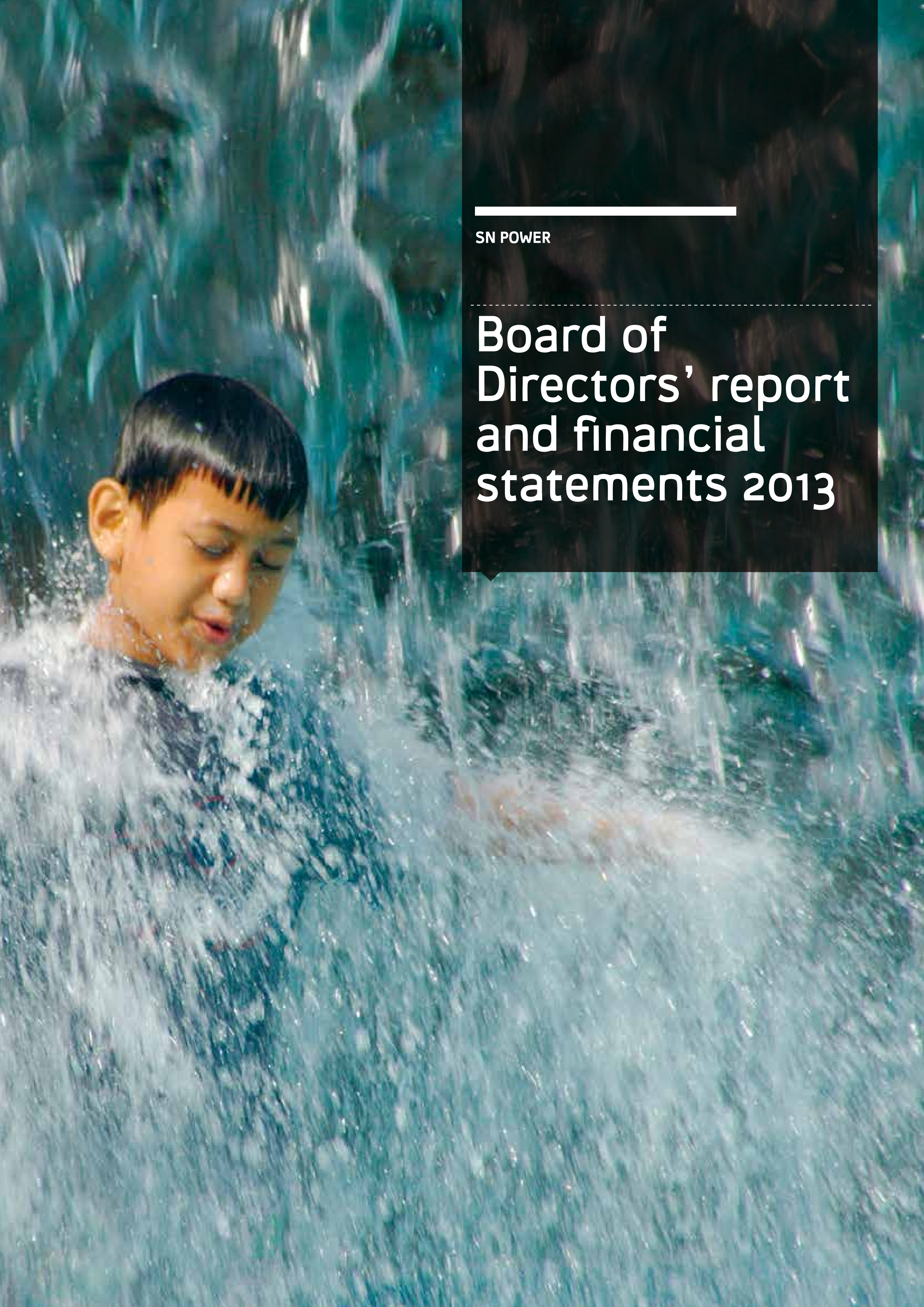
AMOUNTS IN 1000 USD	CONSOLIDATED 2013	NON-CONTROLLING INTERESTS 2013	ASSOCIATED COMPANIES AND JOINT VENTURES 2013	ADJUSTMENTS 2013	PRORATA 2013	PRORATA 2012
OPERATING REVENUES AND EXPENSES						
Sales revenues	274	-30	395		639	585
Change in fair value of energy contracts	39	-	-	-39	-	-
Energy purchase and costs related to power sales	-116	-	-87		-203	-182
Salary and personnel costs	-51	6	-15		-60	-65
Depreciation, amortization and impairment	-21	4	-59		-75	-80
Other operating costs	-47	7	-76		-117	-78
Income from investments in associated companies and joint ventures	87	-	-	-87	-	-
EARNINGS BEFORE FINANCIAL ITEMS AND TAX	164	-14	158	-125	183	180
Financial income	13	-1	2		13	22
Financial expenses	-23	1	-75		-97	-112
Gain (losses) on derivatives	-4	-	-2	6	-	-
NET FINANCIAL ITEMS	-15	-0	-74	6	-83	-91
Profit before tax	149	-14	83	-119	100	90
This year's tax expense	-21	2	4		-16	6
NET PROFIT FOR THE YEAR	128	-12	87	-119	84	95

(Prorata = multiplied with SN Power owner share)

In order to have a better and more complete picture of SN Power's financial status, prorated numbers adjusted for changes in fair value are used for internal reporting.

SN Power's business model is to a large extent built on development of joint projects with local partners and in such projects the power to govern financial and operational matters will be shared between the shareholders.

In the financial statements these investments are treated in accordance with the equity method, and presented as a single line item in the income statement and in the balance sheet. For internal reporting purposes, in order to have a better and more complete picture of the financial result, prorated numbers are used and these are also adjusted for effects from fair value changes in derivatives.



SN POWER

Board of Directors' report and financial statements 2013

Board of directors' report 2013

Statkraft Norfund Power Invest AS ("SN Power") was established in 2002, and is owned by Statkraft (60%) and Norfund (40%). SN Power's business strategy is to develop, build, acquire, own and operate sustainable hydropower projects in emerging markets on commercial terms. The company's mission is to become a leading hydropower company in emerging markets, contributing to economic growth and sustainable development. In June 2013, Statkraft and Norfund announced plans for restructuring the company, which is further described in Chapter 9.

1. Highlights 2013

- The Group's net profit in 2013 was MUSD 128, up from MUSD 107 in 2012. The majority share of the consolidated net profit in 2013 was MUSD 117, up from MUSD 97 in 2012.
- The rehabilitation of the Binga hydropower plant (125 MW) in the Philippines was completed and commissioned in October, a year ahead of schedule and with no major incidents. The upgrade is also approved and registered to generate carbon credits under the United Nation's Clean Development Mechanism.
- Post-commissioning work at La Higuera and La Confluencia hydropower plants in Chile was completed, leading to both plants back in commercial operations.
- The Totoral wind farm (Norvind) and the Colmito backup plants in Chile were divested.
- SN Power successfully expanded its commercial activities in Brazil, both optimizing the Enerpar portfolio and through proprietary trading and origination. The first Trading & Origination (T&O) wind transaction was completed.

2. Finance

SN Power Group achieved a majority's share of net profit of MUSD 117 in 2013, an increase of MUSD 20 from 2012. The results shown in the country sections below are related to SN Power's pro-rata share of net profit.

Peru: SN Power Peru had a net profit of MUSD 29 which is MUSD 4 lower than in 2012. However, the previous year figure included MUSD 9 gain before tax from sale of assets. While production is at the same level as the previous year, the electricity sold is 27% higher and the residual has been covered by power purchases. This comes as a result of a change in commercial strategy (fixed, reference and spot price mix) which improves tariffs and diversifies risk.

Chile: The Totoral wind farm (Norvind) was divested mid-year. It contributed negatively to the net profit with MUSD 5. The net profit, exclusive MUSD 4 in loss on an interest swap, for the first half of the year is lower than the comparable first half of 2012 due to less favourable wind conditions. Colmito, the gas fired backup plant was also divested during the year. The two hydropower plants Hidroeléctrica La Higuera S.A. (HLH) and Hidroeléctrica La Confluencia S.A. (HLC) have not been operating for the full year. HLH showed positive net profits of MUSD 2.1 included received insurance claim of MUSD 25 with a net profit effect after tax of MUSD 20. HLC showed negative net profits MUSD -6.7 for the year.

HLH has received an amount of MUSD 50 (100%) of the total insurance claim related to the collapse of the headrace tunnel in August 2011 from the insurers, (SN Power's share is MUSD 25) which are accounted for as income in the 2013 accounts. The objective is to settle the final insurance claim by the 1st half 2014.

Brazil: In 2012 SN Power expanded its commercial initiatives by establishing the business area Trading and Origination (T&O), and 2013 was a successful year for this unit. The Power Purchase Agreements (PPAs) in the Enerpar portfolio acquired in 2012 are classified as financial instruments measured at fair value and presented as "Change in fair value of energy contracts" included in "Earnings before financial items and tax". The effect on net profit from changes in fair value of these contracts amounts to MUSD 26 in 2013 as compared to a negative impact of MUSD -12 in 2012.

Desenvix was included in SN Power's accounts as a joint venture from March 2012. In 2013 Desenvix had a negative net profit of MUSD -4 as compared to MUSD -6 the year before. The negative results were mainly due to PPA penalties arising from delayed start-up of the wind farms, unfavourable FX effects from USD loan, lack of fuel (bagasse) for the biomass plant Enercasa, provision for bad debt for loan to bagasse supplier, and reduced revenues because of a regulatory hydrology risk sharing system. The negative effects are partly offset by positive share of net profits from Desenvix' associated companies.

India: SN Power's business in India had a total net profit of MUSD 2, the same as in 2012. Both prices and production were at a lower level in 2013 compared to the year before, but the Duhangan tunnel has been in operation for the full year. The T&O unit has been in the build-up phase in 2013 and trading operations will start 1st half 2014. The 2013 result was a negative net profit for the year of MUSD -1.

Revenue, EBITDA and the majority share of net profit			2012	2011
(MUSD)	Revenue	EBITDA	The majority's share of net profit	The majority's share of net profit
Consolidated companies				
Peru	130	63	29	33
Nepal	36	33	15	11
Chile – Norvind	7	5	-5	-9
Brazil	118	39	26	-12
Zambia	16	8	1	1
Holding companies and other effects	5	-50	-36	-37
Associated companies and joint ventures			87	108
Income statement	312	98	117	97

Nepal: In Nepal SN Power's Himal Power Ltd had a net profit of MUSD 15 which is MUSD 4 higher than 2012 which included settlement costs related to Khimti Services Pvt Ltd. Production is at the same level as the previous year.

Philippines: Although not at 2012 level, SN Power's business in the Philippines showed good financial performance also in 2013 with a net profit of MUSD 107 compared to MUSD 173 the year before. Energy prices have moved from a very high to a high level. As anticipated both the prices and the demand for ancillary services (sales of system standby reserves) have seen a decline since 2012 which is the most important explanation for the reduction in net profit in 2013.

The Philippine power market experienced in November and part of December the highest prices recorded since the spot market (WESM) was established in 2006. Supreme Court has issued a ruling (Temporary Restrain Order, TRO) preventing Meralco (the largest retail distribution company) from increasing their end user rates. Meralco has only paid to WESM what it has been able to collect based on the TRO, which is insufficient for WESM to compensate generators in full.

As a consequence a provision for non-collected payments from power sales are included in the accounts. The provision reflects 39% non-collected payments from November sales and an expected 50% non-collection from December sales.

Agua Imara: Lunsemfwa Hydro Power Company Ltd. in Zambia had a net profit of MUSD 0.7 which is MUSD 0.4 lower than 2012. The main drivers are maintenance, water conservation at Mita Hills, canal repairs, delays in implementing new transformer and impairment of business development costs.

> SN Power Group

The Group's sales revenues included change in fair value of energy contracts increased to MUSD 312, compared to MUSD 242 in 2012. This improvement is mainly caused by increased fair value on energy contracts in Brazil (MUSD 59), higher revenues in Peru (MUSD 18) and sale of Norvind (MUSD -18).

Payroll and personnel costs decreased by MUSD 4 to MUSD 51, mainly due to cost savings in holding companies and lower profit sharing in Peru. Other operating costs decreased by MUSD 4 to MUSD 47, mainly due to sale of Norvind (MUSD 2), high non-operational costs in Nepal in 2012 (MUSD 4) and partly off-set by higher plant maintenance and bad debts provisions in Zambia (MUSD 2) in 2013.

Depreciation, amortization and impairment decreased by MUSD 21 to MUSD 21, mainly due to impairment of fixed assets in 2012 (MUSD 14), sale of Norvind and impairment of capitalized project development costs in 2012 (MUSD 5).

SN Power develop joint projects with local partners, and these investments are accounted for under the equity method in the Group financial statements. Income from investments in associated companies and joint ventures amounted to MUSD 87 in 2013, compared to MUSD 108 in 2012. This includes associated companies and joint ventures in the Philippines, Sri Lanka, India, Brazil, Chile and Panama.

Net financial items amounted to MUSD -15 in 2013, a negative change of MUSD 18 from 2012. The 2012 result had a positive net effect from currency forward contracts of MUSD 22, which explains the large year-to-year change.

Tax expenses in 2013 were MUSD 21, an increase of MUSD 12 from 2012. Tax expense in 2013 was affected by change in deferred tax related to Brazil T&O (MUSD -19), change in deferred tax related to sale of Norvind (MUSD 9) and reduced tax payable due to sale of Norvind and reduced tax payable in Peru.

BALANCE SHEET

Total assets for the Group amount to MUSD 2 800 as of 31 December 2013 compared to MUSD 2 632 in 2012. MUSD 161, compared to MUSD 188 in 2012, is bank deposits and cash equivalents. Restricted bank deposits are MUSD

3 compared to MUSD 43 in 2012. The Group's interest-bearing debt is MUSD 457 compared to 445 in 2012. Total equity including the non-controlling interests represents MUSD 2 016, compared to MUSD 1 893 in 2012.

Significant changes to the balance sheet, compared to 2012, are:

- Non-current assets have increased from MUSD 2 215 to MUSD 2 356, mainly due to the construction of the Bajo Frio hydropower project in Panama (MUSD 58) and the construction of the Cheves hydropower project in Peru (MUSD 165). Sale of Norvind reduced non-current assets (MUSD 105). Loan to associated companies and joint ventures has increased due to increased loan to La Confluencia (MUSD 31) and the net increased loan to La Higuera (MUSD 2). La Higuera received MUSD 49 in funding from the owners until July. MUSD 27 of the funding was used as injection of share capital and MUSD 19 was repaid with proceeds from sale of Colmito and insurance claim.
- Current assets increased from MUSD 417 to MUSD 444 primarily due to reduced bank deposits, increased fair value of energy contracts in Brazil (MUSD 67), reduced cash pool receivable (MUSD -20), reduced other receivables offset by a dividend receivable from The Philippines.
- Long-term liabilities increased from MUSD 569 to MUSD 617, mainly due to an increase in interest bearing long term debt in Cheves hydropower project in Peru (MUSD 50) and in the Bajo Frio hydropower project in Panama (MUSD 67), sale of Norvind (MUSD -44), ordinary repayment of loans, reduced negative fair value of energy contracts and changes in deferred tax.
- Current liabilities decreased from MUSD 170 to MUSD 167. The change is mainly driven by increased negative fair value of energy contracts (MUSD 45), reduction of loan related to Chile (MUSD -40) and ordinary repayment of loans (MUSD -22) inclusive changes in current portion long term debt.

CASH FLOW STATEMENT

The Group's net cash flow from operating activities (consolidated) in 2013 was MUSD 33 compared to MUSD 46 in 2012. The reduced cash flow from operations was mainly due to an increase in paid tax of MUSD 4 and that the increase in net profit was mainly driven by non-cash effects like market valuation of contracts etc.

Net cash used for investment activities in 2013 was MUSD 156, compared to MUSD 103 in 2012. This increase was primarily due to investments in Cheves and Bajo Frio (MUSD 223), net increase in loans (MUSD 32) and share capital injection (MUSD 27) in Chilean joint ventures. These cash outflows were partly offset by proceeds from the sale of Norvind (MUSD 54) and Colmito (MUSD 14), dividends from The Philippines (MUSD 50) and cash from SN Power's balance in Statkraft's cash pool (MUSD 21). Deposits in Statkraft's cash pool are presented under "change in current financial receivables" with a positive cash effect of MUSD 21.

Cash flow from financing activities amounted to MUSD 99 in 2013, compared to MUSD 34 in 2012. The increase stems from new paid-in equity (MUSD 55), new loans in Peru (MUSD 50) and Panama (MUSD 67), repaid loans in Peru (MUSD 19), Zambia (MUSD 3) and Chile (MUSD 41) and payment of dividend to non-controlling interests (MUSD 13).

STATKRAFT NORFUND POWER INVEST AS

The parent company, Statkraft Norfund Power Invest AS (SNPI) had an operating loss of MUSD 19 in 2013 which is MUSD 6 lower than 2012 due to planned cost reductions. The net profit for the year was MUSD 17 in 2013, compared to MUSD 2 in 2012. The higher net profit in 2013 compared to 2012 is due to lower operating loss and higher net financial gain.

Net financial items amounted to MUSD 36 compared to MUSD 27 in 2012. The main reasons are increased "group contribution" and partly reduced by impairment on shares in SN Power Brazil AS. The value of SN Power Brazil AS' investment in SN Power Investimentos Ltda. is reduced due to depreciation of Brazilian reais against US dollars.

SNPI has issued various guarantees on behalf of subsidiaries, associated companies and joint ventures in order to secure funding for completion of construction projects.

The Board has proposed that no dividends are paid for 2013, and the following allocation of the net profit of SNPI:

	MUSD
Net Profit for the year	17
Transferred to other equity	17

In the Board's opinion the financial statements give a true and fair view of the financial position as at 31 December 2013 of the Parent company and the Group, and the financial performance and cash flows for 2013. In accordance with the Norwegian Accounting Act, the Board confirms that the financial statements have been prepared under the going concern assumption.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union. SN Power Group's presentation currency is USD.

3. Health and Safety

The health and safety of SN Power's employees and the employees of contractors and consultants is a key priority for SN Power. Our goal is to meet high international Health, Safety and Environmental (HSE) standards in all of our activities, and targeted work to reduce serious accidents has yielded results. There was nevertheless one fatality in one of SN Power's projects during 2013. A tunnel worker employed by a contractor was fatally injured as a result of being trapped between a mobile loader and the tunnel wall at the Cheves hydropower project in Peru. SN Power's investigation identified that the operation with helpers within the operational area of the mobile equipment represented a high risk, and the project has implemented corrective actions to prevent such accidents in the future.

In addition a third party fatality occurred when a woman, not involved in SN Power's business, drowned in a canal belonging to the Pariac hydropower plant in Peru. SN Power Peru made a risk assessment of their water ways in 2009 and implemented measures to increase protection to hinder the general public from drowning close to our facilities. The land owner has in this case not accepted full fencing in of the canal, and safety gates have been installed in the canal as a compensating measure after the accident.

The Total Recordable Injury (TRI)-rate in operations and maintenance has increased to 3.0 from 2.0 in 2012. The results still meet the target for 2013 (< 5). The TRI-rate in construction fell by 46% to 3.8 (7.1 in 2012), which is below the target of 5.0 for 2013. The unwanted occurrences have been maintained at an acceptable level in 2013, although construction fell slightly below the target (more than one report per worker per year). The reporting of unwanted occurrences does not show a positive trend.

The learning from severe accidents has improved in 2013 through an intensified use of independent commissions for in depth accident investigations and follow-up. Significant effort has been put into further development of the Project Management System to improve hands-on control of HSE in the projects. There has also been an increased focus on security through training and improvements in the emergency response system to handle security related incidents.

4. Operations 2013

CHILE

SN Power's joint venture companies in Chile, the 50% owned Hidroeléctrica La Higuera S.A. (HLH) and the 50% owned Hidroeléctrica La Confluencia S.A. (HLC) started during the year 2013 to leave behind significant challenges they faced during construction and the initial phase of operations, with the collapse of the HLH headrace tunnel in August 2011 and the reinforcement works performed in both tunnels in HLC.

The La Higuera hydropower plant (155 MW) returned to operation during May 2013. As HLH did not operate the full year, the plant experienced financial losses due to its obligation to deliver power in accordance with its power purchase agreement (PPA). As the country has been going through a fourth consecutive dry hydrological year during 2013, energy prices in the local spot market have been high, increasing the financial losses.

The La Confluencia hydropower plant (158 MW) was commissioned in early 2011, but was shut down for planned repairs to prevent a similar incident as the tunnel collapse in the HLH power plant. The full plant resumed normal operations in September 2013, but also suffered financial losses due to its PPA contractual obligations.

Downstream from the HLH and HLC projects, there is a large group of irrigators (about 5,000 of different sizes) that had concerns about how the operation of the plants was affecting the water availability for their crops. The management of HLH and HLC was able to greatly improve relations with this key group of stakeholders by implementing an operating profile along with a real-time monitoring program to which the irrigators' association has access at all times.

A formal sales process to dispose of Norvind, the company that owns the wind farm Totoral (46 MW), was started during 2012 and the transaction was successfully completed in July 2013. In addition, another formal sales process was started in early 2013 to sell Colmito, a 58 MW backup gas/diesel plant which was part of La Higuera but physically located in a different part of the country. This transaction was completed at the end of October 2013.

Chile – HLH, HLC, Norvind (100%)	2013	2012
Energy Production GWh	628	238
Revenues MUSD	226	114
EBITDA MUSD	44	-59

PERU

The energy market in Peru is still characterised by low prices due to low domestic gas prices and regulations which affected energy prices in the market. At the end of 2013 SN Power Peru produced approximately 7% more energy due to favourable hydrological conditions and more efficient operations than in 2012. As a result of an active commercial strategy, the company has entered into a number of favourable power sales contracts.

The automation project for the largest power plants (Yaupi, Cahua, Gallito Ciego and Malpaso) entered into the final phase, and two power plants are already operating on remote control mode. The Corporate Social and Environmental Responsibility (CSER) team was awarded the "Sustainable Development Award", given by the National Association of Mining, Oil and Energy Companies, for the social project named "Improvement of Coffee Production in the Yaupi area", among 31 other projects.

The 168 MW Cheves hydropower plant is under construction and expected to start operations in 2015. The project experienced contractual problems and some social challenges over the last year. Due to Force Majeure the Peruvian government granted an extension of time to the project eliminating penalties because of non-compliance

SN POWER Peru (100%)	2013	2012
Energy Production GWh	1 675	1 679
Revenues MUSD	130	112
EBITDA MUSD	63	71

BRAZIL

SN Power's generation assets in Brazil are owned through Desenvix, in which SN Power acquired a 40.65% stake in 2012. The remainder of the shares are held by Jackson (40,65%) and Funcef (18,7%). Desenvix currently holds interests in 15 power plants with a total installed capacity of 349 MW, including 10 hydropower plants, one biomass plant and four wind farms. The company also has interests in two transmission lines, one of which completed construction in 2013 and one currently under construction. The biomass plant has been unable to generate power during 2013, due to the closing of the sugarcane factory that was contracted to supply bagasse. Desenvix is currently working on several alternatives for the continued supply of bagasse.

During early 2013 Brazil was confronted with one of the driest wet seasons in history resulting in low reservoir levels and high spot prices throughout the year. Various regulatory changes were announced which will result in a more conservative reservoir management. The low reservoir levels and the regulatory changes resulted in substantially increased forward prices compared to one year ago. SN Power's long term power position in the Enerpar portfolio benefited from the increased forward prices.

During 2013 SN Power successfully expanded its commercial activities, both optimizing the Enerpar portfolio and through proprietary trading and origination. Besides trading, SN Power focuses on medium term PPAs for small renewable generators and looks into bringing commercial ideas from Statkraft's European activities to Brazil. SN Power has developed into a recognized player in the Brazilian power market.

Brazil Desenvix (100%)	2013	2012
Energy Production GWh	1 199	800
Revenues MUSD	104	92
EBITDA MUSD	53	44

INDIA

SN Power owns 49% of Malana Power Company Ltd. Allain Duhangan Hydro Power Company Ltd (AD Hydro) is owned by Malana Power Company Ltd. (88%) and International Finance Corporation IFC (12%). In 2013, the Malana hydropower plant (109 MW) achieved a net production of 251 GWh.

The Allain Duhangan hydropower plant (192 MW) has been fully operational since February 2012. The plant achieved a net production of 602 GWh during the year 2013. AD Hydro obtained OHSAS 18001 & ISO 14001 certification in September 2013.

Energy prices have further dropped in India over the last year, and congestion in some parts of the transmission grid continued in 2013. During the year, a new market modelling tool based on Stochastic Dual Dynamic Programming (SDDP) was developed after extensive data collection and analysis over the last two years, and SN Power developed better understanding of the market fundamentals as a result of this model.

Through its partnership with Tata Power, SN Power continued to evaluate new investment opportunities in 2013. The Dugar hydropower project (380 MW) is in the process of completing a detailed feasibility study.

SN Power Markets Private Limited, a wholly owned subsidiary of SN Power is in the process of positioning itself within energy trading in India, including optimization of the revenue potential for existing assets in SN Power's portfolio in the country. Commercial activities are due to start early 2014.

India – Malana/ADHPL (100%)	2013	2012
Energy Production GWh	847	854
Revenues MUSD	55	62
EBITDA MUSD	40	46

NEPAL

SN Power holds a 57.1% voting share and a 52.7% economic interest in the subsidiary Himal Power Limited (HPL). The hydropower plant, Khimti I (60 MW), which is owned by HPL had a total production of 384 GWh in 2013.

In anticipation of a necessary clarification of the political situation in Nepal, and the framework conditions for the development of the project, it was decided to postpone further work on Tamakoshi III hydropower project (650 MW). SN Power has re-established legal ownership to the Tamakoshi III Project and is currently negotiating a Project Development Agreement (PDA) with the Investment Board of Government of Nepal.

SN Power has put the Kirne hydropower project (67 MW) on hold until power sales to India become feasible.

Due to lack of progress on new projects, SN Power will continue with a minimum presence in Nepal.

Nepal – Himal Power Ltd. (100%)	2013	2012
Energy Production GWh	384	365
Revenues MUSD	36	34
EBITDA MUSD	33	27

THE PHILIPPINES

SN Power's 50% owned joint venture companies in the Philippines had solid financial performance in 2013, although somewhat lower than in 2012. Prices were high in the Philippine power market in 2013, which benefitted revenues from sales of electricity and to some extent sales of ancillary services. Revenues from sale of ancillary services were lower in 2013 than the previous year.

SN Power operates via its joint venture subsidiary three power plants in the Philippines. The Ambuklao hydropower plant (105 MW) was fully rehabilitated and put back in operation in 2011 after being mothballed for more than a decade.

The Binga hydropower plant (132 MW) completed its 'unit-by-unit' rehabilitation and refurbishment program by putting the fourth and last unit back into operation in July 2013. Binga also continued to be a contracted provider of ancillary services.

The Magat hydropower plant (380 MW) continued to be a key provider of ancillary services to the Luzon grid. The third unit did undergo half-life refurbishment in 2013, and work on the forth unit commenced towards the end of 2013.

Substantial progress was also made in expanding the pipeline of greenfield project with a potential installed capacity of more than 800 MW at year end.

During 2013 the Luzon grid experienced periods of acute power shortages, during which SN Power's hydropower plants successfully delivered ancillary services as a mitigating action.

Philippines – SN Aboitiz Power (100%)	2013	2012
Energy Production GWh	1 556	1 386
Revenues MUSD	435	476
EBITDA MUSD	314	416

SRI LANKA

SN Power owns 30% of Nividhu Private Limited, which owns and operates the hydroelectric power plants Assupinella and Belihuloya.

Sri Lanka Nividhu (100%)	2013	2012
Energy Production GWh	12	12
Revenues MUSD	2	3
EBITDA MUSD	1	3

VIETNAM

SN Power Vietnam is owned by SN Power (80%) and the International Finance Corporation (IFC, 20%). The Joint Development Agreement (JDA) with IFC has been prolonged, and SN Power Vietnam aims to establish a position as an industrial player in the Vietnamese energy market. Vietnam needs a sharp growth in energy supply to sustain its ambitions for economic development, and the government has initiated a three-stage process to deregulate the energy market and to attract more private investors. The Vietnamese government launched the Competitive Generation Market in 2012, and the Vietnam Electricity (EVN)'s power generation business was split into three independent generating companies (Gencos) in 2013.

AGUA IMARA AS

SN Power holds a 51% voting share and a 45.9% economic interest in the subsidiary Agua Imara. Agua Imara has two operating plants located in Zambia (totalling 54 MW) and four projects under construction or in engineering/feasibility phases, located in Zambia and Panama. Agua Imara has a majority share in all these projects.

Zambia – Lunsemfwa (100%)	2013	2012
Energy Production GWh	404	402
Revenues MUSD	16	15
EBITDA MUSD	8	9

The Bajo Frio hydropower project in Panama continued construction throughout 2013 (58 MW), and is scheduled to be completed at the end of 2014. The Hidro Burica SA hydropower project in Panama (63 MW) continued preparations for start of main construction. Tender design was established and the majority of all land acquired.

Agua Imara's subsidiary in Zambia, Lunsemfwa Hydro Power Company Ltd (LHPC), has pursued the development of the Muchinga greenfield project and is in the final stages of concluding the technical, hydrological and environmental and social studies for the project. A study for the optimization and possible upgrade of the existing Mulungushi Powerstation in Zambia (LHPC) has been carried out.

5. Employees and organisation

SN Power's consolidated companies had 505 employees at the end of 2013, down from 523 in December 2012. Of these, 57 worked at the company's headquarters in Oslo, 228 in Peru, 9 in Chile, 24 in Brazil, 48 in Nepal, 22 in India, 6 in the Philippines, 5 in Vietnam, 16 in Singapore, 2 in Amsterdam, 26 in Panama and 62 in Zambia. The Amsterdam office was established to manage the investments in SN Power Holding Singapore Pte. Ltd.

Including associated companies and joint ventures, the total number of employees at the end of 2013 was 1 210. Of the additional 705 employees in associated companies and joint ventures, 45 worked in Brazil (Desenvix), 97 in Chile (Tinguiririca Energía Joint Venture), 357 in India (Malana/Allain Duhangan) and 206 in the Philippines (SN Aboitiz Power (SNAP)/Manila Oslo Renewable Energy (MORE)).

In 2013, sick leave in SN Power Group was 2 225 days, equivalent to 1.8% of the total number of working days. Statkraft Norfund Power Invest AS had 348 sick leave days, equivalent to 3.0% of the total number of working days. Sickness absence rate is dominated by long-term absence from a limited number of instances of illness.

At the end of the year, two of the eight (25%) Board members were female. Two in nine (22%) of the top management are female and 21% of SN Power's workforce is female.

SN Power's office in Oslo has relocated in the course of 2013. The office premises are designed to accommodate employees with physical challenges.

To ensure that SN Power does not discriminate on grounds of gender, religion, ethnic background, physical challenges or otherwise, appropriate procedures are in place concerning selection to jobs, promotions to higher positions, transfers and redundancies. Procedures entails transparent recruitment processes whereby job opportunities are advertised internally as a minimum, but in general also made available to the public through advertisements. Employment decisions are made in cooperation between at least two managers and that the HR function is regularly involved in these activities to ensure compliance with statutory regulations and SN Power's internal guidelines.

6. Society and the environment

SN Power continued its strong focus on Code of Conduct (CoC) and Anti-Corruption training through 2013, with a steady training of our own staff members, but also staff members of our subsidiaries. In 2013 all staff members of Agua Imara (HQ) were also trained in CoC and Anti-Corruption.

SN Power has introduced a procedure for how to handle grievance, based on internationally recognized principles and the framework of International Finance Corporation (IFC). The philosophy behind such mechanism is to prevent and reduce the number of disputes that may occur in affected communities, by creating a standard platform for how complaints should be filed and mechanisms for how complaints and disputes should be dealt with, respecting all parties involved. The mechanism has already had positive impacts in communities with relations to SN Power projects.

Our Philippine subsidiary SNAP (SN Aboitiz Power) has already been well recognized for its methodology for resolving community disputes and has been rewarded by external institutions for this ground breaking work. The methodology and case examples from the Philippines were also presented in a multinational conference in Washington, organized by IFC, with a great success and reward.

SN Power has also increased its efforts on personal safety, taking in to account and keeping in mind that many of our staff members could be exposed to man-made or non-man made threats. SN Power has been granted access to the International Red Cross e-learning programme on personal safety, and many of our staff members are going through this with great enthusiasm. SN Power wants all its staff members and their families to stay safe.

During 2013, there were no records of serious violations of SN Power environmental standards for emission or other serious environmental risks.

> Climate

SN Power has a portfolio of nine Clean Development Mechanism (CDM) projects registered at the United Nations Framework Convention for Climate Change (UNFCCC). These hydro and wind plants will contribute a combined total of more than 2 million tons of annual reductions in CO2 emissions. The emission reductions are translated into tradable credits (CERs) through the formal verification and issuance procedures at the UNFCCC.

In 2013, the power generation at our six operating CDM projects represents a global reduction of CO2 emissions of more than one million tonnes. In excess of 900 000 carbon credits (CERs) were issued from these projects, and 1.25 million CERs were delivered under various contracts to 9 different counterparts, contributing approximately MUSD 11 to the bottom line of our joint venture companies. The current low market price for CERs means that carbon credits will be accumulated in the projects for longer times, and consequently there will be fewer issuance processes carried out in 2014.

7. Market Outlook

In 2013 gas and oil prices remained at a constant level, while coal prices dropped significantly during the first months of the year. Energy demand growth remains fairly robust in major markets in Asia and South America, but high investments in mining capacity pushed prompt and forward coal prices down from the levels seen the last years. The coming year SN Power expect high Asian demand to support gas prices, while there will be a pressure on coal prices due to the current supply situation. Certified Emissions Reduction (CER) prices are expected to remain at a low level the coming years.

Due to changes in the capitalization requirements for commercial banks, long term funding may become more difficult to obtain and could result in higher risk margins on loans. There are different challenges in different markets and local commercial banks in the Philippines still have high liquidity. Infrastructure projects and renewable energy projects in particular are still able to attract funding from the larger financial institutions and SN Power's projects should fit those priorities.

During early 2013 Brazil experienced extreme drought resulting in low reservoir levels and high spot prices. Brazilian authorities also announced various regulatory changes which will result in a more conservative reservoir management. The potential impact of these changes to the Desenvix portfolio as well as for SN Power's T&O business will be monitored closely.

8. Risk management

SN Power's growth targets and the nature of its business make it important to update and understand the risk picture continuously at all levels. A global framework for risk management has been established and implemented in all business areas. Important risk factors for SN Power are related to hydrology, construction, finance, market, health and safety, the wider environment, business ethics and social responsibility. The company has in 2013 focused on controlling risk and uncertainties related to projects by further development of procedures and tools to ensure quality in investment decisions as well as project execution.

With production and energy trading in eight different energy markets in Asia, Africa and Latin America, SN Power has diversified regulatory, hydrological and market risks. The primary instruments for managing market risk are energy contracts with different counter-parties, profiles, maturity and indexation.

In some countries in which SN Power operates, exposure to political and economic risk is considered higher than normal because of past or current unstable political conditions. In order to reduce and minimise this risk, all markets are closely monitored with respect to political, institutional and regulatory risks and the necessary actions are taken. Variations in country risk are accounted for in all financial appraisals.

The company's treasury department is responsible for implementation of the Group's financial strategy. This department coordinates and manages the financial risks associated with foreign currencies, interest rates and liquidity. The most important instruments for managing these risks are currency forward contracts and interest rate swap agreements, which are primarily used to hedge future cash flows in foreign currencies and to convert part of a loan from variable- to fixed interest rates. A conservative approach to place surplus cash has been adopted where SN Power maintains its balance of excess cash in the Statkraft cash pool.

Through the maximisation of dividends, repayment of previously contributed capital, share issues and refinancing operations of the operative project companies, the capital structure is optimised to maximise the Group's value and reinvestment capability. The Group rely on project financing in which lenders are not entitled to recourse against the parent or sister companies. In some cases, capped parent company guarantees will still have to be issued in order to cover risks that cannot be allocated to lenders, typically construction related risks.

SN Power has established a uniform set of Health, Safety and Environment (HSE) standards, specifications and procedures that applies to all activities in order to ensure an acceptable safety standard throughout our business. These are actively monitored by our regional organisations and representatives in the Boards, and through HSE audits. A comprehensive system for reporting and analysis of HSE incidents has been developed to monitor HSE performance. Serious injuries are subject to independent accident investigations.

SN Power has a strong focus on all aspects of business ethics for employees, business partners, consultants and suppliers. The greatest risk is associated with corruption as some of the countries in which SN Power operates rank low in various corruption indexes. SN Power has zero tolerance policy for corruption and focuses on preparedness and prevention by induction of ethical values in our business principles through training, ethical guidelines, policies and procedures, as well as active anti-corruption training. SN Power has also introduced an online training course with focus on personal security..

9 Reorganization of SN Power

In December 2013, Statkraft and Norfund signed a final agreement to restructure and prolong their cooperation within renewable energy. The rationale for investing in emerging markets is the attractiveness of these markets due to expected long-term economic growth, increased need for environmentally-friendly energy, and the potential for hydropower development.

For more than 10 years Statkraft and Norfund have cooperated in developing renewable energy globally through SN Power. This agreement takes the cooperation to the next phase. The goal is to develop a leading international hydropower cluster, contributing to the development of a low-carbon society through profitable investments.

The main elements of the new structure and cooperation are:

- SN Power's existing portfolio in South Asia and South America will be integrated with Statkraft International Hydro's other assets. Statkraft's share of this part of the portfolio will increase from 60% to 67%, while Norfunds share decreases from 40% to 33%. Over time, Norfund's intention is to further reduce its stake.
- A new company called SN Power AS will be created, with geographical focus on Southeast Asia, Africa and Central America. Initially, Statkraft and Norfund will own 50% of SN Power AS each. The business in Africa and Central America will be performed through the subsidiary Agua Imara, where BKK and TrønderEnergi are minority shareholders. Statkraft and Norfund's intentions are to reduce their shareholdings in SN Power AS to approximately 40% each. In that context, BKK and TrønderEnergi will be invited into SN Power as shareholders.
- A separate project and construction unit to serve all international hydropower projects, will be established in Statkraft International Hydropower. The unit will be a preferred supplier of project execution services to all international hydropower construction projects within Statkraft and SN Power AS.
- Planned closing of the transaction is April 1 2014.
- The accounting consequence of the reorganisation is described in SN Power Group's Annual Report 2013 note 2 - Reorganization and Business Combinations. Net profit for the year from the entities affected by the reorganization attributable to owners of SN Power is MUSD 104 for 2013.

10 Priorities for SN Power in 2014

With the effects of the reorganization described above, SN Power AS will have a different portfolio of assets and target countries than the existing company. A new company Business Plan will be established, including new objectives, targets and capitalization plan for future investments. Standards for cooperation with the new Projects and Construction unit will be defined and agreed in a new Service Agreement.

SN Power AS will have operating assets in the Philippines and Zambia and projects under construction in Panama. The main objectives for 2014 will be to optimize operations for existing assets and build a new portfolio of greenfield and acquisition projects in existing and potentially new markets. SN Power AS will prioritize acquisition opportunities in the Philippines and Vietnam and development of existing projects in Zambia and Panama through Agua Imara.

In the South American markets, the construction project at Cheves in Peru and focusing on the Brazilian market will be prioritized in 2014. Statkraft has a long term perspective to grow its portfolio in Brazil and India either through acquisition of existing hydropower plants or through new greenfield or brownfield projects.

Oslo, 20 February 2014

The board of directors of Statkraft Norfund Power Invest AS

Øistein Andresen
Chair

Mark Davis
Director

Tima Iyer Utne
Director

Mette Sundholm
Director

Tore Haga
Director

Halvor Fossum Lauritzsen
Director

Simen Bræin
Director

Egil Reinhard Gjesteland
Director

Torger Lien
Chief Executive Officer

SN Power Group

Income Statement and Consolidated Statement of Comprehensive Income

FIGURES IN USD 1 000	NOTE	2013	2012
INCOME STATEMENT			
OPERATING REVENUES AND EXPENSES			
Sales revenues	7	273 610	260 499
Change in fair value of energy contracts	15	38 592	-18 507
Energy purchase and other costs related to power sales	8	-115 906	-88 033
Salary and personnel costs	9	-51 389	-55 638
Depreciation, amortization and impairment	12, 13	-20 902	-41 832
Other operating costs	10	-46 990	-51 391
Income from investments in associated companies and joint ventures	2, 6	86 860	108 141
Earnings before financial items and tax		163 875	113 239
FINANCIAL INCOME AND EXPENSES			
Financial income	11	12 511	7 660
Financial expenses	11	-22 779	-25 168
Gain (loss) on derivatives	11, 15	-4 402	20 851
Net financial items		-14 670	3 343
Profit before tax		149 205	116 582
This year's tax expense	22	-21 046	-9 474
NET PROFIT FOR THE YEAR		128 159	107 108
Attributable to:			
Equity holders of the parent		116 926	96 808
Non-controlling interests		11 233	10 300
NET PROFIT FOR THE YEAR		128 159	107 108
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME			
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS			
Reclassification of loss on hedging instruments included in Income statement	11	4 402	-
Net gain (loss) on hedging instruments	15	24 641	-9 609
Net gain (loss) on cash flow hedges in associated companies and joint ventures	6	18 688	-47
Currency translation differences		-94 079	-33 659
Total items that may be reclassified subsequently to profit or loss		-46 348	-43 315
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS			
Pensions	21	-1 146	1 854
Other adjustments		49	2 064
Total items that will not be reclassified to profit or loss		-1 097	3 918
Other comprehensive income for the year, net of tax		-47 445	-39 397
Total comprehensive income for the year, net of tax		80 714	67 711
Attributable to:			
Equity holders of the parent		62 095	61 350
Non-controlling interests		18 619	6 361
Total comprehensive income for the year, net of tax		80 714	67 711

Balance Sheet at 31 December

FIGURES IN USD 1 000	NOTE	2013	2012
ASSETS			
Deferred tax asset	22	17 817	22 991
Intangible assets	12, 13	18 964	14 101
Property, plant and equipment	12, 13	1 257 152	1 147 615
Investment in associated companies and joint ventures	2, 6	743 089	787 283
Non-current financial instruments (derivatives)	15	93 538	69 475
Financial assets	17	225 865	173 485
Total non-current assets		2 356 425	2 214 950
Spare parts		737	728
Receivables	18	195 394	208 648
Current financial instruments (derivatives)	15	86 634	19 773
Bank deposits, cash and cash equivalents (including restricted funds)	19	160 939	187 547
Total current assets		443 704	416 696
TOTAL ASSETS		2 800 129	2 631 646
EQUITY AND LIABILITIES			
Paid-in capital	20	1 688 469	1 649 562
Other equity		149 282	87 944
Non-controlling interests		177 867	155 327
Total Equity		2 015 618	1 892 833
Pension commitments	21	4 604	3 339
Deferred tax	22	135 981	126 358
Non-current financial instruments (derivatives)	15	39 761	54 455
Provisions	23	3 668	3 528
Interest-bearing long term debt	24	433 297	381 018
Total long-term liabilities		617 311	568 698
Current portion long term debt	24	23 953	63 813
Tax payable	22	1 599	9 041
Current financial instruments (derivatives)	15	64 835	19 468
Other current liabilities	25	76 813	77 793
Total current liabilities		167 200	170 115
TOTAL EQUITY AND LIABILITIES		2 800 129	2 631 646

Oslo, 20 February 2014

The board of directors of Statkraft Norfund Power Invest AS

Øistein Andresen Chair	Mark Davis Director	Tima Iyer Utne Director
Mette Sundholm Director	Tore Haga Director	Halvor Fossum Lauritzsen Director
Simen Bræin Director	Egil Reinhard Gjesteland Director	Torger Lien Chief Executive Officer

Consolidated Statement of Changes in Equity at 31 December

	ATTRIBUTABLE TO EQUITY HOLDER OF THE PARENT						NON-CONTROLLING INTERESTS	TOTAL EQUITY
	PAID-IN EQUITY			OTHER EQUITY				
FIGURES IN USD 1 000	SHARE CAPITAL	SHARE PREMIUM	OTHER PAID-IN CAPITAL	RETAINED EARNINGS	TRANSLATION RESERVE	HEDGING RESERVE		
At 1 January 2012	571 349	1 018 209	-	150 425	-57 506	-66 325	145 333	1761 485
Transactions with shareholders								
Issue of share capital	12 001	48 003	-	-	-	-	-	60 004
Increased minority due to purchase of subsidiary	-	-	-	-	-	-	20 662	20 662
Paid dividend	-	-	-	-	-	-	-17 029	-17 029
Transactions with shareholders	12 001	48 003	-	-	-	-	3 633	63 637
Other comprehensive income for the year, net of tax								
Net loss on hedging instruments	-	-	-	-	-	-5 673	-3 936	-9 609
Net loss on cash flow hedges in associated companies and joint ventures	-	-	-	-	-	-47	-	-47
Currency translation differences	-	-	-	-	-33 487	-	-3	-33 490
Pensions	-	-	-	1 854	-169	-	-	1 685
Other adjustments	-	-	-	2 064	-	-	-	2 064
Other comprehensive income for the year, net of tax	-	-	-	3 918	-33 656	-5 720	-3 939	-39 397
Recognized in the Income Statement								
Net profit for the year	-	-	-	96 808	-	-	10 300	107 108
Recognized in the Income Statement	-	-	-	96 808	-	-	10 300	107 108
Total comprehensive income for the year, net of tax	-	-	-	100 726	-33 656	-5 720	6 361	67 711
At 31 December 2012	583 350	1 066 212		251 151	-91 162	-72 045	155 327	1 892 833
Transactions with shareholders								
Issue of share capital	7 782	31 125		-	-	-	-	38 907
Reduction of share capital	-486 148	-	486 148	-	-	-	-	-
Issue of share capital in Subsidiaries – Minority Share	-	-	-	-	-	-	15 958	15 958
Increased minority due to purchase of subsidiary (correction previous year)	-	-	-	-	-	-	877	877
Paid dividend	-	-	-	-	-	-	-12 910	-12 910
Transactions with shareholders	-478 366	31 125	486 148	-	-	-	3 925	42 832
Changes in group structure								
Group companies sold / derecognized	-	-		-759	-	-	-	-759
Changes in group structure				**-759**	**-**	**-**	**-**	**-759**
Other comprehensive income for the year, net of tax								
Net gain on hedging instruments	-	-	-	-	-	17 061	7 580	24 641
Net gain on cash flow hedges in associated companies and joint ventures	-	-	-	-	-	18 688	-	18 688
Currency translation differences	-	-	-	-	-94 079		-4	-94 083
Reclassification of loss on hedging instruments included in Income statement				-	-	4 402	-	4 402
Pensions	-	-	-	-998	46		-194	-1 146
Other adjustments	-	-	-	51	-	-	-	51
Other comprehensive income for the year, net of tax	-	-	-	-947	-94 033	40 151	7 382	-47 447
Recognised in the Income statement								
Net profit for the year	-	-	-	116 926	-	-	11 233	128 159
Recognised in the Income statement	-	-	-	116 926	-	-	11 233	128 159
Total comprehensive income for the year, net of tax	-	-	-	115 979	-94 033	40 151	18 615	80 712
At 31 December 2013	104 984	1 097 337	486 148	366 371	-185 195	-31 894	177 867	2 015 618

Cash Flow Statement

FIGURES IN USD 1 000	NOTE	2013	2012
OPERATIONAL ACTIVITIES			
Profit before tax		149 205	116 582
Tax paid		-25 994	-22 214
Depreciation, amortization and impairment	12, 13	20 902	41 832
Loss (gain) on disposal of fixed assets		2 544	-3 221
Difference between this year's pension expense and pension premium		448	656
Income from investments in associated companies and joint ventures	6	-86 860	-108 141
Reclassification of loss on hedging instruments included in Income statement		4 402	-
Effect of exchange rate changes (agio/disagio)		-2 648	-1 580
Change in fair value of financial contracts	15	-38 592	13 513
Change in spare parts		-9	-50
Change in other long-term provisions		140	392
Change in receivables and other current liabilities		9 267	8 049
Net cash flow from operational activities		32 805	45 818
INVESTMENT ACTIVITIES			
Investment in tangible and intangible fixed assets	12, 13	-236 698	-186 361
Investment in subsidiaries	2	-	-4 725
Proceeds from sale of group companies		53 955	-
Proceeds from sale of fixed assets		534	6 859
Dividends from associated companies and joint ventures		50 193	267 979
Investment in associated companies and joint ventures	6	-27 587	-418 389
Proceeds from sale of associated companies		13 925	-
Change in non-current financial assets		-31 691	-95 714
Change in current financial receivables		21 471	310 991
Net effect of cash and cash equivalents from acquisitions	2	-	16 406
Net cash flow to investment activities		-155 898	-102 954
FINANCING ACTIVITIES			
New long-term debt	24	121 368	166 838
Paid installments long-term debt	24	-64 071	-192 344
Payment of dividend	EQ	-12 910	-17 029
New paid-in equity from non-controlling interests	EQ	15 958	16 135
New paid-in equity	20	38 907	60 004
Net cash flow from financing activities		99 252	33 604
Effect of exchange rate changes on cash and cash equivalents		-2 768	-666
Net change in cash and cash equivalents		-26 608	-24 198
Cash and cash equivalents at 1 January		187 547	211 745
Cash and cash equivalents at 31 December		160 939	187 547

Notes to the financial statements

Figures in USD 1000

Note 01

SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

GENERAL INFORMATION

Statkraft Norfund Power Invest AS, including subsidiaries (SN Power Group), is an international renewable energy company with projects and operations in Asia, Africa and Latin America. The company invests on commercial terms and is committed to social and environmental sustainability throughout the business. The company's headquarter is in Oslo.

The consolidated financial statements of the SN Power Group for the year 2013 were authorized for issue in accordance with a resolution of the Board of Directors on 20 February 2014.

The following text describes the most important accounting principles used in the consolidated financial statements. These principles have been applied consistently to all reporting, unless otherwise stated.

BASIC PRINCIPLES

The consolidated financial statements for the Group have been prepared in accordance with the International Financial Reporting Standard (IFRS) as adopted by the EU.

The following new and revised or amended Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements, but may affect the accounting for future transactions or arrangements.

STANDARD/ INTERPRETATION	TITLE	DATE OF ISSUE	APPLICABLE TO ACCOUNTING PERIODS COMMENCING ON OR AFTER
Amendments to IFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities	December 2011	1 January 2013
IFRS 10	Consolidated Financial Statements	May 2011	1 January 2014
IFRS 11	Joint Arrangements	May 2011	1 January 2014
IFRS 12	Disclosure of Interests in Other Entities	May 2011	1 January 2014
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	June 2012	1 January 2013
Amendments to IFRS 10, IFRS 12 and IAS 27	Amendments for investment entities	October 2012	1 January 2014
IFRS 13	Fair Value Measurement	May 2011	1 January 2013
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income	June 2011	1 July 2012
IAS 19 (revised in 2011)	Employee Benefits	June 2011	1 January 2013
IAS 27 (revised in 2011)	Separate Financial Statements	May 2011	1 January 2014
IAS 28 (revised in 2011)	Investments in Associates and Joint Ventures	May 2011	1 January 2014
Improvements to IFRSs (Various Standards and Interpretations)	Improvements to IFRSs 2009-2011 Cycle	May 2012	1 January 2013

At the time of presentation of the financial statements, the following standards and interpretations are issued by IASB but not entered into force for the financial year 2013. Management assumes that these standards and interpretations will be applied in the Group financial statements from the financial year 2014 or later, and have not assessed the potential effect of these new standards. Standards and Interpretations that are clearly not relevant for the Group's financial statements have not been included in the below schedule.

STANDARD/ INTERPRETATION	TITLE	DATE OF ISSUE	APPLICABLE TO ACCOUNTING PERIODS COMMENCING ON OR AFTER
IFRS 9	Financial Instruments	November 2009	1 January 2015
Amendments to IFRS 9 and IFRS 7	Mandatory Effective date of IFRS 9 and Transition Disclosures	December 2011	IASB mandatory date 1 January 2015 postponed by the EU
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities	December 2011	1 January 2014

The consolidated financial statements have been prepared on a historical cost basis. The functional currency of the parent company is US dollars (USD), and the Group financial statements are presented in USD. All values are rounded to the nearest USD thousand unless otherwise stated.

CORRESPONDING FIGURES

All figures in the income statement, the balance sheet, the consolidated statement of changes in equity, the cash flow statement and the notes to the financial statements are presented with the previous year's corresponding figures. The corresponding figures are based on the same principles as figures for the current period, but some reclassifications have been made to improve comparability.

SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. Estimates and underlying assumptions are reviewed on an ongoing basis. Changes in estimates will be recognized in the period they occur only if applicable in that period. If changes also concern future periods, the effect is distributed over both current and future periods. However, uncertainty about these assumptions and estimates could result in outcomes requiring a material adjustment to the carrying amount of the asset or liability affected in the future. The areas in the financial statements of SN Power Group that are most affected by significant accounting judgments, estimates and assumptions are:

Useful life of tangible and intangible fixed assets

Depreciation is based on management estimates of the useful lives of the assets and their residual values. Estimates may change due to changes in scrap value, technological development, environmental and other conditions. Management reviews the future useful lives of each component and the residual value annually, taking into account the above mentioned factors.

Provisions and contingent liabilities

IAS 37 defines when to recognize a provision in the financial statements. Management must make estimates and use judgment in determining the expected probability of an outflow of resources and a reliable estimate of the amount.

Purchase price allocation related to new investments in subsidiaries, associated companies, and joint ventures

When entering into new investments in subsidiaries, associated companies or joint ventures, the Group will measure the cost of the business combination according to IFRS 3. Management must use judgment in defining and allocating fair values of assets, liabilities and direct costs attributable to the combination.

Contracts related to purchase and sale of energy

Contracts related to purchase and sale of energy that meets the definition of financial instruments, are valued at fair value through profit and loss. The calculation of fair value on such contracts imply in most cases use of a wide range of estimates, of which the determination of future price curves in the market are the most significant.

Impairments

SN Power Group has significant investments in fixed assets, associated companies and joint ventures. These assets are tested for possible impairment where indications of loss of value are present. Such indicators might be changes in market prices on energy or capital, shift in production capacity or other economic and legal circumstances. Calculating the recoverable amount requires a series of estimates concerning future cash flows, of which price curves and discount rate are the most significant.

Development costs

Development costs are recognized in the balance sheet when it is probable that these will result in future economic benefits. Establishing such probability involves extensive use of judgement based on previous results and experience.

CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to optimize the use of equity to maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust debt exposure, dividend payments to shareholders, return capital to shareholders or issue new shares. The Group's policy is to use project financing in all investments and in the long run to keep the gearing ratio in operating companies above 50 %. The gearing ratio is defined as interest bearing debt divided by Total equity and liabilities:

	2013	2012
Total interest-bearing debt	457 250	444 831
Total equity and liabilities	2 800 129	2 631 646
Gearing ratio	16.3%	16.9%

CONSOLIDATION

The consolidated financial statements comprise the financial statements of the parent company Statkraft Norfund Power Invest AS and its controlling interests in other companies as of 31 December 2013.

Elimination of transactions

Intra-group balances, unrealized profit, income and expenses resulting from intra-group transactions are eliminated in full.

Subsidiaries

Subsidiaries are all entities where the Group has a controlling interest. Normally, the Group controls an investee when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Subsidiaries are consolidated from the date on which control is transferred to the Group. Correspondingly, they are deconsolidated from the date control ceases. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date of acquisition or up to the date of disposal.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The purchase method implies that the cost of acquisition is allocated to the acquired assets and liabilities according to fair value on the acquisition date. Costs exceeding fair value of identified assets and liabilities are recorded as goodwill, and judgments are made annually whether the carrying amount can be justified based on future earnings.

Non-controlling interest is the share of profit and equity that is not held by the majority owners. This is reported separately in the income statement and the statement of comprehensive income and on a separate line under equity in the consolidated financial statements.

Functional currency is assessed for each subsidiary based on company specific indicators. The accounts of these subsidiaries are converted to the Group's presentation currency (USD) by calculating all balance sheet items at the closing rate at the year end, whilst all income statement items are converted at the average rate for the year. Any conversion differences affecting balance sheet items are recorded directly against equity.

Investments in associated companies and joint ventures
Shares in companies where the Group exercises a significant, but not controlling influence, and shares in companies with joint control are accounted for under the equity method. Significant influence normally means that the Group owns between 20 % and 50 % of the voting capital. The Group's share of the companies' net result adjusted for amortization of excess value is shown on a separate line in the consolidated income statement. The investments are shown in the consolidated balance sheet as non-current assets, recognized at the value which equals the historical cost price including directly assigned transaction costs adjusted for the accumulated share of results adjusted for depreciation and amortization of excess values during the period of ownership, dividend received and possible exchange rate adjustment. Any conversion differences are recorded directly against equity.

The consolidated financial statement includes the Group's share of profit or loss from the date on which significant influence is attained and until such influence ceases.

If the Group's share of losses of an associate or a joint venture equals or exceeds the interest in the associate or joint venture, the Group discontinues recognizing its share of further losses. The interest in an associate or a joint venture is the carrying amount of the investment under the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture. Such items may include long-term shareholder loans that are subordinated and unsecured.

REVENUE RECOGNITION
Revenue comprises the fair value for the sale of goods and services, net of value-added tax, rebates and discounts. Intra-group sales are eliminated in the group accounts. Revenue is recorded as and when earned.

(a) Power sales
Revenues from power sales and transmission are recognized as income when delivered.

(b) Sales of services
Sales of services are recognized in the accounting period in which the services are rendered.

(c) Dividend income
Dividend income is recognized when the right to receive payment is established, normally when approved by the General Meeting.

(d) Income from associated companies
The Group's share of the net result in associated companies and joint ventures is recorded in the Group's accounts in accordance with the equity method described in IAS 28.

BORROWING COSTS
Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or

sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

GOVERNMENT GRANTS
Grants from the government are recognized gross in the income statement and in the balance sheet. Government grants related to costs are deferred and recognized in the income statement over the period necessary to match them with the costs that they are intended to compensate. Government grants related to projects recognized in the balance sheet are presented as deferred income and recognized as income along with depreciation of the corresponding asset.

EMISSION RIGHTS
SN Power Group will in some cases receive emission rights through production of environmentally friendly energy and sell them to a third party. Such rights are considered grants which are recognized when there is reasonable assurance that the Group will comply with the conditions attached to it. This is generally achieved once energy is produced. Emission rights are intangible assets. They are recognized at cost if separately acquired.

Emission rights received free of charge from the government are recognized at cost (nil) as allowed by IAS 20.23.

FOREIGN CURRENCY
The consolidated financial statements are presented in USD, which is also the parent Company's functional currency.

Each entity in the Group determines its own functional currency based on local operations, and items included in the financial statement of each entity are measured using that functional currency.

Balance sheet items in other currencies than the functional currency are assessed at the exchange rate at the date of the balance sheet. Exchange rate effects are recognized as financial items.

Gains and losses on hedges in net investments in foreign operations, including a hedge of a monetary item that is accounted for as part of the net investment, are recognized directly in equity as long as the hedge is deemed effective. On disposal of a foreign operation, the cumulative value of any such gains or losses recognized directly in equity is transferred to the profit and loss along with accumulated exchange differences on the net investment.

FINANCIAL INSTRUMENTS
Generally
Financial instruments are initially allocated to one of the categories of financial instruments as described in IAS 39. The different categories relevant to the SN Power Group and the management that follow the instruments recognized in the respective categories are described below.

Valuation principles for different categories of financial instruments
1) Instruments at fair value through profit or loss
Derivatives and financial instruments held for sale have to be measured at fair value in the balance sheet with corresponding change in fair value through profit and loss statement. For derivatives that are hedging instruments in a hedge accounting relationship, the change in value of the effective part of the hedge, following from a change in the value of the hedged risk, is not taken to profit or loss.

In a fair value hedge such effects are carried against the value of the hedging object. For hedging of cash flow and hedging of net investments in foreign operations such effects are taken directly to equity. Derivatives consist of both independent derivatives and embedded derivatives that are separated from the host contract and recognized at fair value as if the derivative was an independent contract.

2) Loans and receivables
Loans and receivables are initially recognized at fair value including transaction costs. In subsequent periods, loans and receivables are measured at amortized cost using the effective interest method, so that the effective interest rate becomes equal over the term of the instrument.

3) Financial liabilities
Financial liabilities are initially recognized at fair value including transaction costs. In subsequent periods, financial liabilities are measured at amortized cost using the effective interest method so that the effective interest rate becomes equal over the term of the instrument.

Principles for designation of financial instruments to different categories of instruments
Below is a description of the guidelines applied by the SN Power Group for designation of financial instruments to different categories of financial instruments in cases where an instrument can qualify for recognition under more than one category.

Instruments at fair value through profit or loss
Derivatives must always be assessed under the category "fair value through profit or loss". Financial contracts regarding purchase or sale of energy and CO2-quotas always have to be considered as derivative financial instruments. Physical contracts regarding purchase and sale of energy and CO2-quotas entered into as authorized by trading, or settled financially are considered as if they where financial instruments and have to be measured at fair value. Physical contracts regarding purchase and sale of energy and CO2-quotas entered into according to authorization related to own requirements or provision for own production, are normally not covered by IAS 39 as long as the contracts do not contain written options in terms of volume flexibility.

Financial instruments included in hedge accounting
Identification of financial instruments designated as a hedge instrument or a hedge object in a hedge account is based on the intention of the acquisition of the financial instrument. If financial instruments are acquired with the intention to obtain an economic hedge effect, a closer consideration of the possibilities to document a hedge account will be made.

Presentation of derivatives in profit and loss and in the balance sheet
Derivatives not related to hedging are presented on separate lines in the balance sheet under assets and liabilities, respectively. Derivatives with positive and negative fair value, respectively, are presented gross in the balance sheet as long as no legal rights to set off different contracts exist, and such rights to offset actually will be applied in the current cash settlement following the contracts. In the latter case, the particular contract will be presented net in the balance sheet. In the income statement, changes in fair value of derivatives not classified as hedge accounting are classified as financial items. Value changes in energy derivatives are presented under revenue, while value changes in financial derivatives are presented under financial items.

Income tax
Tax payable for the current and prior periods is measured at the amount expected to be paid to the tax authorities in each country. The tax rates and laws used to compute the amount are those that are enacted or substantially enacted by the balance sheet date.

Deferred tax and deferred tax assets
Deferred income tax is calculated based on temporary differences between the tax base of assets and liabilities, and their carrying amounts for financial reporting purposes. Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible

temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilized. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the date of the balance sheet. Deferred tax assets and deferred tax liabilities are offset within the same legal tax subject and jurisdiction.

CURRENT/NON-CURRENT

An asset/liability is classified as current when it is expected to be realized or settled, is intended for sale or consumption within the Group's normal operating cycle, is held primarily for the purpose of being traded, or is expected to be realized or settled within twelve months after the balance sheet date.

The presentation of financial instruments in current and non-current items respectively, is made according to general guidelines for such classification. For long-term debt, the first year installment is classified as a short-term item.

INTANGIBLE ASSETS

Road and land rights

Expenses for intangible assets, comprising road and land rights, are recognized at historic cost to the extent that the criteria for capitalization are satisfied.

Development costs

Development costs are capitalized only if future economic benefits from the development of an intangible asset are probable, according to IAS 38. Development costs will often be capitalized when a construction project is more likely to happen than not. This may occur before the formal investment decision has been made.

TANGIBLE ASSETS

Tangible assets are carried at cost, including expenses completing the asset for use, less accumulated depreciation and any accumulated impairments. Borrowing costs for significant investments are capitalized. Expenses accrued after the asset has been taken into use, such as maintenance costs, are taken to profit or loss, while other expenses expected to generate economic benefits are recognized in the balance sheet.

Water rights are not depreciated if no right of reversion exists and the value is deemed to be perpetual. Time limited rights are depreciated over the license period. Water rights acquired in a separate transaction are measured initially at cost. Water rights acquired in a business combination is measured at fair value based on the estimated excess earnings of the acquired power plant. The excess earnings are the difference between the after-tax operating cash flow and the required cost of invested capital on all other assets used in order to generate those cash flows. These contributory assets include property, plant and equipment, other identifiable intangible assets and net working capital for the power plant. The allowance made for the cost of such capital is based on the value of such assets and a required rate of return reflecting the risks of the particular assets.

Depreciation is made on a straight line basis over the useful life of the asset. Useful life is assessed on an individual basis and there might be variations within the group based on given local conditions or license period. The normal useful lives for different groups of assets are presented in the table below:

LAND	ETERNAL
WATER RIGHTS	LICENSE PERIOD
PLANTS AND MACHINERY	
Rock-fill dams, concrete dams	75
Tunnel systems	75
Rock rooms/chambers	75
Mechanical machine installations	40
Remaining technical machine parts	15
Generator	40
Transformer	40
Switchgear (high-voltage)	35
Control gear	15
Electro technical auxiliary gear	15
System control centre	15
Telecommunication circuit	10
Administration building	50
Power plant	75
Other buildings related to operation	50
Buildings: Technical installations	30
Buildings: Tele- and automatics	10-20
FIXTURES AND FITTINGS, VEHICLES, OTHER EQUIPMENT	
Office- and computer equipment	3
Furniture and fixtures	5
Means of transport	10

Each part of a fixed asset that is significant to the total cost of the item will be depreciated separately. Residual value is taken into account when calculating the annual depreciation. Land is not subject to depreciation. Periodic maintenance is capitalized with depreciation over the time period until the next maintenance is expected to be carried out. Estimated useful life, depreciation method and remaining value are reviewed annually.

When assets are sold or disposed of, the capitalized value is derecognized and any loss or gain is taken to profit or loss. If new components are capitalized, the components that were replaced are removed and any remaining recognized value is recorded as a loss.

NON-CURRENT ASSETS HELD FOR SALE

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset or disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset or disposal group and its sale is highly probable. Management must be committed to sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria above are met, regardless of whether the group will retain a non-controlling interest in its former subsidiary after the sale.

When the group is committed to a sale plan involving disposal of an investment in an associate or joint venture, the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the group discontinues the use of the equity method in relation to the investment that is classified as held for sale.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

LEASES

A lease is classified as a financial lease if it transfers substantially all the risks and rewards incidental to ownership. With financial lease agreements, the asset is recognized in the balance sheet and depreciated.

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. Payments made under operating leases are charged to the income statement on a straight-line basis over the leasing period.

IMPAIRMENT OF ASSETS AND INTANGIBLE ASSETS

Tangible and intangible assets are assessed for impairment when events occur or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Intangible assets with indefinite useful life and goodwill are tested at each reporting period. When impairment is considered, the assets are grouped at the lowest level for which there are separate identifiable cash generating units. Impairment is calculated as the difference between the assets' carrying amount and the recoverable amount. The recoverable amount is the greater of the assets' fair value less costs of disposal and the value in use for the company. In assessing value in use, the estimated future cash flow is discounted to the present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. When it is assumed that the recoverable amount of the asset is lower than its carrying amount, the asset is written down to recoverable amount. The impairment loss is recognized in the income statement in the expense categories consistent with the type of the impaired asset. Previously recognized impairment loss is reversed only if there have been changes in the estimates used to determine the recoverable amount. The reversed amount cannot exceed the carrying amount that would have been determined if no impairment loss had been recognized for the asset in prior years. Such reversal is recognized in profit or loss.

TRADE AND OTHER RECEIVABLES

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognized in the income statement.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include bank deposits, other short-term liquid investments and bank overdrafts. Cash and cash equivalents are recognized at current values. Restricted deposits are included in cash and cash equivalents.

EQUITY

Proposed dividend is classified as equity. Dividends are reclassified to short term liabilities when approved by the General Assembly.

PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions are recognized when the Group has a present obligation (legal or self-imposed) as a result of a past event, it is probable that the obligation has to be settled and that a reliable estimate of the obligation can be made.

Provisions are recognized with best estimate of the expenses required to settle the existing obligation at the balance sheet date. If significant, the time value of money is taken into account when calculating the size of the provision.

Contingent assets and liabilities are not recorded in the financial statements.

PENSIONS

Defined benefit plans

A defined benefit plan is a pension plan that defines an amount of pension that an employee will receive upon retirement, normally set as a share of the employee's salary.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The present value of the defined benefit obligation at the balance sheet date is determined by discounting the estimated future cash outflow using a risk free interest rate. The obligation is calculated annually by an independent actuary using the linear accrual method.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in comprehensive income.

Changes in the defined benefit obligations due to changes in pension plans are taken directly through income statement over the vesting period.

Net pension assets for over-funded plans are recognized at fair value and classified as long term assets. Net pension obligations for under-funded plans and non-funded plans covered by operations are classified as long term provisions.

Net pension costs for the period are included in salary and personnel costs and consist of the sum of pension earned in the period, interest costs on the estimated obligation and estimated return on the pension's fund.

Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity without further obligations after the contribution has been made. Expenses related to defined contribution plans are classified as salary and personnel costs.

CASH FLOW STATEMENT

The cash flow statement is prepared using the indirect method. This means presenting, on the basis of profit before tax, cash flow from operating, investing and financing activities.

Dividend paid to shareholders and non controlling interest is presented under financing activities.

Note 02

REORGANIZATION AND BUSINESS COMBINATIONS

REORGANIZATION

On 20 June 2013 the owners of SN Power announced a plan to reorganize the ownership structure, implying that the Philippine joint ventures and the African and Central American business (Agua Imara) be transferred to a company outside of the current SN Power group. The sale and purchase agreement was signed by the parties and approved by the respective boards on or before 20 December 2013. Expected closing of the transaction is 1 April 2014.

The result of the operations subject to reorganization (transfer) included in the profit for the year are set out below.

PROFIT FOR THE YEAR FROM OPERATIONS SUBJECT TO REORGANIZATION (TRANSFER)	2013	2012
Sales revenues	16 593	15 473
Salary and personnel costs	-8 014	-7 517
Depreciation, amortization and write-downs	-2 956	-1 379
Other operating costs	-8 682	-6 953
Income from investments in associated companies and joint ventures	106 832	173 579
Earnings before financial items and tax	103 773	173 203
Financial income	860	2 479
Financial expenses	-750	-564
Net financial items	110	1 915
Profit before tax	103 883	175 118
Attributable income tax expense	-2 106	-2 775
Net profit for the year	101 777	172 343
Attributable to non-controlling interests	2 572	-193
Net profit for the year attributable to owners of SN Power	104 349	172 150

CASH FLOWS FROM OPERATIONS SUBJECT TO REORGANIZATION (TRANSFER)	2013	2012
Net cash flows from operational activities	-2 163	-7 386
Net cash flows from investment activities	-3 815	175 488
Net cash flows from financing activities	93 306	52 774
Net cash flows	87 328	220 876

ASSETS SUBJECT TO REORGANIZATION (TRANSFER)	2013	2012
Investment in associated companies and joint ventures	344 787	339 534
Assets related to Agua Imara	370 610	282 466
	715 397	622 000
Liabilities associated with assets subject to reorganization (transfer)	171 494	116 699

The fair value less costs to sell of the assets subject to reorganization (transfer) is expected to be higher than the aggregate carrying amount of the related assets and liabilities. The major classes of assets and liabilities of the Philippine joint ventures and Agua Imara at the end of the reporting period are as follows:

	2013
Intangible assets	15 711
Property, plant and equipment	271 991
Investment in associates and joint ventures	352 915
Non-current financial instruments (derivatives)	653
Financial assets	1 129
Total non-current assets	642 399
Receivables	4 663
Bank deposits, cash and cash equivalents (including restricted funds)	68 335
Total current assets	72 998
Assets of investments/business subject to reorganization (transfer)	715 397
Pension commitments	1 427
Deferred tax	41 193
Interest bearing long term debt	118 730
Total long-term liabilities	161 350
Current portion long term debt	3 077
Tax payable	221
Other current liabilities	6 846
Total current liabilities	10 144
Net assets of investments/business subject to reorganization (transfer)	543 903

BUSINESS COMBINATIONS 2013

In 2013 SN Power Group was not involved in business combinations.

BUSINESS COMBINATIONS 2012

In 2012 SN Power Group gained control in Fountain Intertrade Corporation in Panama and Muchinga Power Company Ltd in Zambia, previous joint venture companies.

FOUNTAIN INTERTRADE CORPORATION (FIC)

On the 6th of March 2012 SN power through Agua Imara gained majority in the Board of Directors (BoD) of FIC in accordance with the shareholder's agreement between Agua Imara and Panama Hydroelectric Ventures Inc., a subsidiary of Credicorp Group Inc. Agua Imara owned and still owns 50.1 % of the shares in FIC. Following the change in the BoD SN Power controls FIC according to IFRS, and consequently FIC has been derecognized as associated company and consolidated in the group financial statements as a subsidiary from the acquisition date. No gain or loss arose from the derecognition, and there was no consideration related to the change of control.

MUCHINGA POWER COMPANY LTD

On the 20th September 2012, Lunsemfwa Hydro Power Company Ltd (LHPC), a subsidiary of SN Power, increased it's ownership from 50 % to 100 % in Muchinga Power Company Ltd (MPC). MPC was established as a joint venture with InfraCo Ltd. to develop the Muchinga project. InfraCo Ltd sold its interest in MPC for 4.7 MUSD and transferred its costs of 1.5 MUSD in the project to LHPC.

Allocation of purchase price for business combinations in 2012

	MUCHINGA POWER COMPANY LTD	FOUNTAIN INTERTRADE CORPORATION	TOTAL
Acquisition date	20.09.12	06.03.12	
Voting rights/shareholding acquired through the acquisition	50.0%	0.0%	
Total voting rights/sharholding following acquisition	100.0%	50.1%	
Measurement of non-controlling interests	Proportional	Proportional	
Consideration			
Cash	4 725		4 725
Fair value of earlier recognized shareholdings	-	20 745	20 745
Total acquisition cost	4 725	20 745	25 470
Book value of net acquired assets (see table below)	1	41 407	41 408
Identification of excess value, attributable to:			
Property, plant and equipment	4 724	-	4 724
Gross excess value	4 724	-	4 724
Net excess value	4 724	-	4 724
Fair value of net acquired assets, excluding goodwill	4 725	41 407	46 132
Of which			
Attributable to Equity holders of the parent	4 725	20 745	25 470
Non-controlling interests	-	20 662	20 662
	4 725	41 407	46 132
Total acquisition cost	4 725	20 745	25 470
Fair value of net acquired assets, acquired by the majority through the transaction	4 725	20 745	25 470
Goodwill	-	-	-

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

BOOK VALUE OF NET ACQUIRED ASSETS	MUCHINGA POWER COMPANY LTD	FOUNTAIN INTERTRADE CORPORATION	TOTAL
Intangible assets	3 839		3 839
Property, plant and equipment	-	53 070	53 070
Other non-current financial assets	-	945	945
Non-current assets	3 839	54 015	57 854
Cash and cash equivalents	-	16 406	16 406
Receivables	-	497	497
Current assets	-	16 903	16 903
Acquired assets	3 839	70 918	74 757
Long-term interest-bearing liabilities	-	21 620	21 620
Other non-interest-bearing liabilities	3 838	2 674	6 512
Taxes payable	-	977	977
Derivatives	-	4 240	4 240
Liabilities	3 838	29 511	33 349
Net value of acquired assest	1	41 407	41 408
Net value of acquired assest, including the value of private placing	1	41 407	41 408

Total acquisition cost	4 725	20 745	25 470
Consideration and cost in cash and cash equivalents	4 725	20 745	25 470
Cash and cash equivalents in acquired companies	-	-16 406	-16 406
Net cash payments in connection with the acquisitions	4 725	4 339	9 064
Fair value of acquired receivables	-	497	
Gross nominal value of acquired receivables	-	497	497
Contribution to net profit since acqusition date	-	-988	-988
Net profit if consolidated from 1 January	-	-988	-988

Note 03

MARKET RISK, CREDIT RISK AND LIQUIDITY RISK

SN Power's strategic goals and ambitions as well as the geographical and cultural diversity in the countries of operation, makes it important to continuously evaluate risk factors at all levels. SN Power's core business is in regions that are, or have been politically and financially unstable. The company has a risk management framework in place, including policy and risk appetite, structure, methodology, skills, knowledge, culture and tools/system support. This framework is applied to projects in all life cycles; to new developments, projects under construction and acquisitions as well as for operating entities.

MARKET RISK

Market risk is defined as risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market prices. SN Power is mainly exposed to market risk on financial instruments related to currency, interest rate and energy prices.

Currency risk

"SN Power Group's presentation currency is US dollars (USD), and the functional currency of each subsidiary is determined from an evaluation of the primary economic environment of each company. The functional currency of each country is:

- USD: Peru, Chile, Panama, Norway, Nepal, Zambia and Singapore
- BRL: Brazil
- INR: India
- PHP: Philippines

SN Power Group is exposed to currency risk from transactions mainly from investments in and dividends from subsidiaries, associated companies and joint ventures. Companies with USD as functional currency are in many cases exposed to currency risk from local currency since a portion of the operating costs will typically be denominated in local currency. Currency risk related to the balance sheet will materialize when group companies with different functional currencies are converted to USD, like Brazil, India and the Philippines.

SN Power Group makes use of currency swaps and forward contracts to hedge part of the currency exposure related to the investments in subsidiaries and affiliated companies, in addition to significant cash flows in foreign currency. Guidelines for the management and monitoring of foreign exchange exposure is regulated by the Group Finance Policy owned by the Treasury Department, and the entity with foreign currency risk is responsible for compliance.

The following table shows the sensitivity of financial instruments to a reasonable possible change in material currencies for the Group (consolidated companies), with all other variables held constant.

CURRENCY RISK	CURRENCY	INCREASE/ DECREASE IN CURRENCY RATE	EFFECT ON PROFIT BEFORE TAX (TUSD)
2012	NOK	+10%	+ 482
	NOK	-10%	- 482
2012	ZMK	+10%	+ 31
	ZMK	-10%	- 31
2013	NOK	+10%	+ 1 233
	NOK	-10%	- 1 233

Significant currency changes in associated companies will also have consequences on the income statement through application of the equity method for such investments.

Interest rate risk

"SN Power Group is exposed to interest rate risk through financing in different consolidated, associated companies and joint ventures, in addition to indirect exposure through interest rates as input in valuations. Interest rate exposure related to the subsidiaries, associated companies and joint venture's debt financing is secured through interest rate swaps for a significant portion of the loans. SN Power's ambition for the Group's interest risk is to minimize interest costs, reduce fluctuations in these, and limit changes in the value of the Group's net debt. The Group`s total debt exposed to floating interest rates, exclusive associates and joint ventures, amounts to MUSD 198.

The following table shows the sensitivity of financial instruments to a reasonable possible change in interest rate for the Group (consolidated companies), with all other variables held constant:

INTEREST RATE RISK EXPOSURE	INCREASE/ DECREASE IN INTEREST RATE	EFFECT ON PROFIT BEFORE TAX (TUSD)
2011	+1%	+ 2 924
	-1%	- 2 924
2012	+1%	- 605
	-1%	+ 266

Energy price risk

SN Power's exposure to changes in energy prices on financial instruments is mainly limited to the valuation of energy contracts in Brazil, where an essential factor will be the Group's expectations regarding future price development in the Brazilian market. Price curves are developed in cooperation between market analysis department in Norway, local analysts and consultants, and calculations are updated quarterly.

The following table shows the effect on net profit before tax of change in Brazilian energy prices, given that all other variables are held constant:

ENERGY PRICE RISK	INCREASE/DECREASE IN ENERGY PRICE	EFFECT ON NET PROFIT BEFORE TAX (TUSD)
2012	+10%	27 571
	-10%	-27 571
2013	+10%	21 899
	-10%	-21 899

CREDIT RISK

Credit risk is defined as the risk of a party to a financial instrument inflicting a financial loss on SN Power Group by not fulfilling its obligation. Maximum credit risk exposure is:

CREDIT RISK	2013	2012
Short and long-term receivables on associated companies/JV's	253 034	187 962
Other long term receivables	637	1 288
Cash and cash equivalents	160 939	187 547
Cash pool Statkraft	82 317	103 788
Short term receivables	85 183	89 007
Derivatives non-current assets	93 538	69 475
Derivatives current assets	86 634	19 773
Total	762 282	658 840

"Credit risk related to account receivables and other receivables in SN Power is limited by the fact that customers and counterparts are in different markets and in many cases are governmental institutions. On the other hand, customers are few and large and we operate in emerging markets where counterparty risk might be assessed to be higher. Handling of potential credit risk on receivables is primarily made through credit checks, establishment of bank guarantees and parent company guarantees in addition to ongoing monitoring of counterparts.

To mitigate credit risk related to cash and cash equivalents, SN Power has a finance policy that regulates the maximum exposure per counterpart. In addition, a large proportion of cash deposits are placed in Statkraft's cash pool system.

Aging of account receivables is presented below, provision for losses on receivables are made.

	CURRENT RECEIVABLES	LESS THAN 90 DAYS	MORE THAN 90 DAYS	IMPAIRED	TOTAL RECEIVABLES
Accounts receivables	20 645	7 567	4 428	-2 815	29 825
Other receivables	165 569				165 569

LIQUIDITY RISK

"Liquidity risk is defined as the risk that SN Power will encounter difficulties in meeting obligations associated with financial liabilities.

Statkraft Norfund Power Invest AS's financing is based on equity. Both construction projects and operational activities are financed on the basis of non-recourse project financing. SN Power is extending limited and capped guarantees primarily during project construction phase.

The following table sets out the installment profile by maturity of the Group's financial commitments:

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	AFTER 2023	TOTAL
Instalments related to fixed interest rate loans												
External loans in subsidiaries	11 782	19 610	19 786	19 896	20 071	20 337	19 989	19 209	34 517	16 086	76 940	278 222
Instalments related to floating interest rate loans *												
External loans in subsidiaries	15 151	19 142	19 226	18 382	38 161	9 979	9 836	9 516	24 643	5 927	27 778	197 741
Interest payments												
Calculated interest payments	24 405	24 341	24 120	22 507	20 386	18 180	16 713	15 132	12 852	10 486	24 189	213 311
Total liabilities	51 338	63 093	63 131	60 785	78 618	48 496	46 538	43 858	72 011	32 499	128 907	689 274
Credit risk exposure												
Restricted cash	2 517											2 517
Bank deposits, cash and cash equivalents	158 422											158 422
Cash Pool Statkraft	82 317											82 317
Receivables	113 077											113 077
Financial assets							225 865					225 865
Total assets	356 333	-	225 865	-	-	-	-	-	-	-	-	582 198
Net	304 995	-63 093	-63 131	-60 785	-78 618	-48 496	179 327	-43 858	-72 011	-32 499	-128 907	-107 076

* Original principal amounts without considering interest swaps

Note 04

EVENTS AFTER THE BALANCE SHEET DATE

No significant events have occured after the balance sheet date.

Note 05

SUBSIDIARIES

The following subsidiaries are included in the consolidated financial statements:

COMPANY	DATE OF ESTABL./ ACQUISITION	BUSINESS OFFICE	MAIN OPERATIONS	PARENT COMPANY	VOTING SHARE	OWNER SHARE
Statkraft Norfund Power Invest AS	26 June 2002	Oslo, Norway	Investment			
SN Power Holding AS	27 May 2003	Oslo, Norway	Investment	Statkraft Norfund Power Invest AS	100.0%	100.0%
Agua Imara AS	13 January 2009	Oslo, Norway	Investment	Statkraft Norfund Power Invest AS	51.0%	45.9%
SN Power Brasil AS	7 April 2010	Oslo, Norway	Investment	Statkraft Norfund Power Invest AS	100.0%	100.0%
SN Power Holding Singapore Pte. Ltd	12 Aug 2003	Singapore	Investment	SN Power Holding AS	100.0%	100.0%
SN Power Invest Asia Pte Ltd. [1]	26 March 2009	Singapore	Investment	SN Power Holding Singapore Pte. Ltd	100.0%	100.0%
SN Power Holding Peru Pte. Ltd	26 August 2003	Singapore	Investment	SN Power Holding Singapore Pte. Ltd	100.0%	100.0%
SN Power Holding Chile Pte. Ltd	12 August 2003	Singapore	Investment	SN Power Holding Singapore Pte.Ltd	100.0%	100.0%
SN Power International Pte Ltd.	12 August 2003	Singapore	Investment	SN Power Holding Singapore Pte. Ltd	100.0%	100.0%
Agua Imara ACA Pte. Ltd.	25 September 2009	Singapore	Investment	SN Power AfriCA AS	100.0%	100.0%
Fountain Intertrade Corporation	4 October 2010	Panama City, Panama	Power plant under construction	Agua Imara ACA Pte. Ltd.	50.1%	50.1%
SN Power Investimentos Ltda	torsdag 10. mai 12	Florianopolis, Brazil	Investment	SN Power Brasil AS	100.0%	100.0%
SN Power Energia do Brasil Ltda	31 December 2007	Florianopolis, Brazil	Trading	SN Power Investimentos Ltda	100.0%	100.0%
SN Power Peru Holding S.R.L	07 October 2003	Lima, Peru	Investment	SN Power Holding Peru Pte. Ltd	100.0%	100.0%
Empresa de Generacion Electrica Cheves S.A	01 June 2007	Lima, Peru	Power plant under construction	SN Power Peru Holding S.R.L	68.7%	68.7%
Empresa de Generacion Electrica Cheves S.A	01 June 2007	Lima, Peru	Power plant under construction	SN Power Peru S.A	31.3%	31.3%
SN Power Peru S.A	17 October 2007	Lima, Peru	Power production	SN Power Peru Holding S.R.L	100.0%	100.0%
SN Power Chile Inversiones Eléctricas Ltda	09 December 2004	Santiago, Chile	Investment	SN Power Holding Chile Pte. Ltd	100.0%	100.0%
SN Power Chile Tingueririca y Cia.	17 December 2004	Santiago, Chile	Investment	SN Power Chile Inversiones Electricas Ltda	99.9%	99.9%
SN Power Chile Valdivia y Cia. [2]	15 February 2006	Santiago, Chile	Investment	SN Power Chile Inversiones Electricas Ltda	99.9%	99.9%
Norvind S.A [2]	06 August 2007	Santiago, Chile	Power production	SN Power Chile Valdivia y Cia.	100.0%	100.0%
SN Power India Pvt Ltd	27 July 2010	New Dehli, India	Investment	SN Power Holding Singapore Pte. Ltd	100.0%	100.0%
SN Power Markets Pvt.Ltd	13 December 2011	New Dehli, India	Trading	SN Power Holding Singapore Pte. Ltd	100.0%	100.0%
Himal Power Ltd	01 March 2006	Kathmandu, Nepal	Power production	SN Power Holding Singapore Pte. Ltd	57.1%	52.7%
SN Power Vietnam Pte.Ltd	31 May 2010	Hanoi, Vietnam	Investment	SN Power Holding Singapore Pte. Ltd	80.0%	80.0%
Lunsemfwa Hydro Power Company Ltd	1 April 2011	Kabwe, Zambia	Power production	SN Power ACA Pte. Ltd	51.0%	51.0%
Muchinga Power Company Ltd	20 September 2012	Kabwe, Zambia	Power production	Lunsemfwa Hydro Power Company Ltd	100.0%	100.0%

[1] SN Power Global Services Pte. Ltd changed name to SN Power Invest Asia Pte Ltd.
[2] Norvind S.A. was sold with financial close 1 July 2013. Previous to the sale, SN Power Chile Valdivia y Cia was merged in to SN Power Chile Inversiones Electricias Ltda..

Note 06

The following associated companies and joint ventures are included in the consolidated financial statements:

ASSOCIATED COMPANIES AND JOINT VENTURES

COMPANY	DATE OF ESTABL./ ACQUISITION	BUSINESS OFFICE	MAIN OPERATIONS	PARENT COMPANY	VOTING SHARE	OWNER SHARE
Nividhu Pvt Ltd [1]	27 October 2003	Colombo, Sri Lanka	Power production	SN Power Holding Singapore Pte. Ltd	30.0%	30.0%
Malana Power Company Ltd [1]	17 June 2005	New Dehli, India	Power production	SN Power Holding Singapore Pte. Ltd	49.0%	49.0%
Allain Duhangan Hydro Power Ltd [1]	17 June 2005	New Dehli, India	Power plant under construction	Malana Power Company Ltd	88.0%	88.0%
SN Aboitiz Power - Magat Inc	29 November 2005	Manila, Philippines	Power production	SN Power Holding Singapore Pte. Ltd	40.0%	40.0%
Manila-Oslo Renewable Enterprise Inc. [3]	29 November 2005	Manila, Philippines	Investment	SN Power Holding Singapore Pte. Ltd.	16.7%	16.7%
SN Aboitiz Power Benguet Inc	29 November 2005	Manila, Philippines	Power production/rehabilitation	SN Power Holding Singapore Pte. Ltd	40.0%	40.0%
SN Aboitiz Power Hydro Inc [2]	29 November 2005	Manila, Philippines	Investment	SN Power Holding Singapore Pte. Ltd	40.0%	40.0%
SN Aboitiz Power Nueva Ecija Inc [2]	14 January 2009	Manila, Philippines	Investment	SN Power Holding Singapore Pte. Ltd	40.0%	40.0%
SN Aboitiz Power Pangasnan Inc [2]	14 January 2009	Manila, Philippines	Investment	SN Power Holding Singapore Pte. Ltd	40.0%	40.0%
SN Aboitiz Power Cordillera Inc [2]	14 January 2009	Manila, Philippines	Investment	SN Power Holding Singapore Pte. Ltd	40.0%	40.0%
SN Aboitiz Power RES Inc [2]	23 December 2009	Manila, Philippines	Investment	SN Power Holding Singapore Pte. Ltd	40.0%	40.0%
SN Aboitiz Power – Generation Inc	1 October 2012	Manila, Philippines	Investment	SN Power Holding Singapore Pte. Ltd	40.0%	40.0%
Dugar Hydro Power Ltd	21 April 2011	Himachal Pradesh, India.	Power plant under construction	SN Power Holding Singapore Pte. Ltd	50.0%	50.0%
Hidroelectrica La Higuera S.A	03 June 2004	Santiago, Chile	Power plant under construction	SN Power Chile Tinguerirca y Cia.	50.0%	50.0%
Hidroelectrica La Confluencia S.A	23 Sepember 2004	Santiago, Chile	Power plant under construction	SN Power Chile Tinguerirca y Cia.	50.0%	50.0%
Burica Hydropower SA	21 February 2012	Panama City, Panama	Power plant under construction	Agua Imara ACA Pte. Ltd.	50.1%	50.1%
Desenvix Energias Renováveis S/A	23 Sepember 2004	Florianopolis, Brazil	Power production	SN Power Investimentos Ltda	40.65%	40.65%

1) The companies with diverging financial year are those located in India and Sri Lanka with 31 March as Balance sheet date. The figures specified in the note represent the calendar year.
2) Companies without or with insignificant activity.
3) Manila-Oslo Renewable Enterprise has a 60% owner share in SN Aboitiz Power Magat Inc, SN Aboitiz Power Benguet Inc, SN Aboitiz Power Hydro Inc, SN Aboitiz Power Nueva Ecija Inc, SN Aboitiz Power Pangasnan Inc, SN Aboitiz Power Cordillera Inc, SN Aboitiz Power RES Inc and SN Aboitiz Power - Generation Inc.

None of the companies are listed. Desenvix Energias Renováveis S/A has listed bonds (Bovespa Mais).

Book value associated companies and joint ventures

COMPANY	COUNTRY	BOOK VALUE 2012	ADDITIONS/ DISPOSALS	SHARE OF PROFIT/LOSS	DIVIDENDS	FOREIGN CURRENCY TRANSLATION DIFFERENCE	GAIN/LOSS ON HEDGES	BOOK VALUE 2013
Nividhu Pvt Ltd	Sri Lanka	1 905	-	257	-657	-729	-	776
Malana Power Company Ltd	India	53 685	-	531	-	-6 067	-	48 149
Allain Duhangan Hydro Power Ltd	India	38 584	-	2 127	-	-4 451	-	36 260
Dugar Hydro Power Limited	India	4 372	458	-112	-	66	-	4 784
SN Aboitiz Power - Magat Inc	Philippines	111 597	-	59 671	-28 416	-10 258	2 015	134 609
Manila-Oslo Renewable Enterprise Inc.	Philippines	45 170	-	73	-	-4 587	-	40 656
SN Aboitiz Power Benguet Inc	Philippines	169 127	-5 324	46 513	-30 690	-13 854	2 656	168 428
SN Aboitiz Power - Generation Inc	Philippines	-591	91	575	-	8	-	82
Hidroelectrica La Higuera S.A	Chile	-26 454	13 296	2 096	-	-	5 297	-5 765
Hidroelectrica La Confluencia S.A	Chile	14 791	-	-6 698	-	-2	7 932	16 024
Desenvix Energias Renováveis S/A	Brazil	344 629	-	-18 162	-	-42 286	-	284 181
Hidro Burica SA	Panama	4 014	5 138	-12	-	-	-	9 140
Share of loss offset against other interests in the company		26 454						5 765
Total		787 283	13 658	86 860	-59 763	-82 160	17 900	743 089

"SN Power and Bhilwara Group have joint control of the Indian companies Malana Power Company and Allain Duhangan Hydro Power with a 49% shareholding for SN Power and 51% shareholding for Bhilwara. SN Power and Tata Group have joint control of the Indian company Dugar Hydro Power with a 50% shareholding for SN Power and a 50 % shareholding for Tata. India had a positive net profit of MUSD 3 in 2013.

SN Power and Jackson have joint control of Desenvix with a 40.65% shareholding each, and Funcef has a minority shareholding of 18.69%. Desenvix was included in SN Power accounts as an associated company from March 2012. Desenvix had negative net profits mainly due to PPA penalties arising from delayed start-up of the wind farms, unfavourable FX effects from a USD loan, lack of fuel (bagasse) for the biomass plant Enercasa, a provision for bad debt related to a loan to the bagasse supplier and write-down of capitalized project development costs. The development of the project portfolio in Desenvix is delayed with more than one year compared to the original plan. The shareholders of Desenvix have committed to capital injections in 2014 to secure the funding of the company. Desenvix have BRL as functional currency and there has been a significant weakening against USD in 2013, resulting in a negative translation difference of MUSD 42.

SN Power and Aboitiz Equity Ventures have joint control of The Philippine companies with a 50% shareholding each. The Philippines had a net profit of MUSD 108 which is MUSD 66 lower than in 2012. Prices have moved from a very high to a high level. As anticipated both the prices and the demand for ancillary services (sales of system standby reserves) have seen a decline since 2012 which is the most important explanation for the reduction in net profit in 2013. The Filipino entities have PHP (peso) as functional currency and there has been a significant weakening against USD in 2013, resulting in a negative translation difference of MUSD 29.

SN Power and Pacific Hydro Chile have joint control of Chilean companies with a 50% shareholding each. The two hydropower plants La Higuera and La Confluencia have not been operating for the full year. La Higuera has received an unallocated amount of MUSD 50 (100%) of the total insurance claim from the insurers, (SN Power's share MUSD 25) which is recognized as income in 2013 and included in the net profits of MUSD 2. The objective is to settle the final insurance claim by the 1st quarter of 2014. La Higuera has negative equity due to negative net profits (losses) in 2012 and 2011. SN Power's share of negative equity is offset against shareholder loan for presentation purposes. La Confluencia showed negative net profits of MUSD -7 for the year.

Agua Imara and the Panamanian partner CrediCorp established in February 2012 a new company, Hidro Burica SA. Its purpose is to develop the 63 MW Burica hydropower plant, with expected commissioning in 2015."

Financial information from associated companies and joint ventures (100%) *

COMPANY		ASSETS	LIABILITIES	REVENUE	NET PROFIT
Nividhu Pvt Ltd	Sri Lanka	3 374	1 165	1 566	857
Malana Power Company Ltd	India	207 284	45 377	11 941	1 084
Allain Duhangan Hydro Power Ltd	India	320 872	236 780	43 374	4 932
Dugar Hydro Power Limited	India	9 708	139	-	-223
SN Aboitiz Power - Magat Inc	Philippines	644 520	343 561	234 925	119 341
Manila-Oslo Renewable Enterprise Inc.	Philippines	272 147	28 261	4 297	440
SN Aboitiz Power Benguet Inc	Philippines	763 352	377 128	199 821	93 052
SN Aboitiz Power - Generation Inc	Philippines	3 645	3 438	-	1 149
Hidroelectrica La Higuera S.A	Chile	557 420	570 934	147 959	4 192
Hidroelectrica La Confluencia S.A	Chile	520 602	488 545	70 782	-13 395
Desenvix Energias Renováveis S/A	Brazil	761 902	473 574	104 242	-8 644
Hidro Burica SA	Panama	19 661	1 418	-	-24

* Assets and liabilities are converted to USD using the closing balance rate per 31 December 2013. Revenue and Net Profit are converted using average rate for 2013. The financial information is adjusted from local reporting to comply with IFRS in the group reporting.

Note 07

SALES REVENUES

BY BUSINESS AREA	2013	2012
Power sales	269 501	254 631
Services	4 010	2 156
Gain on disposal of assets	99	3 712
Total	273 610	260 499

BY GEOGRAPHICAL MARKET	2013	2012
Norway	2 084	710
South America	218 589	209 310
Asia	37 206	35 564
Africa	15 731	14 915
Total	273 610	260 499

Note 08

ENERGY PURCHASE AND OTHER COSTS RELATED TO POWER SALES

	2013	2012
Purchase of electric power	101 664	75 814
Transmission costs	11 208	9 079
Other production costs and fees	3 034	3 140
Total cost of energy purchase and other costs related to power sales	115 906	88 033

Note 09

EMPLOYEE BENEFIT EXPENSES, MANAGEMENT REMUNERATION AND AUDIT FEE

SALARY AND PERSONNEL COSTS	2013	2012
Salary expenses	39 260	40 317
Social security costs	4 241	4 249
Pension costs (note 21)	2 865	3 061
Other personnel costs	5 023	8 011
Total salary and personnel costs	51 389	55 638

THE AVERAGE NUMBER OF MAN-YEARS	2013	2012
SN Power Group consolidated companies	505	523
SN Power Group associated companies and joint ventures (100%)	705	691
Total	1 210	1 214

EXPENSED MANAGEMENT REMUNERATION	2013 NOK	2013 USD	2012 NOK	2012 USD
Chief Executive Officer				
Salary	2 273	387	2 083	358
Paid pension premium	198	34	184	32
Other	182	31	225	39
Total Chief Executive Officer	2 653	452	2 492	428
Executive Management Team				
Salary	16 121	2 744	13 566	2 330
Paid pension premium	1 674	285	1 163	200
Other	2 489	424	2 830	486
Total Executive Management Team	20 285	3 453	17 559	3 016
Total remuneration CEO and Executive Management Team	22 938	3 904	20 051	3 445

The SN Power Executive Management Team consists of eight people in addition to the CEO. Eight members of the Executive Management Team have a supplementary pension scheme with a right to a pension of 66% of the salary from 12 up to 20 times the Norwegian Public Pension Base Rate ("G") from the age of 65 years. The plan requires 30 years vesting period and is funded by the company. The Executive Management Team has no right to severance pay related to end of employment, with the exception of the CEO entitled to severance pay of up to 12 months. Following the reorganisation one member of the Executive Management Team has resigned and accepted severance pay of 12 months to be paid in 2014.

The CEO and the Executive Management Team are covered by the same bonus plan as all employees in Statkraft Norfund Power Invest AS. The plan is limited up to 20% of salary, and the remuneration is based on yearly goal achievements.

Remuneration of TNOK 441 (TUSD 75) is paid to the Board of Directors in Statkraft Norfund Power Invest AS in 2013.

AUDIT FEE, SN POWER GROUP	2013	2012
Statutory audit	399	474
Other assurance services	3	15
Tax services	137	133
Non-audit services	149	71
Total fees to auditors	689	693

Deloitte is the auditor for SN Power Group. Non-audit services is primarily related to quality and control procedures regarding the restructuring of SN Power Group.

Total fees related to consolidated companies not audited by Deloitte amounts to TUSD 141 (TUSD 100), whereof TUSD 117 for statutory audit and TUSD 24 for tax services provided.

Note 10

OTHER OPERATING COSTS

	2013	2012
Leasing premises	3 733	3 693
External services	13 099	16 408
Travel expenses	6 427	7 394
Insurance expenses	3 383	3 606
Fees, licenses, etc.	1 176	944
Loss on disposal of assets, accounts receivable and contracts	3 045	514
Repairs and maintenace	4 169	4 041
Office expenses	4 886	6 790
Other costs	7 072	8 001
Total other operating costs	46 990	51 391

LEASE COSTS RELATED TO OPERATIONAL LEASES	2013	2012
Ordinary lease payments	3 733	3 693

THE FUTURE MINIMUM RENTS RELATED TO NON-CANCELLABLE LEASES FALL DUE AS FOLLOWS:	2014	2015-2019	2020 ->	TOTAL
Office lease, lease of office equipment etc	1 501	4 295	2 857	8 653
Other leases	189	75	-	264
Total	1 690	4 370	2 857	8 917

Note 11

FINANCIAL INCOME AND EXPENSES

FINANCIAL INCOME	IAS 39 CATEGORY	2013	2012
Interest income bank	Amortized cost	5 101	5 400
Realised currency gain	Fair value through profit and loss	4 728	5 549
Unrealised currency gain	Fair value through profit and loss	1 036	-4 431
Other financial income	Amortized cost	1 646	1 142
Financial income		12 511	7 660
FINANCIAL EXPENSES		2013	2012
Interest expenses loans	Amortized cost	-17 047	-19 062
Realised currency loss	Fair value through profit and loss	-3 364	-3 101
Unrealised currency loss	Fair value through profit and loss	-1 087	-453
Other financial expenses	Amortized cost	-1 281	-2 552
Financial expenses		-22 779	-25 168
GAIN/LOSS ON DERIVATIVES		2013	2012
Realised gains on derivates	Fair value through profit and loss	-	15 857
Realised loss on derivates *)	Fair value through profit and loss	-4 402	-
Unrealised gain on derivatives	Fair value through profit and loss	-	6 533
Unrealised loss on derivatives	Fair value through profit and loss	-	-1 539
Gain/loss on derivatives		-4 402	20 851
Net financial items		-14 670	3 343

*) Loss in 2013 derives from a reclassification to profit or loss of an interest rate derivative in Norvind S.A. designated as a hedging instrument. The company was sold with financial close on 1 July 2013
Unrealized loss and gain on energy derivatives have been reclassfied to other operating income and expenses in 2013.

Note 12

PROPERTY, PLANT AND EQUIPMENT

	LAND	WATER RIGHTS	PLANTS AND MACHINERY	FIXTURES AND FITTINGS, VEHICLES, OTHER EQUIPMENT	TOTAL
Book value 1 January 2012	10 618	401 774	521 543	9 914	943 849
Additions	33	-	180 525	1 016	181 574
Additions through business combinations 1)	6 671	6 457	44 370	229	57 727
Reclassification	-	-	-5 657	5 657	-
Capitalized borrowing costs	-	-	3 894	-	3 894
Disposals at book value	-40	-	-1 413	-190	-1 643
Depreciation for the year	-5	-	-20 918	-2 818	-23 741
Impairment for the year	-	-	-14 000	-	-14 000
Exchange differences for the year	-	-	-	-45	-45
Book value 31 December 2012	17 277	408 231	708 344	13 763	1 147 615
Acquisition cost 31 December 2012	17 316	408 231	897 155	23 965	1 346 667
Reclassification	-	-	-5 657	5 657	-
Accumulated depreciation	-39	-	-183 154	-15 828	-199 021
Accumulated exchange differences	-	-	-	-31	-31
Book value 31 December 2012	17 277	408 231	708 344	13 763	1 147 615
Book value 1 January 2013	17 277	408 231	708 344	13 763	1 147 615
Additions	62	-	222 913	1 388	224 363
Reclassification	-	-	-5 618	5 618	-
Capitalized borrowing costs	-	-	6 539	-	6 539
Disposals at book value	-5 758	-	-93 773	-2 141	-101 672
Depreciation for the year	-5	-	-14 666	-4 791	-19 462
Impairment for the year	-	-	-63	-	-63
Exchange differences for the year	-	-	-	-169	-169
Book value 31 December 2013	11 576	408 231	823 676	13 668	1 257 152
Acquisition cost 31 December 2013	11 620	408 231	990 875	27 537	1 438 263
Reclassification	-	-	-8 802	8 802	-
Accumulated depreciation	-44	-	-158 397	-22 472	-180 913
Accumulated exchange differences	-	-	-	-198	-198
Book value 31 December 2013	11 576	408 231	823 676	13 669	1 257 152

[1] See Note 2 - Business Combinations for details

"The operations of the La Oroya and Pachachaca hydropower plants, which generate 10% of the SN Power Peru's supply, might be terminated sometime in the future due to an implicit obligation with the local government deriving from an agreement that as of 31 December, 2013 has expired. The background for this is that local government plans to use the water that feeds the turbines at the two plants for drinking water, and hydropower production must therefore cease. No write-downs have been made in the financial statements as of 31 December 2013 since the local government has postponed the termination to an undetermined date. Carrying amount for the above mentioned plants as of 31 December 2013 is calculated to MUSD 9.0. A provision for dismantling (MUSD 1) is made for La Oroya and Pachachaca hydropower plants.

The Cheves project (Peru) is under construction and is included under plant and machinery with MUSD 412.

The Bajo Frio Project (Panama) is under construction and is included under plant and machinery with MUSD 133.

The recorded disposals are related to the sale of the 100% owned company Norvind S.A., the legal owner of the Totoral wind farm in Chile. The transaction was closed on 1 July 2013.

IMPAIRMENT LOSSES RECOGNIZED IN THE YEAR

During the year, as a result of specific events and changes in market conditions, SN Power carried out a review of the recoverable amount of relevant power plants. In addition, impairment tests have been performed for intangible assets with infinite useful life.The impairment review is performed per consolidated power plant, which is the lowest level at which independent cash flows can be measured. The review led to no recorded impairment loss.

SN Power routinely monitors assets, and if there are indications that the value of an asset is no longer recoverable, an impairment test will immediately be carried out to determine whether the asset can still justify its carrying value. If new estimates conclude that the value is no longer recoverable, the asset is written down to the recoverable amount. The recoverable amount is the greater of the the value in use (discounted cash flows) and the fair value less costs of disposal.

Note 13

INTANGIBLE ASSETS

	GOODWILL	ROAD AND LAND RIGHTS	PROJECT DEVELOPMENT	SOFTWARE LICENSES	TOTAL
Book value 1 January 2012	5 730	2 274	6 775	178	14 957
Additions	-	596	5	292	893
Additions through business combinations 1)	257	-	3 839	-	4 096
Disposals at book value	-	-	-1 601	-	-1 601
Amortisation	-	-3	-3 961	-127	-4 091
Exchange differences for the year	-	1	-153	-1	-153
Book value 31 December 2012	5 987	2 868	4 904	342	14 101
Acquisition cost 31 December 2012	5 987	5 693	14 726	1 157	27 563
Accumulated amortisation	-	-2 825	-9 530	-813	-13 168
Accumulated exchange differences	-	-	-292	-2	-294
Book value 31 December 2012	5 987	2 868	4 904	342	14 101
Book value 1 January 2013	5 987	2 868	4 904	342	14 101
Additions	-	99	5 667	30	5 796
Additions through business combinations	877	-	-	-	877
Disposals at book value	-	-	-408	-5	-413
Amortisation	-	-	-1 316	-61	-1 377
Exchange differences for the year	-	-	-	-21	-21
Book value 31 December 2013	6 864	2 967	8 847	286	18 964
Acquisition cost 31 December 2013	6 864	5 792	19 693	1 179	33 528
Accumulated amortisation	-	-2 825	-10 846	-871	-14 542
Accumulated exchange differences	-	-	-	-22	-22
Book value 31 December 2013	6 864	2 967	8 847	286	18 964

1) See Note 2 - Business Combinations for details

PROJECT DEVELOPEMENT

Project development costs are capitalized only if future economic benefits from the development of an intangible asset is probable. Development costs will be capitalized as part of the construction cost of the plant and depreciation will start when the asset is put into operation.

Note 14

CONTRACTUAL COMMITMENTS

In September 2010, SN Power approved construction of the hydro power plant Cheves in Peru. The power plant will have an installed capacity of 168 MW and an expected average annual production of 866 GWh. The investment frame is MUSD 596 with remaining MUSD 171 as of 31 December 2013. SN Power is committed to contribute MUSD 152 in equity of which all has been injected as planned. SN Power Invest has also granted a shareholderloan of MUSD 129 as of 31 December 2013. SN Power has granted a parent company guarantee for completion of MUSD 278 of which MUSD 113 remain outstanding.

In October 2011, SN Power approved construction of the hydro power plant Bajo Frio in Panama. The power plant will have an installed capacity of 58 MW and an expected average annual production of 260 GWh. The investment frame is MUSD 234 (100%) with remaining MUSD 88 as of December 2013. SN Power is committed to contribute MUSD 18 in equity of which MUSD 11 has been injected as planned. The sponsors have granted parent company guarantees for completion of MUSD 30 (100%) of which SN Power covers MUSD 7.

The shareholders have committed to fund Desenvix by a combination of MBRL 40 of additional debt up-front, followed by MBRL 60 of equity injections during 2014 (100%).

OFF BALANCE SHEET GUARANTEES AND OBLIGATIONS 31 DECEMBER	2013	2012
Parent company guarantees	167 375	208 175
Financial power exchange agreements	9 812	11 209
Property rental guarantees	-	546
Regress guarantees	77 966	86 489
Remaining equity commitments, subsidiaries	12 000	15 000
Remaining equity commitments, associated companies and joint ventures	1 000	72 000
Sureties	50 250	50 250
Total	305 404	443 669

Note 15

DERIVATIVES

	2013	2012
Derivatives - non current assets		
Energy derivatives	92 329	69 072
Interest rate derivatives	1 144	-
Currency rate derivatives	65	403
Total non-current derivatives	93 538	69 475
Derivatives - current assets		
Energy derivatives	86 604	16 108
Currency rate derivatives	30	3 665
Total current derivatives	86 634	19 773
Derivatives - non current liabilities		
Energy derivatives	26 987	2 993
Interest rate derivatives	12 774	51 462
Total non-current derivatives	39 761	54 455
Derivatives - current liabilities		
Energy derivatives	57 586	14 840
Interest rate derivatives	7 249	4 628
Total current derivatives	64 835	19 468
Net energy derivatives	94 360	67 347
Net Interest rate derivatives	-18 879	-56 090
Net currency rate derivatives	95	4 068
Total net derivatives	75 576	15 325

FAIR VALUE OF DERIVATIVES

The estimated fair value of financial instruments has been determined using relevant market information and valuation methods. The fair value of interest rate swaps and currency swaps is determined by discounting expected future cash flows to present values using observed market interest rates and exchange rates, while the valuation of forward exchange contracts is based on the observed exchange rates, of which forward exchange rates are derived. Estimated present values are tested for reasonableness against calculations made by the counterparties in the contracts (mark-to-market).

The fair value of energy derivatives are determined at quoted market prices when available, and if market prices are not available prices are calculated on the short, medium and long term with different input variables in separate models. The fair value of other energy derivatives are calculated by discounting expected future cash flows. Market price curve is determined based on in-house models in cases where one does not have market closing prices and these are updated continuously with major parameters such as inflation and interest rates. Market interest rate curve is assumed for discounting derivatives. Market interest rate curve calculated based on the published swap rates from major financial institutions and credit spreads are added to the market yield curve in cases where credit risk is relevant. Fair value measurements can be classified by using a fair value hierarchy that reflects the significance of the inputs 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 than the quoted prices included in Level 1 that are observable for the asset or liability either directly as prices, or indirectly derived from prices.
Level 3: Data for the asset or liability is not based on observable market data.

Fair value hierarchy and fair value changes in financial derivatives is presented below, while for the remaining financial instruments are discussed in the text above. Further analysis of market risk is discussed in note 3.

	ENERGY DERIVATIVES LEVEL 3	INTEREST DERIVATIVES LEVEL 2	CURRENCY DERIVATIVES LEVEL 2	TOTAL
Derivatives 1 January 2013	67 347	-56 090	4 068	15 325
Additions derivatives 2013	-	7 595	-	7 595
Currency effect 2013	-11 579	-	-	-11 579
Derivatives 31 December 2013	94 360	-18 879	95	75 576
Change in fair value for derivatives	38 592	29 616	-3 973	64 235
Changes in fair value recognized in CAPEX	-	-776	-	-776
Changes in fair value recognized in income statement	38 592	-	-	38 592
Changes in fair value recognized in other equity	-	30 392	-3 973	26 419
Change in fair value for derivatives	38 592	29 616	-3 973	64 235
Changes in fair value recognized in other equity	-	30 392	-3 973	26 419
Deferred tax asset from hedging instruments recognized in other equity	-	-6 093	1 119	-4 974
Gain/loss on realized contracts recognized in other equity	-	7 598	-	7 598
Recognized in other equity	-	31 897	-2 854	29 043
Changes in fair value recognized in income statement	38 592	-	-	38 592
Loss on realized contracts recognized in income statement	-	-4 402	-	-4 402
Net recognized in income statement	38 592	-4 402	-	34 190

SENSITIVITY ANALYSIS OF FACTORS CLASSIFIED AS LEVEL 3	10% REDUCTION	10% INCREASE
Net effect of prices on energy derivatives	-21 899	21 899

HEDGE ACCOUNTING

SN Power have entered into interest rate swaps in Cheves, Fountain Intertrade Corporation and SN Power Peru and currency swaps in Cheves and Foutain Intertrade Corporation. All contracts qualify for hedge accounting of future cash flows, and changes in fair value are recorded against equity until the payment is settled. Other hedging instruments that does not meet hedge accounting requirements are recorded at fair value over profit and loss statement. Per 31 December a total of MUSD 19 of the groups hedging instruments qualify for hedge accounting.

Note 16

FAIR VALUE OF FINANCIAL INSTRUMENTS

FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair value of financial instruments has been determined using the relevant market information and valuation methods. There are no identified financial instruments where the carrying value differs significantly from fair value. The carrying value of cash and cash equivalents is the best estimate of fair value. The fair value of loans is calculated by discounting expected future cash flows at prevailing interest rates and are not significantly different from book value.

FINANCIAL ASSETS VALUED AT AMORTIZED COST	BOOK VALUE	FAIR VALUE
Loans to associated companies and joint ventures	225 140	225 140
Investment in shares	88	88
Other long term receivables	639	639
Account receivable	32 640	32 640
Prepayments to suppliers	15 200	15 200
Other current receivables	35 404	35 404
Accrued dividend	20 459	20 459
Cash pool Statkraft	82 317	82 317
Cash and cash equivalents (note 19)	160 939	160 939
Total financial assets at amoritized cost	572 826	572 826

FINANCIAL LIABILITIES VALUED AT AMORTIZED COST		
Interest-bearing long term debt	433 297	433 297
Interest bearing short term debt	1 495	1 495
Current portion long term debt	23 953	23 953
Other current liabilities	38 619	38 619
Accounts payable	36 699	36 699
Tax	1 599	1 599
Total financial assets at amoritized costs	535 662	535 662

Note 17

FINANCIAL ASSETS

	2013	2012
Loan to associated companies and joint ventures [1]	225 140	172 109
Investments in shares	88	88
Other long term receivables	637	1 288
Total other financial assets	225 865	173 485

[1] Reduced with MUSD 6 in 2013 which is share of loss (negative equity) in associted companies. Ref. Note 6 - Associated companies and joint ventures.

Note 18

RECEIVABLES

	2013	2012
Accounts receivables	32 640	34 191
Provisions for loss on receivables	-2 815	-2 820
Prepayments to suppliers	15 200	22 515
Earned but not invoiced operating income	11 812	12 834
Current receivable from associated companies and joint ventures	7 435	15 853
Prepaid tax receivable	9 374	-
Other current receivables	18 289	21 499
Settlement account VAT	362	431
Prepaid rent	51	89
Accrued interest	270	268
Approved, not paid dividend from associated companies/joint ventures	20 459	-
Cash Pool Statkraft	82 317	103 788
Total receivables	195 394	208 648

Note 19

BANK DEPOSITS, CASH AND CASH EQUIVALENTS

	2013	2012
Bank deposits, cash and cash equivalents	158 422	144 100
Bank deposits - tax restricted	1 493	1 828
Other bank deposits - restricted *)	1 024	41 619
Total bank deposits, cash and cash equivalents 31 December	160 939	187 547

*) Back-to-back loan with bank deposits as collateral, refer note 24.

Note 20

SHARE CAPITAL, SHAREHOLDER INFORMATION AND DIVIDEND

	SHARE CAPITAL	SHARE PREMIUM	OTHER PAID-IN CAPITAL	PAID-IN CAPITAL
Paid-in equity 1 January 2013	583 350	1 066 212	-	1 649 562
Capital increase	7 782	31 125	-	38 907
Reduction of share capital	-486 148	-	486 148	-
Paid-in equity 31 December 2013	104 984	1 097 337	486 148	1 688 469

SHAREHOLDERS IN STATKRAFT NORFUND POWER INVEST AS 31 DECEMBER 2013	NUMBER OF SHARES	OWNER AND VOTING SHARE
Statkraft AS	19 803 000	60 %
Norfund	13 202 000	40 %
Total	33 005 000	100 %

No dividends are paid out for 2013.

Note 21

PENSIONS AND OTHER LONG-TERM EMPLOYEE BENEFITS

Statkraft Norfund Power Invest AS and Agua Imara AS have pension schemes that cover a total of 71 staff members, and comply with Norwegian regulations on mandatory pension. The pension plans confer the right to defined future benefits, that mainly depend on the vesting period, the level of pay at retirement and the size of state pension benefits. These obligations are partially covered by a closed plan for 2 employees in the Norwegian Public Service Pension Fund (SPK) and through a group pension scheme with Nordea Liv.

In addition, nine members of the SN Power and Agua Imara Executive Management Teams have a supplementary plan. This plan confers a right to a pension of 66% of the salary up to 20G from the age of 65 years. The plan requires 30 years vesting period and is funded by the company.

ASSUMPTIONS

The following assumptions were used in calculating the current year's pension costs and liabilities:

	2013	2012
Discount rate	4.10 %	3.80 %
Expected rate of return	4.10 %	3.80 %
Regulation of salary	3.75 %	3.75 %
Regulation of pension, Nordea	0.90 %	0.30 %
Regulation of pension, SPK	2.75 %	2.75 %
Regulation of base rate	3.50 %	3.50 %
Turnover	3.50 %	3.50 %

PENSIONS COSTS	FUNDED	UNFUNDED	2013	2012
Net present value of the current year's pension earnings	2 350	169	2 518	2 676
Interest rate and administrative costs	340	29	369	286
Gross pension costs	2 689	198	2 887	2 962
Return on pension plan assets	-330	-	-330	-210
Administration costs	37	-	37	34
Accrued social security cost	242	28	270	275
Net pension costs	2 639	226	2 865	3 061

PENSION LIABILITIES	FUNDED	UNFUNDED	2013	2012
Pension liabilities	11 471	1 399	12 870	11 175
Pension plan assets	8 772	-	8 772	8 186
Calculated pension liabilities	2 699	1 399	4 098	2 989
Social security cost	308	197	506	350
Net pension liabilities	3 007	1 597	4 604	3 339

MOVEMENT IN ACTUARIAL GAINS/LOSSES RECOGNIZED DIRECTLY IN EQUITY			2013	2012
Accumulated amount recognised directly in equity before tax 01.01			-536	-2 220
Currency effects			46	-169
Recognised in the period	-706	-485	-1 191	1 854
Accumulated amount recognised directly in equity before tax 31.12			-1 682	-536

Note 22

TAX

TAX EXPENSE	2013	2012
Taxes payable	9 157	20 394
Change in deferred tax	11 889	-10 920
Tax expense	21 046	9 474

Tax expense is related to foreign subsidiaries.

TAX EXPENSE	2013	2012
Profit before tax	149 205	116 582
Expected tax expense at a nominal rate of 28%	41 777	32 643
Effect on taxes of:		
Differences in foreign tax rates	-4 725	1 142
Income from associated companies and joint ventures	-24 321	-31 141
Tax-free income	-	-5 229
Other permanent differences	2 242	523
Tax loss carried forward	6 073	11 536
This year's tax expense	21 046	9 474
Tax rate	14.1 %	8.1 %

SPECIFICATION OF THE TAX EFFECTS OF TEMPORARY DIFFERENCES	1 JANUARY 2013	RECOGNIZED IN PROFIT AND LOSS	RECOGNIZED IN EQUITY	DISPOSALS	OTHER	31 DECEMBER 2013
Current receivables	5 948	25 452	-	-	-2 797	28 604
Current liabilities	-26 850	-38 535	-	-	6 717	-58 668
Derivatives	10 362	-739	-4 974	-	-	4 649
Property, plant and equipment	-119 412	-6 973	-	19 800	351	-106 235
Other non-current items	-2 465	-1 274	-	-	-	-3 739
Tax losses carried forward	29 051	10 177	-	-21 803	-200	17 225
Total net deferred tax liability/(asset)	-103 367	-11 891	-4 974	-2 003	4 071	-118 164
Deferred tax asset	22 991					17 817
Deferred tax	-126 358					-135 981
Total deferred tax in balance sheet	-103 367					-118 164

TEMPORARY DIFFERENCES OR UNUSED TAX LOSSES FOR WHICH NO DEFERRED TAX ASSET/LIABILITY IS RECOGNIZED IN THE BALANCE SHEET	2013	2012
Property, plant and equipment	99	126
Pension liabilities	2 411	2 288
Tax losses carried forward/compensation	142 619	179 387
Temporary differences or unused tax losses for which no deferred tax asset/liability is recognized in the balance sheet	145 128	181 801

Deferred tax benefit not recognized in the balance sheet is related to losses carried forward in Statkraft Norfund Power Invest AS, SN Power Brasil AS and Agua Imara AS. Deferred tax benefit is recorded on the basis of an expectation of a future taxable profit. The nature of Statkraft Norfund Power Invest AS, SN Power Brasil AS and Agua Imara AS operations imply that future profits will not primarily be taxable. The benefits of deferred tax accordingly cannot be justified in the foreseeable future and have not been recognized in the companies's balance sheets.

Note 23

LONG TERM PROVISIONS AND CONTINGENT LIABILITIES

PROVISIONS	DISMANTLING	CLAIMS	TOTAL
Balance sheet 31 December 2012	1 140	2 388	3 528
New provisions	87	1 728	1 815
Amount used	-211	-1 464	-1 675
Balance sheet 31 December 2013	1 016	2 652	3 668

Provision for dismantling (MUSD 1.0) relates to a provision made for the SN Power Peru plants La Oroya and Pachachaca hydropower plants, which might be taken out of operation due to usage of the water for drinking water.

Provision for claims (MUSD 2.7) relates to two events:
The tax authorities in Peru promoted in 2003 a claim related to disagreement in upward adjustment of tax base from an internal reorganisation in Cahua (SN Power Peru S.A.) in 1997. The claim amounts to MPEN 51 (MUSD 20) including interests and penalties. SN Power Peru has discharged the claim and appealed the tax authorities' interpretation of the legislation. SN Power Peru has recorded a provison of MUSD 1,2.

Provision relates to the energy regulatory agency (Osinergmin) for claims, restructuring costs and property taxes amounts to MUSD 1,1.

Reduced provisions in 2013 are related to tax claims, customs claims and restructuring costs in SN Power Peru S.A.

CONTINGENT LIABILITIES
In Chile, the joint venture company La Higuera has a dispute with the contractor Constructora Queiroz Galvão and is currently in arbitration. The contractor's claim is that HLH breached the EPC (Engineering, procurement and construction) contract because a) HLH refused to grant an EoT (Extension of time), b) HLH unduly drew on the securities and withheld the Additional EPC Amount c) HLH unduly terminated the Contract .La Higuera's defence is that the contractor is not entitled to an EoT, La Higuera was entitled to terminate the contract and counterclaims damages due to delayed completion of the power plant and defective work by the contractor. The arbitration award is expected by January 2015 subject to any appeals thereafter. No claim or insurance proceeds are recognized as income as of 31 December 2013. It is Management's best estimate as of 31 December 2013 that no liability will arise, and so no provision is recognized.

Note 24

LONG-TERM DEBT

	AVERAGE INTEREST RATE	2013	2012
Regular loans in subsidiaries	4,4%	457 250	404 831
Back-to-back loans *)	2,6%	-	40 000
Total debt		457 250	444 831
First years installment long term debt		-23 953	-63 813
Interest-bearing long term debt		433 297	381 018

*) Back to Back loan have a corresponding cash deposit as collateral.

PLEDGED AS SECURITY AND RESTRICTED FUNDS
The SN Power Group uses only non-recourse debt to fund investments and capital expenditures for construction and acquisition of power plants in subsidiaries. This debt is secured by the shares in subsidiaries in certain cases, physical assets, contracts and cash flows of the related subsidiary. The risk is limited to the respective subsidiaries and is without recourse to the parent company, Statkraft Norfund Power Invest AS, or other subsidiaries.

The terms of the SN Power Group's debt, which is debt held at subsidiaries, include certain financial and non-financial covenants. These covenants are limited to subsidiary activity and vary among the subsidiaries. These covenants may include, but are not limited to maintenance of certain reserves, minimum levels of working capital, limitations on incurring additional debt and requiring SN Power to have indirect majority in the operating phase.

SN Power Holding AS has at 31 December 2013 MUSD 200 as deposit in Societe Generale Bank & Trust. The deposit is a collateral for a loan on MUSD 200 from Societe Generale Bank & Trust to SN Power Chile Inversiones Ltda. The loan agreement gives SN Power Group (SN Power Holding AS and SN Power Chile Inversiones Ltda.) the legal right to set off the liability against the deposit in a situation of default of the deposit bank. As a consequense, the cash deposit and loan are presented net i SN Power Group's balance sheet.

Book value of pledged assets in the group amounts to MUSD 778 and the underlying commitment amounts to MUSD 216.

Note 25

SPECIFICATION OF OTHER CURRENT LIABILITIES

	2013	2012
Payables to employers and shareholders	1 203	4 239
Public taxes payable	3 375	2 885
Accounts payable	36 699	37 332
Accrued salary and vacation expense	6 664	6 311
Accrued costs and deferred revenue	2 423	3 218
Current interest-bearing debt	1 495	1 094
Accrued interest	5 231	4 842
Provision, current liabilities	2 941	4 964
Other current liabilities	16 782	12 908
Total other current liabilities	76 813	77 793

Note 26

TRANSACTIONS WITH RELATED PARTIES

All subsidiaries, associated companies and joint ventures listed in Note 5 and Note 6 are related parties of SN Power. Balances and transactions between consolidated companies are eliminated in the consolidated accounts and are not shown in the note.

SN Power's Executive Management Team and board are also related parties of SN Power. SN Power is indirectly owned by the Norwegian government. There are no identified significant transactions and balances with the Norwegian government or companies controlled by the Norwegian government, other than the ones listed in this note 26 and note 9.

All transactions with related parties have been carried out as part of the ordinary operations and at arm's length prices. There are no identified significant transactions and balances with related parties other than the ones listed in this note 26 and in note 9.

The income statement includes the following amounts resulting from transactions with related parties

TRANSACTION TYPE	RELATED PARTY	2013	2012
Sales revenue	Statkraft Group	1 159	-
Sales revenue	Hidroelectrica La Higuera S.A	2 687	1 010
Sales revenue	Hidroelectrica La Confluencia S.A	1 040	725
Sales revenue	Burica Hydropower SA	169	226
Sales revenue	SN Aboitiz Power Magat Inc	-	6
Sales revenue	Manilla - Oslo Renewable Enterprise, Inc	-	7
Sales revenue	SN Aboitiz Power – Generation Inc.	31	-
Sales revenue	SN Aboitiz Power Benguet Inc	3	14
Sales revenue	Dugar Hydro Power Limited	372	168
Sales revenue	Total	5 461	2 156
Other operating costs	Statkraft Group	1 969	1 084
Other operating costs	Total	1 969	1 084
Interest income	Statkraft Group	384	1 387
Interest income	Total	384	1 387
Interest and other financial expenses	Statkraft Group	14	2 745
Interest and other financial expenses	Total	14	2 745

The balance sheet includes the following amounts resulting from transactions with related parties

		2012	2011
Bank deposits in Statkraft Cash Pool	Statkraft Group	82 342	103 907
Receivables	Statkraft Group	522	-
Receivables	Hidroelectrica La Higuera S.A	102 150	98 750
Receivables	Hidroelectrica La Confluencia S.A	133 134	95 613
Receivables	Allain Duhangan Hydro Power Ltd	53	-
Receivables	Dugar Hydro Power Ltd	84	-
Receivables	Malana Power Company Ltd	122	-
Receivables	SN Aboitiz Power Magat Inc	15	-
Receivables	SN Aboitiz Power – Generation Inc.	1 785	2 650
Receivables	Manilla - Oslo Renewable Enterprise, Inc	5 074	1 550
Receivables	SN Aboitiz Power Benguet Inc	16 383	-
Receivables	Total	341 664	302 470
Other short term liabilities	Statkraft Group	350	-
Other short term liabilites	Total	350	-

SN Power has assumed a guarantee obligation on behalf of Norfund related to specific revenue items in the Bajo Frio project. SN Power is entitled to recourse on commercial terms. The guarantee will be effective when the plant is commissioned.

Statkraft Norfund Power Invest AS

Income Statement and Statement of Comprehensive Income

FIGURES IN USD 1000	NOTE	2013	2012
INCOME STATEMENT			
OPERATING REVENUES AND EXPENSES			
Sales revenues	2	6 098	3 752
Salary and personnel costs	3	-12 806	-14 245
Depreciation and amortization	6	-28	-94
Other operating costs	4	-12 511	-14 372
Operating loss		-19 248	-24 960
FINANCIAL INCOME AND EXPENSES			
Financial income	5	166 725	11 889
Financial expenses	5	-130 872	-7 602
Gain on derivatives	5,11	-	22 390
Net financial items		35 852	26 677
Profit before tax		16 605	1 717
Tax expense	8	-	-
NET PROFIT FOR THE YEAR		16 605	1 717
STATEMENT OF COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
PENSIONS	7	-787	1 557
Total items that will not be reclassified to profit or loss		-787	1 557
Other comprehensive income for the year, net of tax		-787	1 557
Total comprehensive income for the year, net of tax		15 817	3 274

Balance Sheet at 31 December

FIGURES IN USD 1000	NOTE	2013	2012
ASSETS			
Intangible assets	6	7	7
Tangible assets	6	69	127
Investment in subsidiaries	9	1 464 035	1 580 496
Total fixed assets		1 464 111	1 580 629
Intra-group receivables	12	200 489	10 695
Receivables		1 666	1 585
Cash and cash equivalents	10	1 232	2 357
Total current assets		203 387	14 637
TOTAL ASSETS		1 667 498	1 595 266
EQUITY AND LIABILITIES			
Paid-in equity	11	1 688 468	1 649 561
Other equity	11	-138 140	-153 957
Total equity		1 550 328	1 495 604
Pension commitments	7	3 251	2 370
Total long-term liabilities		3 251	2 370
Accounts payable		1 671	551
Intra-group payables	12	109 105	92 547
Other current liabilities		3 144	4 194
Total current liabilities		113 919	97 292
TOTAL EQUITY AND LIABILITIES		1 667 498	1 595 266

Oslo, 20 February 2014

The board of directors of Statkraft Norfund Power Invest AS

Øistein Andresen
Chair

Mark Davis
Director

Tima Iyer Utne
Director

Mette Sundholm
Director

Tore Haga
Director

Halvor Fossum Lauritzsen
Director

Simen Bræin
Director

Egil Reinhard Gjesteland
Director

Torger Lien
Chief Executive Officer

Statement of Changes in Equity at 31 December

FIGURES IN USD 1000	NOTE	SHARE CAPITAL	SHARE PREMIUM	OTHER PAID-IN CAPITAL	OTHER EQUITY	TOTAL EQUITY
At 1 January 2013		583 350	1 066 211	-	-153 957	1 495 604
Transactions with shareholders						
Issue of share capital	11	7 781	31 125	-	-	38 906
Transactions with shareholders		7 781	31 125	-	-	38 906
Reduction of capital		-486 148	-	486 148	-	-
Total comprehensive income for the year, net of tax		-	-	-	15 817	15 817
At 31 December 2013		104 984	1 097 336	486 148	-138 140	1 550 328

Cash Flow Statement

FIGURES IN USD 1000	NOTE	2013	2012
OPERATIONAL ACTIVITIES			
Profit/loss before tax		16 934	1 717
Depreciations	6	28	94
FX hedges in profit and loss with no cash effect	11	-	-6 533
Difference between this year's pension expense and pension premium		270	299
Effect of exchange rate changes		-	4 151
Change in intra-group accounts		-21 936	56 642
Change in other current assets and liabilities		-188	4 739
Net cash flow from (to) operational activities		-5 222	61 109
INVESTMENT ACTIVITIES			
Investment in tangible and intangible fixed assets	6	30	-
Investments in subsidiaries		-13 539	-352 971
Change in Cash Pool Statkraft	12	-21 300	329 604
Net cash flow to investment activities		-34 809	-23 367
FINANCING ACTIVITIES			
Paid installments to / new current debt from Statkraft		-	-95 929
New paid-in equity	11	38 906	60 004
Net cash flow to (from) financing activities		38 906	-35 926
Net change in cash and cash equivalents		-1 125	1 817
Cash and cash equivalents at 1 January		2 356	539
Cash and cash equivalents at 31 December		1 232	2 356

Notes to the financial statements

Figures in USD 1000

Note 01

ACCOUNTING PRINCIPLES

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been presented in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act § 3-9. The financial statements consist of the income statement and statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes to the financial statements.

The financial statements give a true and fair view of the financial position, the financial performance and the cash flows for the year.

CLASSIFICATION

Assets and liabilities related to the normal operating cycle are classified as current assets and current liabilities. Receivables and liabilities not related to the normal operating cycle are classified as current if they are of a short-term nature, normally due within one year. Shares and other investments not intended for continued use or ownership are classified as current assets. Other assets are classified as fixed assets and other liabilities as long term liabilities.

REVENUE RECOGNITION

Sales of services are recognized as income when rendered. Other operating revenues are recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

FOREIGN CURRENCY

Functional currency for the company is USD. Foreign currency monetary items are translated at the closing rate at the date of the balance sheet. Foreign currency gains and losses are reported in the income statement under the line items financial income or financial expenses.

INVESTMENTS

Investments in subsidiaries are accounted for using the cost method. The investments are initially measured at the acquisition price of the shares. When it is assumed that the fair value of investments is lower than its carrying amount, the asset is written down to the recoverable amount. Previously recognized impairment loss is reversed only if there have been changes in the estimates used to determine the recoverable amount. Dividends from subsidiaries are recognized when earned.

If an appropriation exceeds the proportion of retained profit after acquisition, the excess amount represents a repayment of invested capital, and the appropriation is deducted from the value of the investment in the balance sheet.

TANGIBLE FIXED ASSETS AND INTANGIBLE ASSETS

Tangible fixed assets and intangible assets are measured at cost less accumulated depreciation and write-downs. Tangible fixed assets and intangible assets with limited useful lives are depreciated over the expected useful life of the assets. Tangible fixed assets and intangible assets are written down if the carrying amount exceeds the recoverable amount. The recoverable amount is the higher of fair value less costs of disposal and the value in use. Write-downs are reversed if the basis for the write-down is no longer present.

Research costs are expensed as incurred. Development costs related to project development are capitalised only if future economic benefits from the development of an intangible asset is probable. Development costs will often be capitalised when a construction project is more probable than not. This may occur before the formal investment decision has been made.

LEASING

Leasing agreements are classified as financial or operational based on the actual terms and conditions of the agreement. Agreements transferring substantially all the financial rights and obligations related to the leased object to the company are classified as financial. Other lease agreements are classified as operational and the annual leasing fee is charged to profit and loss as a leasing expense.

TRADE RECEIVABLES

Trade receivables are measured at the recoverable amount. Provisions are made for bad debts.

INCOME TAXES

The tax expense is calculated from the profit (loss) before tax and comprises the current taxes and the change in deferred taxes. According to an interpretation from the Ministry of Finance, the taxable income is calculated in NOK as functional currency as opposed to USD in the financial statements. Deferred tax assets and liabilities are calculated in accordance with the liability method without discounting and provided for all differences between the carrying amount in the balance sheet and the tax base of assets and liabilities, and for tax losses carried forward. Deferred tax assets are recognized on the balance sheet only when it is probable that the benefit can be utilized through future taxable profits.

PENSION COST

Pension liabilities related to defined benefit plans are measured at the net present value of future pension benefits earned at the balance sheet date and calculated on the basis of assumptions for, among others, the discount rate, expected future wage growth and pension adjustments. Plan assets are measured at fair value. Net pension liabilities related to under-funded plans are recorded as provisions, while the net assets of over-funded plans are recorded as financial fixed assets. Net pension expense, which is gross pension expense less the expected return on plan assets adjusted for past service cost and the effects of changes in estimates, are included in salary and personnel costs. Changes in pension liabilities due to amendments in pension plans are included in net pension expense over the vesting period or immediately if the benefits are immediately vested. Changes in pension liabilities and plan assets, due to changes in and deviations from the calculation assumptions are recorded in equity. In the case of pension plans that are defined as contribution plans for accounting purposes, the premiums are charged to pension expenses for the period.

CASH FLOW STATEMENT

The cash flow statement is prepared using the indirect method. Cash and cash equivalents include cash, bank deposits and other monetary instruments with a maturity of less than three months at the date of purchase.

Note 02

SALES REVENUES

BY BUSINESS AREA	2013	2012
Services	6 098	3 752
Total	6 098	3 752

BY GEOGRAPHICAL MARKET	2013	2012
Norway	1 765	1 788
Europe	471	-
South America	3 049	1 689
Asia	813	274
Total	6 098	3 752

Note 03

EMPLOYEE BENEFIT EXPENSES, MANAGEMENT REMUNERATION AND AUDIT FEE

SALARY AND PERSONNEL COSTS	2013	2012
Salary expenses	-8 471	-9 364
Social security costs	-1 348	-1 477
Pension costs (note 7)	-1 760	-1 940
Other employee benefits	-914	-1 025
Other personnel costs	-312	-438
Total salary and personnel costs	-12 806	-14 245

THE AVERAGE NUMBER OF MAN-YEARS	2013	2012
Statkraft Norfund Power Invest AS	45	48

Remuneration to leading employees

The Chief Executive Officer received a salary of TNOK 2 273 (TUSD 387), paid pension premium of TNOK 198 (TUSD 34) and other renumeration of TNOK 182 (TUSD 31) in 2013.

The SN Power Executive Management Team consists of eight people in addition to the CEO. Eight members of the Executive Management Team have a supplementary pension scheme with a right to a pension of 66% of the salary from 12 up to 20 times the Norwegian Public Pension Base Rate ("G") from the age of 65 years. The plan requires 30 years vesting period and is funded by the company. The management group has no right to severance pay related to end of employment, with the exception of the CEO entitled to severance pay of up to 12 months. Following the reorganisation one member of the Executive Management Team has resigned and accepted severance pay of 12 months to be paid in 2014.

The CEO and the Executive Management Team are covered by the same bonus plan as all employees in Statkraft Norfund Power Invest AS. The plan is limited up to 20% of salary, and the remuneration is based on yearly goal achievements.

Remuneration of TNOK 441 (TUSD 75) is paid to the Board of Directors in Statkraft Norfund Power Invest AS in 2013.

AUDITOR	2013	2012
Statutory audit	165	222
Other assurance services	2	2
Tax services	99	132
Non-audit services	136	55
Total fees to auditors	403	410

Note 04

OTHER OPERATING COSTS

OTHER OPERATING COSTS	2013	2012
Leasing premises	-859	-898
Other leasing costs	-194	-225
External services	-3 479	-4 888
Group services	-1 924	-339
Travel expenses	-1 970	-2 515
IT costs (Hardware and software)	-1 634	-1 989
Other costs	-2 451	-3 518
Total other operating costs	-12 511	-14 372

Note 05

FINANCIAL ITEMS

FINANCIAL INCOME	2013	2012
Group contribution	166 594	9 509
Interest income bank	115	807
Currency gain	16	1 573
Financial income	166 725	11 889

FINANCIAL EXPENSES	2013	2012
Interest expenses Statkraft loan	-	-2 702
Currency loss	-837	-4 853
Impairment of shares in SN Power Brazil AS (See Note 9)	-130 000	-
Other financial expenses	-35	-47
Financial expenses	-130 872	-7 602

GAIN/LOSS ON DERIVATIVES	2013	2012
Realised gains on derivates	-	15 857
Unrealised gain on derivatives	-	6 533
Gains and losses on derivatives	-	22 390

FUNCTIONAL CURRENCY

Statkraft Norfund Power Invest AS's functional currency and reporting currency is USD.

Note 06

FIXED ASSETS

TANGIBLE ASSETS	FURNITURES, OFFICE FIXTURES	OFFICE EQUIPMENT	TOTAL
Acquisition cost 1 January 2013	656	353	1 010
Additions	9	-	9
Disposals	-604	-	-604
Acquisition cost 31 December 2013	62	353	416
Accumulated depreciation at 31 December 2013	-18	-329	-346
Book value 31 December 2013	45	25	69
Depreciation for the year	-28	-	-28

Estimated economic life	3-10 yrs	3-10 yrs
Depreciation method	linear	linear

INTANGIBLE ASSETS	SOFTWARE LICENCES	TOTAL
Acquisition cost 1 January 2013	277	277
Acquisition cost 31 December 2013	277	277
Accumulated amortization at 31 December 2013	-270	-270
Book value 31 December 2013	7	7
Amortization for the year	-	-

Estimated economic life	3 - 5 yrs
Depreciation method	linear

Note 07

PENSIONS

Statkraft Norfund Power Invest AS has pension schemes that cover a total of 56 staff members, and comply with norwegian regulations on mandatory pension. The pension plan confers the right to defined future benefits, that mainly depend on the vesting period, the level of pay at retirement and the size of state pension benefits. These obligations are partially covered by a closed plan for 2 employees in the Norwegian Public Service Pension Fund (SPK) and through a group pension scheme with Nordea Liv. In addition, eight executive employees have a supplementary plan. This plan confers a right to a pension of 66% of the salary from 12G up to 20G from the age of 65 years. The plan requires 30 years vesting period and is from 2007 funded by the company.

ASSUMPTIONS
The following assumptions were used in calculating the current year's pension costs and liabilities:

	2013	2012
Discount rate	4,10 %	3,80 %
Expected rate of return	4,10 %	3,80 %
Regulation of salary	3,75 %	3,75 %
Regulation of pension	0,90 %	0,30 %
Regulation of base rate	3,50 %	3,50 %
Turnover	3,50 %	3,50 %

PENSION COSTS	FUNDED	UNFUNDED	2013	2012
Net present value of the current year's pension earnings	1 335	144	1 480	1 607
Interest rate and administrative costs	312	21	333	259
Gross pension costs	1 647	166	1 813	1 866
Return on pension plan assets	-299	-	-299	-194
Administration costs	29	-	29	29
Accrued social security cost	194	23	218	240
Net pension costs	1 571	189	1 760	1 940

PENSION LIABILITIES			2013	2012
Pension liabilities	9 731	1 002	10 733	9 635
Pension plan assets	7 884	-	7 899	7 558
Calculated pension liabilities	1 847	1 002	2 849	2 077
Social security cost	260	141	402	293
Net pension liabilities	2 107	1 144	3 251	2 370

MOVEMENT IN ACTURIAL GAINS/LOSSES RECOGNIZED DIRECTLY IN EQUITY			2013	2012
Accumulated amount recognized directly in equity before tax 1 January			-420	-1 977
Translation effects			36	-151
Recognized in the period	-500	-323	-823	1 709
Accumulated amount recognized directly in equity before tax 31 December			-1 207	-420

Note 08

TAX

	2013	2012
Profit (loss) before tax	16 605	1 717
Expected tax expense at a nominal rate of 28%	-4 649	-481
Effect on taxes of:		
Permanent profit and loss differences between USD accounts and tax accounts in NOK translated to USD at closing balance rate 2012	1 907	4 157
Permanent differences	-48	-32
Other permanent differences related to investments (the exemption method, in accordance with Norwegian taxation act § 2-38)	-36 283	-
Tax loss carried forward	2 855	-9 084
Group contribution	36 283	3 017
Changes in temporary differences	-65	2 422
This year's tax expense	-	-
Tax rate	0 %	0 %

	2013	2012
Fixed assets	88	127
Pensions	2 044	1 950
Tax loss carried forward	128 054	151 637
Temporary differences 31 December	130 185	153 714
Tax rate	27 %	28 %
Deferred tax asset 31 December	-	-

Deferred tax asset is recognized based on an expectation about a future taxable profit. Based on Statkraft Norfund Power Invest AS's operations, future income will primarily not be taxable. Accordingly, deferred tax asset can not be utilized in 2013 and have not been recognized in the company's balance sheet. Tax loss carried forward at 31 December 2013 amounts to TNOK 779 042.

Note 09

SUBSIDIARIES

The following subsidiaries are included in the consolidated financial statements:

COMPANY	DATE OF ESTABL.	BUSINESS OFFICE	COUNTRY OF REGISTRATION	MAIN OPERATIONS	PARENT COMPANY	VOTING SHARE	OWNER SHARE
SN Power Holding AS	27 May 2003	Oslo	Norway	Investment	Statkraft Norfund Power Invest AS	100.0%	100.0%
Agua Imara AS	13 January 2009	Oslo	Norway	Investment	Statkraft Norfund Power Invest AS	51.0%	45.9%
SN Power Brasil AS	07 April 2010	Oslo	Norway	Investment	Statkraft Norfund Power Invest AS	100.0%	100.0%

Shares in subsidiaries are recorded in accordance with the cost method in the balance sheet of Statkraft Norfund Power Invest AS.

COMPANY	PAID-IN CAPITAL NOK	PAID-IN CAPITAL USD	BOOK VALUE
SN Power Holding AS	5 806 816	1 003 567	1 003 567
Agua Imara AS	411 540	55 843	69 382
SN Power Brasil AS	2 898 200	521 086	391 086
Total	9 116 555	1 594 035	1 464 035

The value of SN Power Brazil AS' investment in SN Power Investimentos Ltda. is reduced due to depreciation of Brazilian reais against US dollars. As a consequence, the investment in SN Power Brazil AS is impaired with MUSD 130 per 31.12.13.

Note 10

GUARANTEES, CASH AND CASH EQUIVALENTS

GUARANTEES

Statkraft Norfund Power Invest AS has on behalf of associates and subsidiaries issued guarantees for a total amount of MUSD 452 pr 31 December 2013. The amount issued to subsidiaries is MUSD 329.

CASH AND CASH EQUIVALENTS	2013	2012
Specification of cash and cash equivalents		
Cash and bank deposits	344	1 261
Restricted bank deposits - witholding tax employees	888	1 096
Total cash and cash equivalents	1 232	2 357

Note 11

SHARE CAPITAL, SHAREHOLDER INFORMATION AND FX HEDGE CONTRACTS

	SHARE CAPITAL	SHARE PREMIUM	OTHER PAID IN EQUITY	OTHER EQUITY	TOTAL EQUITY
Equity 1 January 2013	583 350	1 066 211	-	- 153 758	1 495 604
Issue of share capital	7 781	31 125	-	-	38 906
Reduction of share capital	-486 148	-	486 148		-
Total comphrensive income for the year				15 817	
Equity 31 December 2013	104 984	1 097 336	486 148	- 138140	1 550 328

Nominal value per share is NOK 10. All issued shares have equal voting rights and are equally entitled to dividend. No dividend is paid out for 2013.

FOREIGN EXCHANGE CONTRACTS

Statkraft Norfund Power Invest AS makes use of currency swaps and forward contracts to hedge part of the currency exposure related to the investment in subsidiaries and associated companies in SN Power Group. As a result of the changed finance policy in the Group, new net investment hedges will not be carried out without a closer evaluation.

The currency contracts are valued at fair value based on the spot element of the contracts and variations in the value of the contracts owing to changes in exchange rates are recorded in the directly against other equity if the instrument qualifies for hedge accounting.

Other hedging instruments that does not meet hedge accounting requirements are recorded at fair value in the Income statement.

	2013	2012
Forward exchange rate contracts at 1 January	-	-6 533
Forward exchange rate contracts at 31 December	-	-
Changes in fair value of forward exchange rate contracts	-	6 533
Changes in fair value of forward exchange rate contracts recognized in income statement	-	6 533
Changes in fair value of forward exchange rate contracts	-	6 533
Changes in fair value of forward exchange rate contracts recognized in income statement	-	6 533
Gain on realized contracts recognized in income statement *)	-	15 857
Net recognized in the income statement	-	22 390

*) Derives primarily from a currency contract related to the acquisition of 40.65% of Desenvix (Brazil). The currency contract does not qualify for hedge accounting and is recognized in the Profit and loss statement.

SHAREHOLDERS 31 DECEMBER 2013	Number of shares	Owner and voting share
Statkraft AS	19 803 000	60 %
Norfund	13 202 000	40 %
Total	33 005 000	100 %

Note 12

TRANSACTIONS WITH RELATED PARTIES

All subsidiaries, associated companies and joint ventures are related parties of Statkraft Norfund Power Invest AS, refer note 26 of SN Power Group financial statements.

SN Power's Executive Management Team and board are also related parties of SN Power. SN Power is indirectly owned by the Norwegian government. There are no identified significant transactions and balances with the Norwegian government or companies controlled by the Norwegian government, other than the ones listed in this note and note 3.

All transactions with related parties have been carried out as part of the ordinary operations and at arm's length prices. There are no identified significant transactions with related parties other than the ones listed in this note 12 and note 3.

INTERCOMPANY SHORT TERM RECEIVABLES	2013	2012
Agua Imara ACA Pte Ltd	-	2
Agua Imara AS	374	271
Allain Dunhangan Hydro Power Ltd.	52	-
Dugar Hydro Power Ltd.	84	-
Empresa de Generacion Cheves S.A	69	79
Himal Power Ltd.	64	185
Malana Power Company Ltd.	121	-
Norfund	113	
SN Aboitiz Power - Benguet, Inc	15	-
SN Aboitiz Power - Magat, Inc	15	-
SN Power Brasil AS	3 585	3 585
SN Power Chile Inversiones Electricas Ltda.	4 855	322
SN Power Chile Tinguiririca y Cia.	112	-
SN Power Holding AS	166 594	-
SN Power Holding Singapore Pte. Ltd.	171	324
SN Power Invest Asia Ltd.	3	4
SN Power Peru S.A.	157	3 465
SN Power Peru Holding S.R.L S.A.	-	154
Statkraft AS	518	22
Statkraft Markets B.V.	4	-
Statkraft AS Cash Pool	23 582	2 283
Total	200 489	10 695

INTERCOMPANY SHORT TERM PAYABLES	2013	2012
Agua Imara AS	-	81
SN Power Holding AS	108 678	92 201
SN Power Holding Singapore Pte Ltd.	-	3
SN Power Peru S.A	77	153
Statkraft Energi AS	113	-
Statkraft AS	237	112
Total	109 105	92 547

Deloitte.

Deloitte AS
Dronning Eufemias gate 14
Postboks 221 Sentrum
NO-0103 Oslo
Norway

Tlf: +47 23 27 90 00
Faks: +47 23 27 90 01
www.deloitte.no

To the Annual Shareholders' Meeting of Statkraft Norfund Power Invest AS

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Statkraft Norfund Power Invest AS, which comprise the financial statements of the parent company and the financial statements of the group. The financial statements of the parent company comprise the balance sheet as at 31 December 2013, the income statement, the statement of changes in equity and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements of the group comprise the balance sheet as at 31 December 2013, the income statement, the consolidated statement of changes in equity, and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Chief Executive Officer's Responsibility for the Financial Statements

The Board of Directors and the Chief Executive Officer are responsible for the preparation and fair presentation of these financial statements in accordance with simplified application of international accounting standards according to the Norwegian accounting act § 3-9 for the company accounts and in accordance with International Financial Reporting Standards as adopted by EU for the group accounts, and for such internal control as The Board of Directors and the Chief Executive Officer determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the financial statements for the parent company

In our opinion, the financial statements of the parent company are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Statkraft Norfund Power Invest AS as at 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to the Norwegian accounting act § 3-9.

Opinion on the financial statements for the group

In our opinion, the financial statements of the group are prepared in accordance with the law and regulations and give a true and fair view of the financial position of the group Statkraft Norfund Power Invest AS as at 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 20 February 2014
Deloitte AS

Aase Aamdal Lundgaard
State Authorised Public Accountant (Norway)

SN Power Head Office
Lilleakerveien 6,
0283 Oslo
Office: +47 66 71 70 00
Fax: +47 66 71 70 01
Email: info@snpower.com
www.snpower.com

Design and counselling: Itera Gazette
Photo: Kilian Munch (page 8)
and Getty Images