

MEETING EUROPE'S NEED FOR PURE ENERGY

Events in 2008

16.01.2008, Knapsack

The Combined Cycle Gas Turbine power plant in Knapsack, which started operations in 2007, successfully completed its trial run in January 2008. At that point the ownership of the power plant was officially transferred and regular production of electricity started up immediately. Since then we have been producing environmentally friendly electricity here.



24.07.2008, Stockholm

Statkraft's CEO Bård Mikkelsen and Wulf Bernotat, CEO of the E.ON Energy Group, signed an asset swap worth € 4.5 billion. In this way Statkraft was able to realise an important part of its strategy and to increase trading activities through the addition of significant power generation capacities on the European continent.



05.11.2008, Amsterdam

It has been ten years since Statkraft Markets entered the Continental European energy market by opening an office in Amsterdam. This anniversary was celebrated as befits the occasion with our customers, partners and many colleagues.



Key indicators of Statkraft Markets GmbH

	2008	2007	2006	2005
Amounts in € million				
Sales	5,173.2	2,896.8	1,940.0	1,266.0
EBIT	-2.5	27.8	13.3	8.0
Profit before taxes	-1.7	19.0	4.9	7.7
Profit after taxes	-1.4	10.0	2.7	5.5
Cashflow from continuous operations	1.5	26.2	-19.2	77.3
Cash and cash equivalents	20.7	15.1	8.8	7.5
Net working capital	5.4	12.9	-42.8	-67.1
Balance sheet total	736.8	474.5	408.6	294.7
Equity	317.8	190.1	180.1	162.4
Equity ratio (%)	43.1	40.1	44.1	55.1
Number of employees	274	82	59	44

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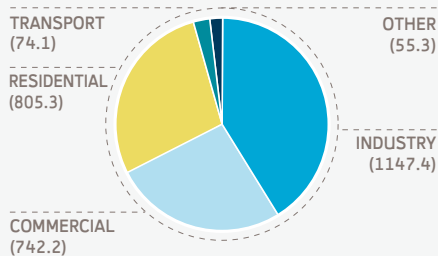
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Statkraft in Europe

In 2008 Statkraft was able to strengthen its market position in Europe considerably. As a producer of environmentally friendly energy from water, wind, gas and biomass we supply industry and communities with electricity which is future-proof and sustainable.

ELECTRICITY CONSUMPTION IN EU-27 IN 2008

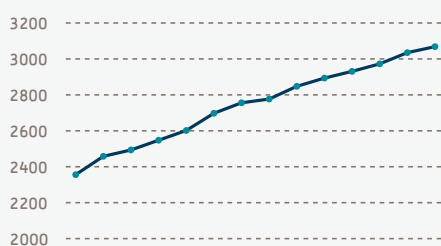
TWh



Source: CERA

ELECTRICITY CONSUMPTION OECD-EUROPE

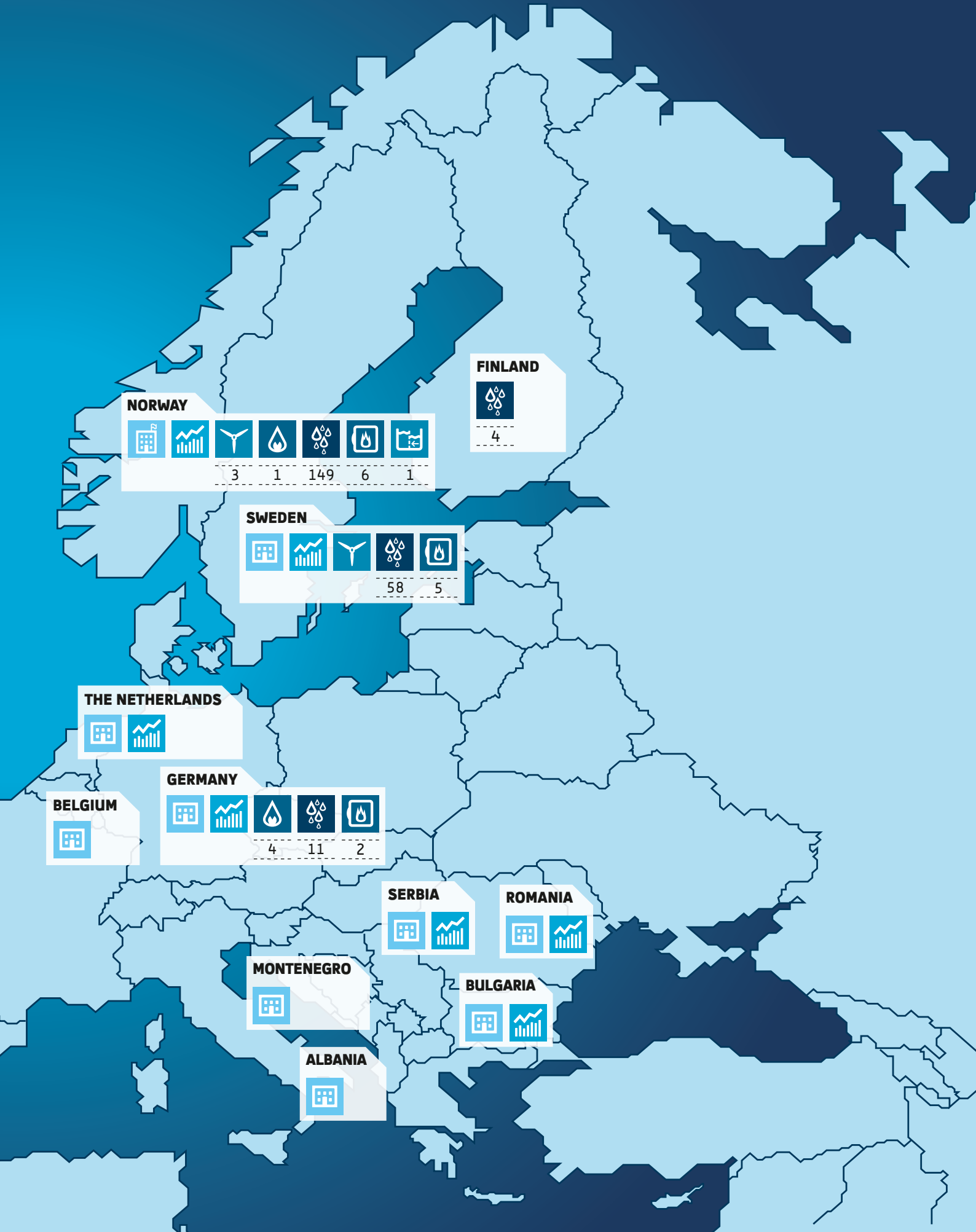
TWh



Time period 1995–2008

Source: CERA





We are Europe's biggest producer of renewable energy and the sixth largest electricity producer in Germany. This position will enable us to widen the scope of our products and services.



Keynote address by Jørgen Kildahl, Executive Vice-President, Statkraft AS and CEO of Statkraft Energi AS

Dear partners and customers,

Looking back on 2008, there were challenges to be mastered but also success stories. Statkraft continued the process of internationalisation and, last year, passed three major milestones in this respect: These were the EUR 4.5 billion asset swap with E.ON, the first full year of gas-fired power generation and the increase in our shareholding in SN Power.

In July 2008 Statkraft and E.ON agreed an asset swap that was finalised at the end of 2008. As a result, Statkraft took over personnel and power plants in Sweden, Germany and the UK, thus becoming the largest producer of renewable energy in Europe and the sixth largest power generator in Germany. This position will enable us to widen the scope of our products and services.

Moreover, Statkraft increased its shareholding in SN Power to 60 %. SN Power, which is co-owned by Norfund, develops hydropower stations in emerging and developing countries outside Europe. By engaging in projects which reduce carbon emissions outside Europe Statkraft will have an active role in the creation of a global market in emission reductions. Together with our existing partners, as well as with new partners, we will use this unique position to meet the world's needs for environmentally friendly energy.

Last but not least, in 2008 we had the first 12 months of continuous operation of our gas-fired power plants in Germany. The expertise that we acquired both in operations and in dispatch was complemented by our good knowledge of the market and our experience in trading. As the performance was excellent, Statkraft is looking forward to new development projects in gas-to-power. The experience in dispatch will allow us to expand our origination business in Europe into segments that are related to power generation, such as power purchase agreements.

We would like to thank all our customers and partners who have chosen to work with us and hope to continue this good work in the future.

Yours sincerely,



JØRGEN KILDAHL
CEO Statkraft Energi AS

We believe, that, in the future, Europe will be one large market even though it is currently divided by national borders. However, increasingly, the significance of these borders for our business is diminishing.



DR. TORSTEN AMELUNG
Managing Director



DR. GUNDOLF DANY
Managing Director



STEFAN-JÖRG GÖBEL
Managing Director



STEF PETERS
Managing Director



DR. CARSTEN POPPINGA
Managing Director



DR. JÜRGEN TZSCHOPPE
Managing Director

Foreword by the Statkraft Markets Management Team

This year's annual report shows the Google Earthviews of Statkraft's power plants and trading offices in Continental Europe. The underlying message here for our readers is that Statkraft Markets GmbH (SMG) has become a power generation company – in fact the sixth largest in Germany. SMG owns, directly and indirectly, 12 hydro power stations, 4 gas-fired combined cycle power plants and 2 biomass power plants. The majority of SMG employees work in the area of power generation, operations and maintenance.

The Google Earth views also highlight the geographical reach of SMG's operations, from Sofia in the East to Amsterdam in the West. Indeed, Statkraft has trading and origination activities in most European countries. While Europe is currently divided by national borders we believe that, in the future, it will be one large market. The borders will become less and less important and we will be able to focus more on our core businesses of environmentally friendly power generation, trading and origination. Trading and origination has been, and continues to be, the bridgehead for Statkraft's expansion into continental Europe. In 2008 SMG saw another record year in this business. It has proven to be stable as a result of both the geographical diversification and the variety of trading and origination products and segments.

Finally, anybody using Google Earth will immediately see just how easy it is to move the cursor from one continent to another and then to zoom into a specific location on the other side of the globe. Indeed this is an apt metaphor for the global nature of our business, which can be both good and bad. For example, the financial crisis has spread from continent to continent and has impacted our business and thus Statkraft. However, our conservative business approach as well as our risk management policy means that we have been careful when it comes to the risk limits that we allocate to some counterparties, especially financial institutions. Another example is global warming – the political actions put in place to combat the consequences of global warming will create an interdependence of energy markets all across the globe. One effect of this will be an increase in the number of countries generating and trading carbon emission certificates. As always this new paradigm will change the scope of the business, call for different perceptions of the markets and will generate new opportunities that we will continue to share with our customers and partners.



PURE SOLUTION FOR EUROPE

From 2008 it became obvious that Statkraft will expand its power generation capacity significantly in continental Europe. Currently, we are producing environmentally friendly energy for the whole of Europe in 12 hydropower stations, 4 combined cycle gas turbine power plants and 2 biomass power plants in Germany and the United Kingdom.

- 4  OLDENBURG
- 5  LANGWEDEL
- 6  DÖRVERDEN
- 7  DRAKENBURG
- 8  LANDESBERGEN
- 9  SCHLÜSSELBURG
- 10  PETERSHAGEN
- 11  ERZHAUSEN
- 12  WERRAWERK
- 13  WAHNHAUSEN
- 14  AFFOLDERN

  PRAGUE

VIENNA     BRATISLAVA

  BUDAPEST

BUCHAREST  

BELGRADE  

SOFIA  

DÜSSELDORF

In 2008 the trading floor at our headquarters was expanded further so that the additional production capacity could be marketed accordingly. For the same reason the number of employees in the team was increased significantly.



THE BEST POSITION ACROSS EUROPE

AMSTERDAM



In November 1998 Statkraft opened its first branch office outside of Norway on the European continent in Amsterdam. Business activities have continued to expand from this office since that date, reason enough for a fitting celebration of our 10th anniversary.



Whether it be in Germany, the Netherlands or South-East Europe Statkraft Markets has secured for itself the best position in energy trading in Europe. In 2008 our profits rose significantly and electricity trading had a record year. Thus, our contribution to European supply is growing noticeably, above all, of course, in the fast emerging markets of South-East Europe.

SOFIA



The Statkraft branch office in the Bulgarian capital city is an important hub for further expansion of international energy and emissions certificates trading, with the focus on Greece, Serbia and Macedonia.



BUCHAREST

In 2006 Statkraft began its business activities in South-East Europe by opening an office in Bucharest. This gave the company access to numerous markets for renewable energy, such as, amongst others, the neighbouring countries of Bulgaria and Hungary.





KNAPSACK

In 2007 here in Knapsack, close to Cologne, one of Europe's most modern and cleanest CCGT power plants started operations. Its efficiency rate of 57.5% is up among the world leaders.



A CLEAR VISION OF TOP PERFORMANCE

The Knapsack site has one of four Combined Cycle Gas Turbine power plants operated by Statkraft Markets. Our CCGT power plants in Knapsack, Herdecke, Landesbergen and Emden have a generation capacity of 1,962 MW. Of that the Knapsack site alone, with two gas turbines and one steam turbine, generates 800 MW of output.



220 MEGA- WATTS FROM HIGH ABOVE

The altitude of the artificial lake is 393 metres, that of the turbine power plant some 300 metres lower. When needed, water is released down the long pipe-lines and within seconds the required energy volume can be made available. Some 1.5 million cubic metres of water can generate up to four hours of output. During off-peak times water is pumped back using unutilised energy.

ERZHAUSEN

The pump storage power plant in Erzhausen was acquired by Statkraft in the course of the asset swap with E.ON. Its clean energy fits perfectly into our portfolio – in peak times it can feed extra capacity into the grid.



Statkraft Markets GmbH – Management Report 2008

2008 was a huge stride forward for Statkraft Markets. While the first phase in its power generation and plant ownership strategy, begun in previous years, was successfully accomplished, there was noticeable further development in the whole European group which was driven by the asset swap at the end of the year.

The 2008 business year was eventful and successful for Statkraft Markets Continental. The business area comprises

Statkraft Markets GmbH and its subsidiaries, in particular Statkraft Markets B.V. in Amsterdam, Knapsack Power GmbH & Co. KG in Hürth, Statkraft Romania SRL as well as Statkraft South East Europe EOOD in Sofia. Business activities in 2008 were the trading of electricity, fuels and emission certificates in continental Europe, the generation of power from its own environment-friendly power plants as well as support and services for developing new

power plant projects for the parent company Statkraft AS in Oslo.

2008 was characterised by the successful operation of the two state-of-the-art CCGT power plants in Knapsack and Herdecke, continuing growth in the area of energy trading and origination, in which a record year could be achieved, and the conclusion of the asset swap transaction with E.ON AG which turned Statkraft Markets GmbH into the owner of 12 additional hydro and gas power plants in north-west Germany on 31 December 2008.

Trading of
electricity, fuels
and emissions
certificates and
electricity
generation in own,
environmentally
friendly power
plants.

STATKRAFT MARKETS
IN GERMANY EXPAN-
DED SIGNIFICANTLY
IN 2008. THE NEW
TRADING FLOOR IN
DÜSSELDORF NEARLY
DOUBLED IN SIZE AND
THE COMPANY ADDED
TWO FURTHER FLOORS
OF OFFICE SPACE.



Market Development

In 2008 there was a number of surprises for the energy market; whether they were fluctuating oil prices, amendments to the renewable energy law or reforms in the gas market, they posed real challenges for trading. The perception of renewable energy particularly amongst German consumers has improved considerably.

Fluctuating
crude oil prices –
US\$ 140 in July,
but only US\$ 40
in December.

Prices on energy markets in 2008 were largely influenced by macroeconomic factors. For example, the spot price for Brent Crude oil shot up by around 50% up to July 2008 to over \$ 140 a barrel, only to fall again to under \$ 40 in December 2008.

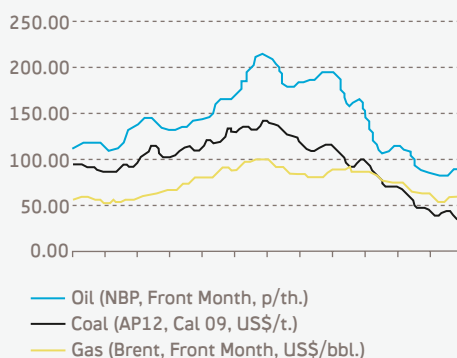
However, the average price for spot deliveries on the German electricity market, calculated as the average day-ahead baseload price on the EEX, was at € 65.75/MWh in 2008, around € 28/MWh higher than in the previous year. This is partly due to the time lag in the impact of lower oil prices on electricity prices and the substantial and expected increase in emission certificate prices compared with 2007. 2008 saw the start of the second phase of the EU's emissions trading system in which

the annual cap on emissions for EU member states was reduced further.

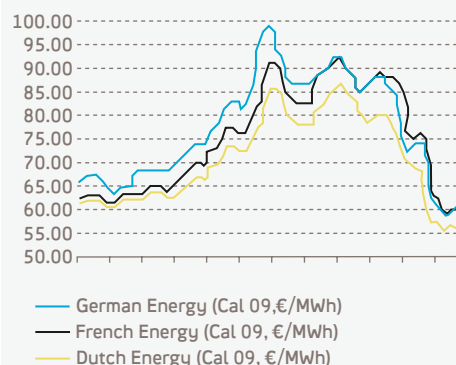
Generally, however, prices on the forward market for electricity and emissions certificates have fallen significantly since their interim peak in the summer. Lower prices are justified by the realities of the financial and economic crisis. Growing price volatility entails risks, but also opportunities as far as energy trading and more flexible generation are concerned.

In regulatory terms, the amendment to the Renewable Energy Law (EEG) in particular allows the option of alternative marketing on wholesale markets. New provisions have also been passed for the German gas market in the form of the "Grundmodell der

FUEL PRICE



ENERGY PRICE



Ausgleichsleistungen und Bilanzierungen im deutschen Gasmarkt” issued by the Bundesnetzagentur. The model which came into force on 1 October 2008 governs daily balancing supplemented by a system of structured hourly natural gas supply volumes for major consumers of more than 300 MW. The switchover of the entire end customer market as well as smaller consumers to a daily balancing regime will have a substantial impact on market mechanisms and supply structures and will lay important foundations for the development of liquidity in the German gas market.

The political framework was stable throughout the year with a continuous strong trend, in Germany in particular, towards environmentally-friendly power generation – a development reflected in the scepticism among policymakers and in the population at large regarding new lignite and hard coal-fired power plants. At the same time, a nuclear power renaissance is likely – particularly in Sweden and the United Kingdom.

FULL YEAR,
FULL PRODUCTION –
FOR THE FIRST TIME,
THE CCGT POWER PLANTS
IN KNAPSACK (LEFT
PICTURE) AND HERDECKE
(RIGHT PICTURE)
GENERATED ELECTRICITY
CONTINUOUSLY
THROUGHOUT THE YEAR.



Business Development

In 2008 the new strength of Statkraft Markets GmbH became apparent. The asset swap with E.ON was an important milestone in the expansion of our business areas. Through this we acquired not only additional Megawatts but also many new employees who are mainly active in power generation.

Generation and Energy Projects

2008 was the first full year of operation for the state-of-the-art CCGT power plants in Knapsack and Herdecke where Statkraft Markets holds 100% and 50% respectively. The operation, dispatch and marketing of the power plants were good. This is also due to the excellent cooperation with the partner Mark- E in the case of the Herdecke power plant. In 2008 Statkraft generated 5.4 TWh of electricity with its low-emission CCGT power plants. In total the gross margin for Generation and Energy Projects, defined as operating performance less cost of materials, was EUR 16.0 million in 2008.

In 2008 5.4 TWh of electricity were generated in the new CCGT power plants.

Another milestone was the signing of the asset swap transaction between the Norwegian parent company Statkraft AS and E.ON AG in July 2008. The asset swap transaction provides Statkraft Markets GmbH with additional production capacity in Germany in the form of ten run-of-river power plants, two gas-fired power stations and one pump storage power plant. Through the newly added power plants, the Statkraft Markets Group will have total generation capacity of more than 2,000 MW, from 2009 onwards, making it the sixth largest electricity company in Germany.

Statkraft Markets GmbH also acquired 30% and 50% shares in two biomass power plants.

Similar to the power markets, the EPC market (Engineering Procurement Construction market) peaked in the middle of last year. Falling prices, depressed by the global economic crisis, can also be expected in this area in the future. However, these expectations have not materialised so far in corresponding construction deals. Statkraft will continue to play an active role in the development of new power plant projects in Germany and other European countries.

Trading and Origination

While fluctuating prices on energy markets represented a certain element of risk, they also set the scene for good trading opportunities. Profits developed more than satisfactorily in the energy trading field and easily exceeded the figures of the previous years. This is due to good cross border trading results and, above all, to record power trading results which benefited, in particular, from price developments. At the same time, the progress continued in terms of the personnel and methodological development of the cross-commodity book.

The development of Virtual Power Plants was very favourable.

Results in the origination and portfolio management division were also extremely pleasing.

The structured products bundled and managed in Portfolio Management such as VPPs (i.e. virtual power plants based on a correspondingly structured supply agreement) developed extremely well bearing in mind the very high volatility. The related complex positions in several raw materials – primarily power, emission certificates and financial coal products – also made a substantial contribution to the results.

Statkraft Markets GmbH continued to enjoy a close collaborative relationship with the ewz in Switzerland, Braunschweiger Versorgungs AG & Co. KG (BVAG) in Germany and Salzburg AG in Austria.

Business was consistently expanded in south-east Europe. Profitable cross border power trading took place in five south-eastern European countries via the subsidiaries in Romania, Bulgaria, Hungary and Statkraft Western Balkans, a sister company of Statkraft Markets GmbH in Belgrade.

The first cross border business transactions between Italy and Greece was executed in December 2008.

Trading with renewables also made a positive contribution to profits in 2008. In the field of renewable energy, Statkraft is

active in selling certified power from renewable power generation to distribution companies that want, or are obliged, to offer power from renewable sources to their customers. Statkraft offers the opportunity to purchase certified power and can deliver it across borders in Europe. Statkraft Markets GmbH has supply contracts with British, Dutch and German energy traders and distribution companies, which are mainly supplied with environmental-friendly hydropower from Scandinavian.

Profits in emissions certificates trading failed to match the figures of the previous year due to falling prices on the emissions market. The price level is such that short to medium-term projects in connection with the clean development mechanism are not particularly attractive at present.

In total, the gross margin was EUR 20.2 million in 2008.

New corporate structure

In connection with the implementation of the asset swap with E.ON AG, a new legal structure was set up. Statkraft Markets GmbH, in particular, is now a 100% subsidiary of the new holding company Statkraft Germany GmbH which, in turn, is 100% owned by the parent company Statkraft AS in Oslo. In 2009 the holding company will be the new employer of personnel working in the areas of Finance, IT and Human Resources.

**New corporate
structure
implemented.**

A 100% subsidiary of Statkraft Markets – Statkraft Trading GmbH – was also founded and tasked with providing all the services relating to market activities such as power plant operation, energy trading and origination. The contracting party to all trading agreements continues to be Statkraft Markets GmbH.

Since the end of 2008 all employees working at the new power plant locations, are employed by Statkraft Markets GmbH. The company has been a member of the AGWE employers' association since 1 September 2008 and has been subject to collective labour agreements since 1 January 2009.

Operating result

Sales increased from EUR 2.9 billion to EUR 5.2 billion. This is primarily due to the fact

that both volumes in power trading, with a EUR 4.8 billion share of the total sales, (73 TWh in 2008 compared to 54 TWh in 2007) and price levels went up. A part of this increase is caused by marketing the generation volumes of the gas fired power plants in Herdecke and Knapsack.

In the year under review the gross margin fell from EUR 49.9 million in 2007 to EUR 36.2 million. The main reason for this was that emissions trading had a corresponding negative realized result according to German GAAP while power trading showed improved results. However, energy trading and origination showed a very positive development in terms of unrealized profits which are not reported under German GAAP as yet.

Increased costs were unavoidable in connection with the takeover and completion of

THE ASSET SWAP
BETWEEN STATKRAFT
AND E.ON WAS
COMPLETED
WITHOUT ANY
HITCHES ON
31.12.2008.



new power plants. Personnel expenses rose by 31% to EUR 11.8 million and other operating expenses more than doubled to EUR 26.3 million. The latter, however, included individual expenses directly related to the integration of power plants and which therefore have only a one-off impact on results.

In 2008 the financial result was slightly positive despite high additional costs:

The financial result of Statkraft Markets GmbH for 2008 was positive at EUR 0.8 million. This was partly due to the fact that in January the financing of the Knapsack power plant was shifted to the power plant entity. As a result of this the company's average financial debt in 2008 was lower and hence interest charges were down year-on-year.

169 new employees at the new power plant sites.

Overall the result from ordinary business activities was EUR -1.7 million and the net loss EUR 1.4 million.

Net Asset Position and Financial Position

The acquisition of the new power plants on 31 December 2008 certainly resulted in a corresponding increase on the assets side of the balance sheet, including in particular in fixed assets which increased from EUR 0.9 million (2007) to EUR 276.0 million and in participating interests from EUR 0.0 million (2007) to EUR 18.6 million. Furthermore the transaction generated goodwill of EUR 27.9 million. The acquisition of these assets was financed by an increase in capital reserves of EUR 138.0 million and by a mid-term loan from the Norwegian

parent company Statkraft AS. As a corresponding loan of EUR 130.0 million for the newly completed CCGT power plant in Knapsack had already been paid back in January 2008, liabilities to affiliated companies increased by just EUR 37.0 million. On the assets side, in return, receivables from affiliated companies were reduced by EUR 150.9 million as the Knapsack power plant company itself is now Statkraft AS's borrowing counterparty.

The total equity ratio was 43% (2007: 40%) and total assets were EUR 736.8 million – figures which continue to underline the creditworthiness of Statkraft Markets GmbH.

Human resources development

The number of staff added up to 274 employees on 31 December 2008. This makes on average 134 during 2008. The increased headcount towards the end of the year end can be explained by the fact that 169 employees at the new power plants joined Statkraft Markets GmbH end of 2008.

Quality and commitment of employees have been the key factor in the company's successful development in recent years. Continuous training and other human resources development programmes are set up in order to ensure high qualification and competence levels of our staff also for the future. Statkraft Markets GmbH also undertook several retention measures to

secure the commitment of key employees to the company in 2008. This is also reflected in the low fluctuation rate of just 6% within the year under review. Because Statkraft Markets GmbH is active from its offices in Düsseldorf and Amsterdam in large parts of Europe there are employees from 18 different nations working at these two locations. This international environment is very attractive for employees outside Norway, Germany and the Netherlands and has a generally positive impact on the company's development potential in new European markets also.

Risk Management

Statkraft Markets GmbH engages in trading activities which are exposed to a number of risks. These include, in particular, market price risks, counterparty risks and IT system

risks. Statkraft Markets GmbH therefore accords risk management top priority. Business activities include trading and sales of standardised term products as well as of power profiles and other structured products. The major part of the profiles and structured products is hedged with corresponding standard products. A large portion of term products is contracted for trading purposes, usually on the basis of short-term hedge transactions. In total, the business activity should have positive results. Statkraft Markets GmbH is exposed to financial risks, which can cause fluctuations in results, equity and cash flow. In order to identify and manage these risks in a timely manner, the company established a corresponding risk management policy, which is an active part of the corporate management.

JOB SATISFACTION
AT STATKRAFT IS
HIGH. PEOPLE ARE
VERY LOYAL –
IN 2008 STAFF
TURNOVER WAS
JUST 6%.



Volatile electricity
and gas market
– market price risks
are measured with
the help of VaR and
PaR analyses.

The risk management committee decides upon the risk management policy for the different business segments. Middle Office plays a pivotal role in risk management by performing daily risk controlling and delivering independent and professional valuations. Middle Office managers analyse all new deal opportunities and prepare risk assessments in order to support the management team in making decisions. This increases risk awareness and ensures effective risk mitigation. Furthermore, Middle Office prepares daily and weekly risk reports on Statkraft Markets GmbH's market positions. These reports are discussed and evaluated by the management team in Statkraft Markets GmbH.

Risk is managed within a mandate and limit system. This allows closing of trading contracts only in compliance with risk limits which are defined separately for price change and counterparty default risk. Market price risks in the volatile power and gas markets are measured by Value at Risk (VaR) and Profit at Risk (PaR). Middle Office supervises the portfolio exposures as well as the total risk in the company. In the case of limit breaches, Middle Office takes responsibility for closing of open positions in order to minimise the risks.

TRADING VOLUMES
IN DÜSSELDORF HAVE
INCREASED BECAU-
SE OF THE VOLUMES
GENERATED BY OUR
POWER PLANTS.



Credit and default risk is managed through an internal rating process. For each counterparty, the credit limit is monitored and periodically reviewed by reporting regularly about positions of single counterparties. The rating and limit system allows focus on counterparties with high creditworthiness. The default risk in case of financial derivatives consists of positive market values. In view of the worldwide financial crisis, limits relating to financial institutions and special industrial customers have been critically reviewed and adjusted. Statkraft Markets GmbH did not suffer any losses in 2008 as a result of the insolvency of any customers.

As well as evaluating potential counterparty risks, all products, business opportunities and counterparties are assessed with regards to principles of Corporate Social Responsibility (CSR) and all Middle Office

risk assessments relating to change of mandates or product lists must take this into account.

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

Statkraft Market GmbH's systems have a high degree of redundancy for all core operations. Following this philosophy, more staff members than necessary are trained in all key processes in order to ensure that essential skills are always available. The risk management system is monitored by internal auditing and verified by external auditors as part of the year end audit.

Opportunities and risks, outlook

Statkraft will maintain its focus on environmentally-friendly power generation and energy trading in continental Europe. The commercial use of additional generation capacity arising from the asset swap with E.ON AG will be an important component in this context in 2009.

The operation and management of the new power plants will, as anticipated, require the company to concentrate on business processes in the areas of Generation, Operations & Maintenance as well as Finance. Relevant preparations were undertaken during the implementation phase. This means that the new corporate structure and increased manpower in the corresponding departments will relieve some of the pressure within operations. However, the integration of various locations will entail strenuous work in both process and cultural terms. There was a positive kickoff with the “Celebration Day” held at all power plant locations on 8 January 2009 which boosted confidence to look ahead.

In any case, the generation portfolio together with the existing trading competence will be a great opportunity for the future development of the company.

The competitive and market setting will be critically dependent on future macroeconomic developments in 2009. In the case of sustained recession lower energy prices and reduced margins in the generation business

are expected in the medium term. In the long term further investments in the European power plant park will be necessary, however, in order to expand the generation portfolio and support Statkraft's core business growth. Falling EPC prices will open up further interesting options for power plant projects. In this context Statkraft Group will continue to focus on CCGT power plants in north-west Europe, wind projects in the UK and hydropower projects in south-east Europe.

As far as energy trading is concerned the credit crisis will, as elsewhere in the economy, result in a tightening up of credit support requirements. However, given its fundamental attractiveness the market is unlikely to dry up in the long term. Statkraft Markets GmbH will continue to operate a consistent and effective risk management system to meet the challenges ahead.

Being a trading oriented company, Statkraft Markets GmbH will be exposed to regulatory opportunities and risks in the future, too. Examples are the further liberalization of the gas markets as well as the further steps in connection with the “20-20-20” target in the European Union.

Mergers at the European level – as recently documented by the changes in the Dutch Utilities Essent and Nuon – are evidence of a continuing process of concentration. This, and the fact that prices on the electricity

market are now a complex function of fuel prices, demand trends and emission prices and are consequently, determined by global markets and diverse regulatory and political factors, means that it is essential to diversify the company's trading activities. Statkraft Markets GmbH has created the organisational and personnel framework for this purpose and will continue to pursue its strategy of becoming a pan European multi-commodity trading company which it initiated last year. This includes expanding into more power markets in south-east Europe and stepping up its activities in fuel markets.

For 2009, a positive result is expected. However, it remains to be seen how operat-

ing costs for the additional power plants will develop because the current estimates naturally lack some experience. The development of energy prices is obviously a risk factor which has a bigger impact on the development of the total sales than the additional generation.

Events after balance sheet date

After the takeover of power plants in connection with the asset swap with E.ON AG, some technical problems were encountered at some installations which require more detailed investigations. These investigations will take place in the year 2009.

Düsseldorf, 30 April 2009



DR. TORSTEN AMELUNG
Managing Director



DR. GUNDOLF DANY
Managing Director



STEFAN-JÖRG GÖBEL
Managing Director



STEF PETERS
Managing Director



DR. CARSTEN POPPINGA
Managing Director



DR. JÜRGEN TZSCHOPPE
Managing Director

Balance sheet as at December 31, 2008

Assets	December 31, 2008 EUR	Prior year EUR'000
A. Fixed assets		
I. Intangible fixed assets		
1. Software	1,018,502.35	178
2. Goodwill	27,948,531.11	0
	28,967,033.46	178
II. Tangible fixed assets		
1. Land, land equivalent rights and buildings	36,171,455.67	0
2. Technical equipment and machinery	234,905,972.11	0
3. Other equipment, factory and office equipment	2,950,747.69	920
4. Plant under construction	1,958,159.88	0
	275,986,335.35	920
III. Long-term financial assets		
1. Shares in affiliated companies	167,771,263.89	167,249
2. Participating interests	18,594,737.05	0
	186,366,000.94	167,249
	491,319,369.75	168,347
B. Current assets		
I. Inventories		
Raw materials and supplies	6,589,494.09	0
II. Receivables and other assets		
1. Trade receivables	149,921,905.12	81,084
2. Receivables from affiliated companies	23,858,240.14	174,750
3. Other assets	33,806,787.22	26,345
	207,586,932.48	282,179
III. Cash-in-hand, bank balances and cheques	20,654,961.16	15,065
	234,831,387.73	297,244
C. Prepaid expenses	9,306,603.96	8,857
D. Deferred taxes	1,327,656.47	68
	736,785,017.91	474,516

Equity and Liabilities	December 31, 2008 EUR	Prior year EUR'000
A. Equity		
I. Subscribed capital	4,000,000.00	4,000
II. Capital reserves	305,104,558.71	167,105
III. Retained profits brought forward	10,020,018.87	9,025
IV. Net loss / income	- 1,356,165.33	9,995
	317,768,412.25	190,125
B. Provisions		
1. Provisions for pensions and similar obligations	13,498,498.00	0
1. Provisions for taxes	8,325,432.47	6,582
2. Other provisions	26,332,262.57	8,088
	48,156,193.04	14,670
C. Liabilities		
1. Trade payables	116,719,834.89	67,475
2. Liabilities to affiliated companies	238,819,228.72	201,445
3. Other liabilities	14,280,077.01	801
	369,819,140.62	269,721
D. Prepaid income	1,041,272.00	0
	736,785,017.91	474,516

Income statement

For the period 1 January to December 31, 2008

	2008 EUR	Prior year EUR'000
1. Sales revenue	5,173,238,618.68	2,896,785
2. Other operating income	7,488,818.29	4,978
3. Cost of materials		
Cost of purchased services	5,144,493,225.18	2,851,891
4. Personnel expenses		
a) Salaries	10,784,943.56	8,153
b) Social security contributions, pension costs and employee welfare costs of which pension costs EUR 56,128.72 (prior year: EUR 46K)	1,027,474.22	845
5. Amortisation and depreciation of fixed intangible and tangible assets	610,242.30	581
6. Other operating expenses	26,309,874.13	12,463
7. Income from profit transfer agreements	0	321
8. Other interest and similar income of which from affiliated companies EUR 1,880,583.53 (prior year: EUR 26K)	2,583,265.49	406
9. Expenses from assumption of losses	811,706.04	657
10. Interest and similar expenses of which to affiliated companies EUR 928,371.07 (prior year: EUR 8,817K)	994,028.27	8,906
11. Result from ordinary activities	- 1,720,791.24	18,994
12. Taxes on income	-364,625.91	8,999
13. Net loss/income	1,356,165.33	9,995

Notes to the Financial Statements for the Business Year 2008

General information

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

The nature of expense format has been applied to the income statement.

In July 2008, the signing of the an asset swap transaction with total volume of EUR 4.5 billion took place between the Norwegian parent company Statkraft AS and E.ON AG. With this transaction, Statkraft AS swapped its shares in E.ON Sverige AB against hydro and gas fired power plants in various countries. In connection with this asset swap, Statkraft Markets GmbH purchased 10 run-of-river power plants, 2 gas fired power plants and one pump storage power plant as well as shares in two entities which own bio mass power plants from E.ON AG subsidiaries. The takeover of the power plants and the purchase of shares was executed on 31 December 2008. Since that day, all employees at the power plant sites have been employed by Statkraft Markets GmbH. For this reason, the balance sheet 2008 can only partly be compared to the one of 2007. By contrast the income statement, except for legal and consulting expenses, is not affected yet by the transaction.

Accounting and Valuation Rules

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

First all assets and liabilities being part of the transaction were identified separately for purchase price allocation. In a second step the corresponding fair values of the acquired assets and liabilities were determined. The portion of the purchase price which exceeded the fair values of the assets minus the liabilities' fair values was classified as goodwill. For the valuation of technical equipment and for determining fair values of land/buildings the company has involved, amongst others, external experts for opinions. Furthermore, the company was able to utilize internal experts from its parent company Statkraft AS and subsidiaries who have a long experience in operating and marketing of hydro power generation in particular. The valuation of the plant and office equipment was done by the company itself by using external support. The valuation of the acquired shares at the bio mass plants was carried out by using the DCF methodology (Discounted Cash Flow).

Purchased **intangible fixed assets** and **tangible fixed assets** are recognised at acquisition cost, and as far as applicable, amortisation and depreciation according to the useful life of the assets will be deducted. Amortisation and depreciation amounts comply with the useful lives recognised under tax law. **Goodwill** shown under fixed assets will be amortised using the straight line method in accordance with its estimated useful life of 15 years starting on 01/01/2009.

In compliance with the new provisions of § 6 of the German Income Tax Act (EStG) **low value items** with a net value of up to 150 euros have been directly expensed in the income statement since the period under review. A collective item for low value items with a net value of between 150 and 1,000 euros is pursuant to § 6 para. 2a German Income Tax Act recognised in the tangible fixed assets and depreciated over a 5 year period using the straight line method.

All depreciation and amortisation options, admissible under tax law, are applied.

Long-term financial assets are recognised at acquisition costs or the lower of cost or fair value.

Inventories are recognised at cost or lower current values.

Receivables and other **assets** are capitalised at their nominal values. Appropriate allowances are made in order to cover all risks identifiable as at the balance sheet date.

Liquid funds are recognised at nominal value.

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

A separate item for **deferred taxes** was set up as the tax expense for this business year is too high, i.e. the taxable profit under tax law regulations is higher than the accounting profit and this difference will probably be balanced in subsequent business years.

Pension provisions are measured following actuarial principles according to the entry age normal method under § 6a of the German Income Tax Act at a calculated interest rate of 6% and Prof. Dr Klaus Heubeck's 2005 G mortality tables.

Other provisions are based on sound business judgment and cover all risks and contingent liabilities as well as impending losses from pending transactions identifiable as at the balance sheet date.

Provisions for impending losses result from existing pending transactions, also known as exposures. In order to anticipate such likely losses, their prices at the closing date are matched with the market values on the balance sheet date. Due to the fulfilment of the prerequisites for the formation of valuation units in the portfolio, unrealised profits from exposures could partially be offset against loss generating items. In accordance with the lower-of-cost-or-market principle, the mutual offset of profit and loss generating items within the valuation units is limited to a maximum provision of zero. Negative and positive valuation units have not been offset against each other, so that the addition of all negative valuation units corresponds to the sum of provisions for impending losses. No positive portfolio values are capitalised. As in the prior year, this method has been applied to all valuation units.

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

Receivables and credits denominated in **foreign currency** as well as foreign exchange reserves are recognised at the rates in effect at the date of transaction or at rates on the balance sheet date where these are lower.

Payables denominated in foreign currency are principally recognised at the rates in effect at the date of transaction or at the rates in effect at the balance sheet date where these are higher, respectively.

Affiliated companies are all companies included in the consolidated financial statements of Statkraft AS, Oslo/Norway, and companies in which Statkraft AS, Oslo/Norway, either directly or indirectly, holds the majority, but that are not included in the consolidated financial statements as Statkraft AS has elected to not to do so.

Notes to the balance sheet

The comparability of the balance sheet with prior year figures is limited due to the acquisition of the power plants on 31 December 2008. For that reason the changes for affected balance sheet items will be explained separately subsequently.

Except for shares in affiliated companies, a major part of software (EUR 1,011 thousand), part of factory and office equipment (EUR 1,023 thousand) within tangible assets relates to assets acquired due to the transaction. Inventories were completely due to the transaction.

On the liabilities side of the balance sheet equity, provisions and liabilities in particular have to be mentioned as affected balance sheet items. The funding was partly done by increasing capital reserves. In addition a loan was raised from Statkraft AS. This loan is shown within payables to affiliated companies. Provisions for pensions relate only to personnel which were taken over on 31 December 2008 when acquiring the new power plants. For real estate transfer tax payments a provision of EUR 1,300 thousand has been set up. Other provisions include an amount of EUR 9,909 thousand which are in connection with the acquisition of the power plants: these provisions belong in particular to demolition costs and maintenance work.

Fixed assets

The movements in fixed assets and their amortisation and depreciation, respectively, are presented in the statement of movements in fixed assets (Exhibit to the notes).

Participating interests valued at EUR 18,595 thousand (prior year: EUR 0) concern the shares at the two biomass CHP plants (Combined Heat and Power) in Emden and Landesbergen acquired in the framework of a swap transaction with E.ON AG. With regard to the results of 2008, which are currently preliminary, a settlement in cash will take place between the company and E.ON.

List of shareholdings

Name of the company	Share- holding in %	The business year 2008 (EUR'000)	Sharecapital/ Liable capital as of 31 Dec. 2008 (EUR'000)	Equity as of 31 Dec. 2008 (EUR'000)
Statkraft Energy Austria GmbH, Vienna/Austria	100	12	50	39
Statkraft Markets Financial Services GmbH, Düsseldorf	100	0*)	25	1.093
Statkraft Markets B.V., Amsterdam/Niederlande	100	-3,194	3,995	-1,264
Statkraft Holding Herdecke GmbH, Düsseldorf	100	0*)	25	20,325
Statkraft Holding Knapsack GmbH, Düsseldorf	100	0*)	25	141,979
Knapsack Power GmbH & Co. KG, Düsseldorf **)	100	-1,010	25	137,967
Knapsack Power Verwaltungs GmbH, Düsseldorf **)	100	- 1	25	37
Kraftwerksgesellschaft Herdecke GmbH & Co. KG, Hagen **)	50	2,334	10,000	36,336
Kraftwerksverwaltungsgesellschaft Herdecke mbH, Hagen **)	50	2	25	31
Statkraft Markets Hungária Kft., Budapest/Hungary	100	- 18	198	197
Statkraft South East Europe EOOD, Sofia/Bulgaria	100	37	3	85
Statkraft Romania SRL, Bukarest/Romania	99	36	100	262
Statkraft Trading GmbH, Düsseldorf (previously Statkraft Germany Zwei GmbH, Düsseldorf)	100	0*)	25	23
Statkraft Germany Drei GmbH, Düsseldorf	100	- 2	25	23
Statkraft Germany Vier GmbH, Düsseldorf	100	- 2	25	23
Statkraft Germany Fünf GmbH, Düsseldorf	100	- 2	25	23
Biomasseheizkraftwerk Emden GmbH, Emden***)	30	- 98	1,000	11,382
Biomasseheizkraftwerk Landesbergen GmbH, Landesbergen***)	50	1,925	1,000	10,840

*) Result for the year after transfer of profits/losses

**) Indirectly held participating interests

***) preliminary figures

Receivables and other assets

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

Receivables of EUR 15,698 thousand (prior year: EUR 4,129 thousand) from affiliated companies relate to trade receivables. There were no Accounts Receivable from shareholders at balance sheet date (prior year: EUR 169,097 thousand). At the end of the year the company had granted short-term loans to subsidiaries to the value of EUR 8,160 thousand (prior year: EUR 1,735 thousand).

Prepaid expenses

Prepaid expenses notably include expenses for option premiums, network fees and IT services relating to the business year 2009.

Equity

The capital reserves increased by an amount of EUR 138,000 thousand. The distribution of EUR 9,000 thousand took place in 2008 reduced equity. Including the net loss of the year (EUR -1,356 thousand) the equity was EUR 317,768 thousand (prior year: EUR 190,125 thousand).

Pension and similar provisions

Items recognised at EUR 13,498 thousand (prior year: EUR 0) relate exclusively to obligations for employees who have joined Statkraft Markets GmbH in the framework of the swap transaction with E.ON AG. EUR 10,942 thousand (prior year: EUR 0) of total obligations are for pension provisions.

Other provisions

Other provisions were notably set up for impending losses from pending transactions (EUR 3,409 thousand; prior year: EUR 1,193 thousand), employee bonuses (EUR 2,730 thousand; prior year: EUR 1,898 thousand), delivery commitment for emission rights (EUR 6,624 thousand; prior year: EUR 0 thousand), network and broker fees (EUR 1,618 thousand; prior year: EUR 2,381 thousand), cost of balance energy (EUR 1,002 thousand, prior year EUR 1,944 thousand), demolition costs (EUR 3,678 thousand, previous year: EUR 0 thousand), maintenance costs (EUR 4.525 thousand; prior year: EUR 0 thousand), vacations not yet taken/settlement obligations (EUR 1,917 thousand; prior year: EUR 208 thousand).

Liabilities

The liabilities have a residual term of up to one year except for liabilities of EUR 175,000 thousand which have a residual term of between one and five years. In the prior year for all liabilities the residual term was up to one year. Liabilities are partially collateralised by guarantees of the parent company.

Liabilities of EUR 58,852 thousand (prior year: EUR 43,728 thousand) to affiliated companies relate to trade payables and liabilities due to loss compensation obligations were EUR 812 thousand (prior year: EUR 658 thousand). At the balance sheet date, liabilities towards the parent company Statkraft AS, Oslo/Norway (shareholders as per 31.12.2007) exist, resulting from cash pooling (EUR 4,595 thousand; prior year: EUR 0) and loans of EUR 175,000 thousand (prior year: EUR 130,217 thousand). There were no accounts payable due to current shareholders at the balance sheet date. No loan arrangements exist with subsidiaries (prior year: EUR 27,500 thousand).

With the approval of Statkraft Markets GmbH the loan of EUR 175,000 was transferred as per 25.03.2009 from Statkraft AS to Statkraft Treasury Center SA, Brussels/Belgium. Subsequently, the company and Statkraft Treasury Center SA closed a Letter of Intent on 01.04.2009. According to it the maturity of the loan should be prolonged to over 5 years; the new agreement should be signed within the next six months. Thus the loan will in the future be treated as a long-term borrowing within the group.

Other financial obligations

The total amount of other financial commitments under existing tenancy agreements and leases at 31 December 2008 totalled EUR 4,191 (prior year: EUR 1,709 thousand). This amount includes the obligations arising from leasehold agreements for power plants added this year.

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

Statkraft Markets GmbH issued a guarantee of EUR 2,000 thousand to the Bulgarian State Energy and Water Regulatory Commission, relating to liabilities of Statkraft South-East Europe EOOD, Sofia/Bulgaria from electricity supplies within Bulgaria. The liabilities of Statkraft South-East Europe EOOD, Sofia/Bulgaria from electricity supply contracts within Bulgaria amount to EUR 83 thousand as at 31 December 2008.

Notes to the Income Statement

Sales revenue

In the past business year, sales were EUR 5,173,239 thousand and relate to electricity (EUR 4,764,144 thousand), gas (EUR 144,645 thousand) and emissions as well as renewables (EUR 256,962 thousand). Sales also include income from group services to Statkraft Energi AS, Oslo/Norway in an amount of EUR 5,954 thousand as well as from other services to customers in an amount of EUR 1,534 thousand.

Classified by regional markets, sales were mostly generated in Germany (EUR 4,095,698 thousand), France (EUR 521,086 thousand), Great Britain (EUR 211,843 thousand), the Netherlands (EUR 204,154 thousand), Switzerland (EUR 61,856 thousand), Bulgaria (EUR 23,386 thousand) and Spain (EUR 11,621 thousand). The remaining sales were generated in other countries of the EU or EEA.

Other operating income

The other operating income amounted to EUR 7,489 thousand. It mostly consists of income from the allocation of internal cost for projects and services to Group companies in an amount of EUR 4,152 thousand, foreign currency gains in an amount of EUR 2,057 thousand and income from the reversal of provisions in an amount of EUR 642 thousand. Furthermore, it includes income from former periods of EUR 407 thousand, resulting from receivables, on which an allowance was already made.

Other operating expenses

The item other operating expenses includes, in particular, expenses for legal and consultancy fees (EUR 2,360 thousand), rental costs (EUR 477 thousand), expenses for Group services (EUR 14,001 thousand), foreign currency losses (EUR 2,420 thousand), IT-related expenses (EUR 934 thousand), travel expenses (EUR 510 thousand), expenses for telephone and data transmission (EUR 281 thousand), membership fees (EUR 516 thousand), guarantee costs (EUR 730 thousand), expenses for external employees (EUR 376 thousand) as well as general allowances on receivables (EUR 670 thousand).

The group service expenses of EUR 14,001 thousands include EUR 4,466 thousands extraordinary expenses due to the asset swap with E.ON.

Taxes on income

In the taxes on income amounted to EUR 365 thousand, of which EUR 544 thousand relate to corporate income tax, EUR 351 thousand to municipal trade tax and EUR 1,260 thousand to deferred taxes.

Derivative financial instruments

The business activity of Statkraft Markets GmbH includes the trade and sale of electricity, gas, emission rights and commodities. For this purpose, forward contracts are closed that are settled before maturity against hedged transactions. The individual forward contracts are listed in the corresponding portfolios. The market valuation is performed by means of forward rates and internally developed models that comply with industry standards or, if the market price cannot be reliably determined, at acquisition costs. The material factors in these models are the anticipated price change on the energy markets, the historical price development, the volatility of market prices as well as the general interest rate development.

The valuation under commercial law of the derivative financial instruments as at the balance sheet date is performed by application of the lower-of-cost-or-market principle. Positive market values are indicated with "0" and negative values under the heading "Provisions for impending losses".

	Nominal volume 31.12.2008 EUR millions	Market value 31.12.2008 EUR'000	Recognised as at 31.12.2008 EUR'000	Balance sheet item 31.12.2008
Commodity derivative	7,290	30,305	-3,409	Other provisions

Management

The managing directors are Dr Torsten Amelung (Chairman), Düsseldorf (with sole powers of representation); as of 15 April 2008 Dr Jürgen Tzschoppe (Commercial Asset Management), Düsseldorf, Stefan-Jörg Göbel (Trading & Origination), Düsseldorf, Dr Carsten Poppinga (Finances), Düsseldorf, and Stephanus Peters (Origination), Amsterdam/Netherlands, (authorised to act jointly) and, as of 10 December 2008, Dr Gundolf Dany (Operations & Maintenance), Pulheim, (with sole powers of representation). The managers' fulltime professions are the above mentioned areas of responsibilities.

Total emoluments paid to the management

The total emoluments paid to management amounted to EUR 782,386.22.

Employees

In the year under review, the Company had 134 employees on average (2007:70).

Group affiliation

The Company's annual financial statements are included in the consolidated financial statements of Statkraft AS, Oslo/Norway, as of 31 December 2008, (smallest group). The largest group of consolidated entities in which the company is included in are the consolidated financial statements of Statkraft SF, Oslo/Norway. The management intends to file Statkraft AS' consolidated financial statements in German with the online version of the Bundesanzeiger (German Federal Gazette) according to the relevant provisions for consolidated financial statements and Group management reports. In this case, the obligation of Statkraft Markets GmbH to prepare its own consolidated financial statements and a Group management report according to § 290 German Commercial Code (HGB) will not apply.

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

Proposed appropriation of profit

The net loss for the financial year of EUR 1,356 thousand will be carried forward.

Düsseldorf, 30, April 2009



DR. TORSTEN AMELUNG
Managing Director



DR. GUNDOLF DANY
Managing Director



STEFAN-JÖRG GÖBEL
Managing Director



STEF PETERS
Managing Director



DR. CARSTEN POPPINGA
Managing Director



DR. JÜRGEN TZSCHOPPE
Managing Director

Movements in fixed assets

In the business year 2008

Gross book values	Balance as at 1.1.2008 EUR	Additions EUR	Disposals EUR	Balance as at 31.12.2008 EUR
I. Intangible fixed assets				
Software	786,911.29	933,374.15	117,424.08	1,602,861.36
Goodwill	0	27,948,531.11	0	27,948,531.11
	786,911.29	28,881,905.26	117,424.08	29,551,392.47
II. Tangible Fixed Assets				
Land, land equivalent rights and buildings	0	36,171,455.67	0	36,171,455.67
Technical equipment and machinery	0	234,905,972.11	0	234,905,972.11
Other equipment, factory and office equipment	2,533,069.34	2,618,459.19	334,247.98	4,817,280.55
Plant under construction	0	1,958,159.88	0	1,958,159.88
	2,533,069.34	275,654,046.85	334,247.98	277,852,868.21
III. Long-term financial assets				
Shares in affiliated companies	167,248,763.89	550,000.00	27,500.00	167,771,263.89
Participating interests	0	18,594,737.05	0	18,594,737.05
	167,248,763.89	19,144,737.05	27,500.00	186,366,000.94
	170,568,744.52	323,680,689.16	479,172.06	493,770,261.62

Movements in fixed assets

In the business year 2008

Accumulated amortisation/ depreciation	Balance as at 1.1.2008 EUR	Additions EUR	Disposals EUR	Balance as at 31.12.2008 EUR
I. Intangible fixed assets				
Software	608,614.27	93,168.82	117,424.08	584,359.01
Goodwill	0	0	0	0
	608,614.27	93,168.82	117,424.08	584,359.01
II. Tangible Fixed Assets				
Land, land equivalent rights and buildings	0	0	0	0
Technical equipment and machinery	0	0	0	0
Other equipment, factory and office equipment	1,612,845.22	517,073.48	263,385.84	1,866,532.86
Plant under construction	0	0	0	0
	1,612,845.22	517,073.48	263,385.84	1,866,532.86
III. Long-term financial assets				
Shares in affiliated companies	0	0	0	0
Participating interests	0	0	0	0
	0	0	0	0
	2,221,459.49	610,242.30	380,809.92	2,450,891.87

Movements in fixed assets

In the business year 2008

Net book values	Balance as at 31.12.2008 EUR	Prior year EUR'000
I. Intangible fixed assets		
Software	1,018,502.35	178
Goodwill	27,948,531.11	0
	28,967,033.46	178
II. Tangible Fixed Assets		
Land, land equivalent rights and buildings	36,171,455.67	0
Technical equipment and machinery	234,905,972.11	0
Other equipment, factory and office equipment	2,950,747.69	920
Plant under construction	1,958,159.88	0
	275,986,335.35	920
III. Long-term financial assets		
Shares in affiliated companies	167,771,263.89	167,249
Participating interests	18,594,737.05	0
	186,366,000.94	167,249
	491,319,369.75	168,347

Independent Auditors' Report

We have audited the annual financial statements – comprising the balance sheet, the income statement and the notes to the financial statements – together with the bookkeeping system, and the management report of Statkraft Markets GmbH, Düsseldorf, for the business year from 1 January to 31 December 2008. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and on the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB ("German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements of Statkraft Markets GmbH, Düsseldorf, comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the company in accordance with German principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the company's position and suitably presents the opportunities and risks of future development.

Düsseldorf, 5 June 2009

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

signed
(Bork)
German Public Auditor

signed
(Frank)
German Public Auditor

Note: German version prevails

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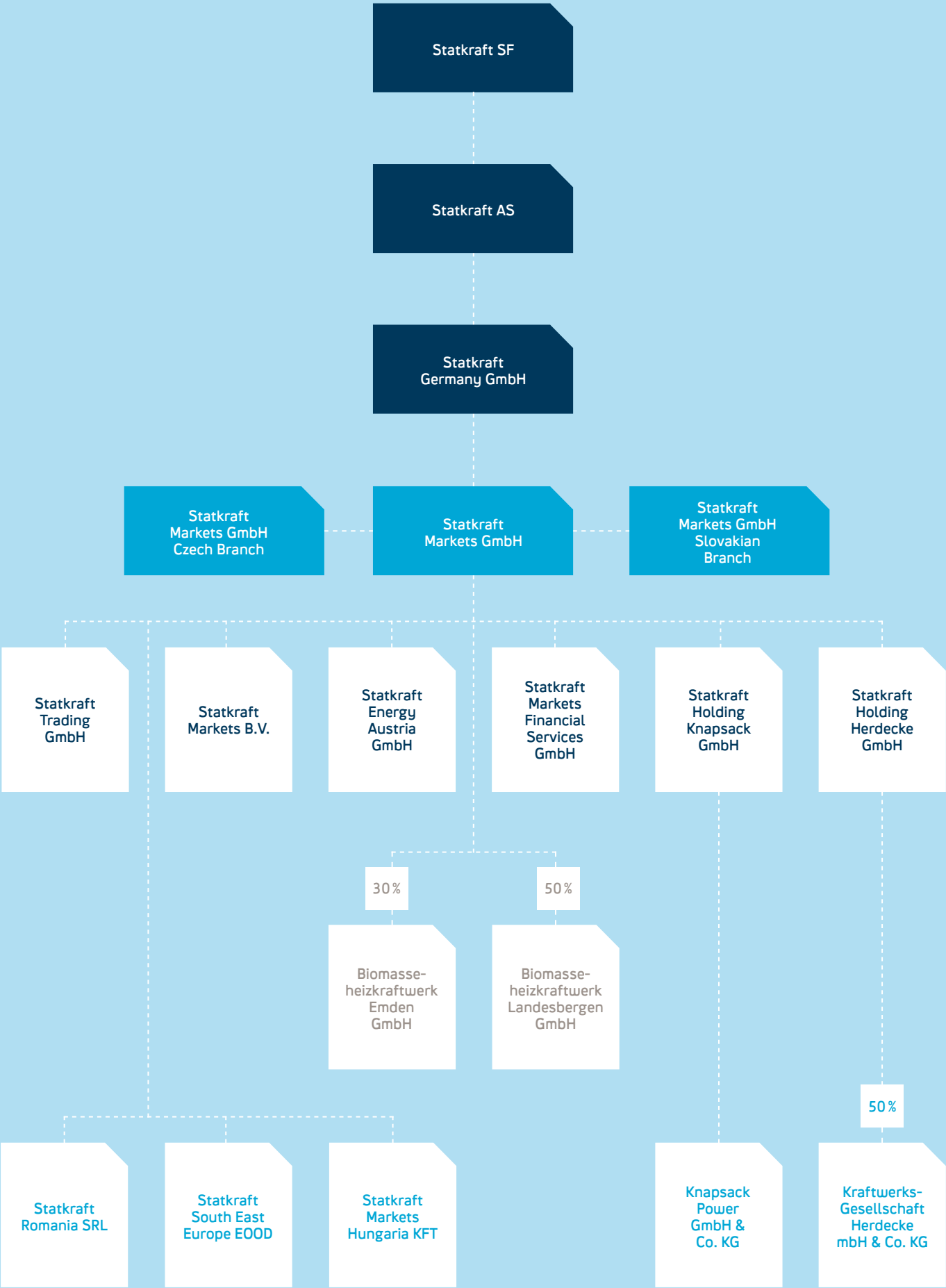
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Corporate Structure





Statkraft

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