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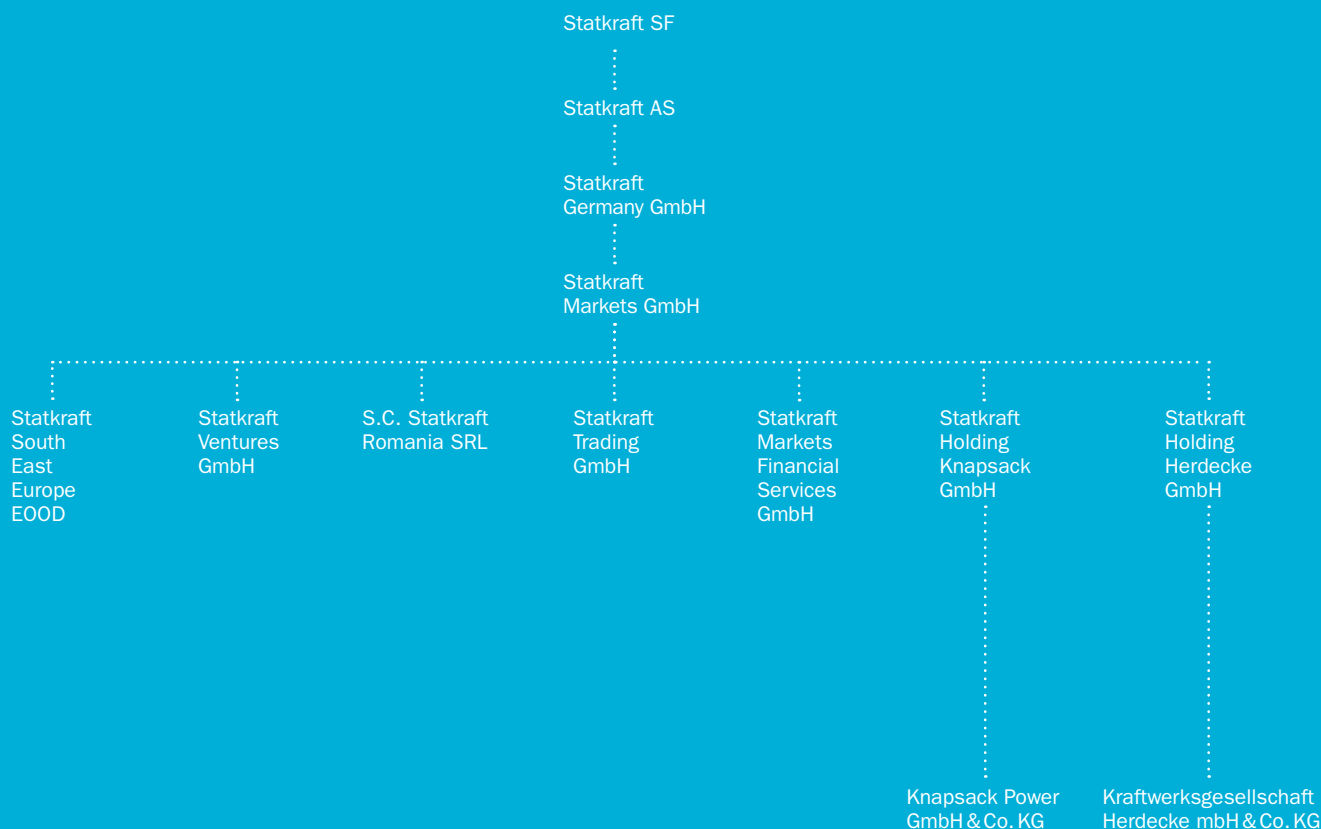
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KEY INDICATORS AND CORPORATE STRUCTURE

Key indicators of Statkraft Markets GmbH

Values in EUR million	2015	2014	2013	2012
Sales revenue	16,705.8	16,429.6	19,095.7	20,836.0
EBIT	-24.4	163.5	28.1	-61.6
Profit before taxes	-37.7	87.0	16.3	-295.1
Profit after taxes	-37.7	85.2	16.1	-295.8
Cash flow from continuous operations	108.2	39.3	94.0	-20.4
Cash and cash equivalents	34.8	73.5	68.1	51.3
Net working capital	210.5	156.4	83.4	131.4
Balance sheet total	1,381.8	1,482.9	1,415.6	1,549.1
Equity	410.8	410.8	410.8	410.8
Equity ratio (%)	29.7	27.7	29.0	27.0
Number of employees	170	174	179	190

Corporate structure



MANAGEMENT REPORT FOR FISCAL YEAR 2015

COMPANY PROFILE

Business model

Statkraft Markets GmbH, hereinafter referred to as “Statkraft”, is a company of the Statkraft group, the largest European producer of renewable energy. The group develops and operates hydropower, wind power, gas power and district heating power plants, and is a significant player on European energy trading exchanges with particular expertise in the area of physical and financial energy trading. The Statkraft group is also strongly committed to innovation.

Statkraft is engaged in trading power, fuel and emission certificates in continental Europe as well as power generation in Germany. Power is generated in environmentally friendly run-of-river, pumped storage, biomass and gas power plants. The main operative subsidiary companies or holding companies are Knapsack Power GmbH & Co. KG and Kraftwerksgesellschaft Herdecke GmbH & Co. KG.

Statkraft, along with its subsidiaries and associates, has a generation capacity of 2,380 MW from gas power plants, 262 MW from hydro power plants and 40 MW from biomass plants. Another gas power plant was commissioned in Knapsack in 2013. This increased generation capacity by 430 MW. In 2012 and 2013, the gas power plants in Emden and Landesbergen with 450 MW and 500 MW respectively were put on cold reserve for lack of profitability.

MARKET DEVELOPMENT

In the year under review, power prices in Germany were for the most part less than the previous year, above all due to increased power feed from renewable energies. The average price for spot deliveries (baseload electricity) to the European Energy Exchange (EEX), at EUR 31.7/MWh, was EUR 1.1/MWh below the average for 2014 (EUR 32.8/MWh). In comparison with the average prices for 2009 to 2014, the average price in 2015 in Germany was ca. 23% lower. The EEX price for peak hours (peak load from 8.00 to 20.00 on workdays) was EUR 39.1/MWh on average, and therefore EUR 2.0/MWh lower than 2014 (annual average of EUR 41.1/MWh).

Gas prices showed a similar trend in 2015 and were on average EUR 1/MWh lower than 2014. On the virtual trading point NCG (NetConnect Germany) prices in 2015 were listed at EUR 20.1/MWh. A lower demand in particular was the reason for this.

As a counter to this, the prices on the emissions market developed positively due to increased demand. While the average spot prices sat at EUR 6.0/t in 2014, the average price in 2015 was EUR 7.7/t and ended with a value of EUR 8.3/t in December 2015.

As a result of the price trend in power, gas and CO₂ emissions, the already low margins for gas power plants in recent years also remained at a very low level in 2015, which still negatively affects the profitability of the gas power plants. With low CO₂ and coal prices, the operators of coal power plants also have a decisive competitive advantage, since coal power plants are almost exclusively used to fill the gaps between renewable energies and nuclear energy and to meet the need for power.

Despite this, modern gas power plants will still be required in the future, above all after 2022 if the last remaining nuclear plants in Germany are removed from the network. Statkraft does, however, have reservations that there are no incentives for power plant operators in the current market environment to maintain capacities. The company is of the opinion that limited support will be necessary until the planned measures in the new “Energienmarktgesetz” (German law regarding the energy market) to improve the electricity market actually take effect.

Statkraft continues to be one of the European market leaders for services concerning market entrance and safeguarding prices, above all for independent renewable energies. In Germany, the direct marketing portfolio comprises over 8,000MW, all controlled from the Statkraft power plant operations centre in Düsseldorf. In October and November 2015, contract extensions were negotiated with the existing direct marketing clients, whereby most contracts could be successfully extended. Prices and margins remain under pressure, however. In spite of incipient market consolidation, pressure from competition has increased further.

The equivalent of direct marketing in Great Britain is the market for Power Purchase Agreements (PPA), in which the company achieved a portfolio size of more than 5TWh/a in 2015. The implementation of the British support system ROCS (a system of certification) on CfDs (a market premium) will lead to a situation where the contract terms will be shorter and a smaller price risk must be assumed. A significant number of very long-term new contracts were however concluded in 2015.

BUSINESS DEVELOPMENT

The margins for gas power plants in Germany have not recovered in 2015. They remain at the same very low level as the previous year and cover neither the investment nor the fixed operating costs of the gas power plants.

The areas of hydropower, energy trading and the service section of energy management made positive contributions. Marketing of renewable energies in Great Britain and Germany also increased in 2015. In this sector, Statkraft Markets GmbH is among the leading portfolio management companies and service providers.

Trading & Origination

The Trading & Origination division also achieved good profits in 2015, which were however lower than in the previous year. The profits of the different business areas did vary significantly from one another in parts, however.

Against a background of continuing over-capacities in the European electricity market, political and regulatory influences have determined the prices. The discussion and introduction of capacity mechanisms in different countries eclipse the classic energy-only market logic.

Despite the dropping price level in the German electricity futures market, in 2015 differences in price between the European market areas could be recorded, which were then used for trading. Market coupling continued in Europe, which further reduced the opportunities for cross-border daily arbitrage, but further commercial successes could be achieved through long-term capacities and futures trading in the European electricity markets. In the electricity markets, the trend for short-term trade continued, in that the analytical approach pursued by Statkraft is becoming increasingly significant as opposed to traditional trading strategies.

Statkraft remained successful in the field of trade with structured power and energy products in 2015. This owed above all to a very good fundamental and quantitative analysis.

Trading of renewable energy and its certificates made a positive contribution in 2015. Statkraft Markets GmbH actively marketed certified power from renewable sources to distribution companies

that want to or have to offer their customers green energy. Statkraft sources and markets these certificates via European certification schemes as well as in the regional certification systems in Great Britain, Italy and Poland. In the third quarter of 2015 the LEC system in Great Britain, which had led to changes in the portfolio for renewables certificates, was ended.

The trading in emissions certificates also generated a positive result in 2015. Statkraft actively trades in all leading types of CO₂ certificates and delivers these to companies that want to comply with their obligations under the EU ETS (European Union Emission Trading Scheme). With new CO₂ markets coming into being worldwide, international trading is becoming increasingly significant. In September, Statkraft opened a branch in San Francisco in order to take part in the Californian emissions trading.

Trading profits in Turkey in 2015 were satisfactory, even if the economic circumstances were very difficult and regulatory and bureaucratic advances could be barely visible. In Eastern Europe and South East Europe, trading is stable at a low level. In summary, Statkraft's market position in these countries is sufficiently strong in order to be able to market future power plant production by the group well in Turkey and Albania.

In addition to the classic wholesale activities, the company started numerous initiatives to react to the massive upheaval in the energy economy. Sales and profits from this are expected in 2016 at the earliest. The foundation of Statkraft Ventures GmbH represents a special feature in this context. This company will invest in start-up and growing companies as a corporate venture capital unit. In doing so, topics that could not be pursued well in the existing core business and have the potential to achieve significant returns should be covered. Statkraft Ventures GmbH made an investment in 2015.

Statkraft implemented the finance and energy market regulations introduced by the EU. The obligations under the EMIR (European Market Infrastructure Regulation) will be met in full. Processes to coordinate portfolios and clarify differences arising are agreed and implemented with trading partners. Daily reporting to the transactions register under EMIR is implemented.

In order to comply with the requirements of the Regulation on Wholesale Energy Market Integrity and Transparency (REMIT), among other things, a compliance structure was established, employees were trained and surveillance measures were introduced. Furthermore, systems and processes were set up and updated in order to comply with the obligations to publish with regard to insider information. With regard to compulsory data registration under REMIT, Statkraft has registered all relevant companies through the Centralised European Registry for Energy Market Participants (CEREMP) and fully complies with the compulsory registration for Phase 1 of the REMIT Reporting started on 7 October 2015. Statkraft is currently working on implementing the processes to comply with the compulsory registration of Phase 2 under REMIT, beginning on 7 April 2016.

Energy Management

The market environment for operating power plants and production marketing was also shaped by minimal margins and low power prices with low volatility in 2015. The Spark Spread – that is, the margin from the power price as well as gas price and CO₂ price – is also predominantly negative. As before, this development puts pressure on the profitability of Statkraft's own gas power plants Knapsack I and II, as well as the gas power plant in the holding company Kraftwerksgesellschaft Herdecke mbH & Co. KG.

Total generation in 2015 was about 1 TWh and therefore similar to the previous year. The indirect holding company is taken into consideration in this production volume figure according to the corresponding rate, while subsidiaries owned 100% were also considered.

In 2015, the book values of the gas power plants and the shares in affiliated companies were also examined on the basis of the current market situation as well as internal cost structures, with the result that no indicators for a further loss in value of our own power plants were identified.

The emergency power supply contract, which has been ongoing between Kraftwerksgesellschaft Herdecke mbH & Co. KG, Hagen, a 50% subsidiary of Statkraft Holding Herdecke GmbH, and ENERVIE AssetNetWork GmbH, Lüdenscheid, since

December 2014, was terminated by the latter with effect from 1 November 2015. With this contract, Kraftwerksgesellschaft Herdecke mbH & Co. KG provided the production capacities of its gas power plants to ENERVIE AssetNetWork GmbH, a distribution system operator, and received a fee for that. ENERVIE AssetNetWork GmbH no longer had the need for a local network reserve due to an extension of its network transmission capacity from 1 November 2015. The production capacity of Kraftwerksgesellschaft Herdecke mbH & Co. KG can therefore be freely marketed again. Due to the poor market conditions, a cost-cutting programme was initiated in the middle of the year, and will be concluded in the second quarter of 2016. In this connection, the long-term gas delivery contract with Wingas GmbH has already been processed ahead of time with effect from 1 October 2015.

The services in Energy Management were also expanded this year and, besides Germany, also include Great Britain, Romania and Turkey. In Great Britain in particular, Statkraft Markets GmbH already controlled a large portfolio of wind power plants and photovoltaic systems.

Services in the area of power plant operation were very positive in 2015, and once again allowed a satisfactory gross margin to be achieved.

In the area of run-of-river power plants, above-average power production could be achieved in 2015 as a result of high technical availability despite huge water supplies.

The Erzhausen pump-storage power plant showed good availability overall without larger technical problems. The operational focus was on greater flexibility of use in the relevant electricity markets.

At the Landesbergen and Emden biomass plants, efficiency was noticeably increased in connection with upcoming turbine maintenance. Improvements in the maintenance concept also led to a positive trend in the technical availability of the plants.

The start process was accelerated at the Knapsack gas power plant. The plants can therefore be used more flexibly in the electricity market. Furthermore, the plant manufacturer's guarantee expired for the Knapsack II power plant.

OPERATING RESULT

Turnover this year remained at a similar level as last year, with EUR 16.7 billion compared to EUR 16.4 billion. The power trading business had a share in this of EUR 9.9 billion (EUR 10.2 billion in the previous year). The volumes traded increased, from 268 TWh in 2014 to 280 TWh in 2015, while the average prices retracted slightly. Gas trading, with EUR 3.4 billion (EUR 3.9 billion in the previous year) contributed to turnover and also recorded an essentially price-related drop compared to the previous year. Emissions and green certificates trading on the other hand marked up a price-related growth in turnover from EUR 2.3 billion in 2014 to EUR 3.2 billion in 2015. From a regional perspective, the largest turnover fluctuations were with EUR 9.3 billion (EUR 10.4 billion in the previous year) and with EUR 1.5 billion (EUR 1.0 billion in the previous year) in Germany and the Netherlands, respectively.

The gross margin (defined as operating revenues less material expenditure) fell from EUR 342.6 million in 2014 to EUR 163.2 million in 2015. It is to be mentioned that revenues from exchange rate profits are included in this amount, all of which arise from the division Trading & Origination. Adjusted for this effect of EUR 47.9 million (EUR 45.1 million in the previous year), the unadjusted margin amounts to EUR 115.3 million in the

2015 commercial year and is therefore significantly lower than the value from the previous year of EUR 297.5 million. The decline can be explained on the one hand by the fact that in the last year a profit of EUR 68.7 million resulted from the sale of shares in Statkraft Markets B.V., Amsterdam/The Netherlands had been credited to an affiliated company, Statkraft Asset Holding AS, Oslo/Norway. This special effect fails to appear this year. Furthermore, at the end of 2014 Statkraft Markets GmbH concluded a tolling agreement with Knapsack Power GmbH & Co. KG, which negatively strained revenues in 2015 by ca. EUR 20.7 million. Besides that, revenues in the division of Trading & Origination as well as Energy Management activities dropped, of which EUR 42.1 million result from a negative development of the valuation units and EUR 19.2 million from a higher provision for contingent losses.

Personnel costs increased slightly from a total of EUR 17.7 million in 2014 to EUR 18.3 million in 2015. The rise is largely a result of expenditure for social insurance contributions and expenditure for old-age benefits and support increasing by EUR 0.5 million to a total of EUR 7.7 million in 2015 (EUR 7.2 million in the previous year).

The other operational expenses are composed as follows:

	2015 EUR million	2014 EUR million
Foreign currency losses	54.1	40.2
IT-related costs	1.3	1.2
Legal and consultancy costs	3.3	4.7
Rental, repair and similar expenses	17.4	22.5
Group services	61.3	63.8
Other	8.8	8.0
Other operational expenses total	146.2	140.4

The other operational expenses increased from EUR 140.4 million in 2014 to EUR 146.2 million in 2015. This is mostly the result of higher foreign currency losses totalling EUR 54.1 million. Opposed to this, in 2015, there were fewer expenses for repairs and maintenance measures, so that the rental, repair and similar expenses dropped relative to the previous year, from EUR 22.5 million to EUR 17.4 million.

The financial results of Statkraft Markets GmbH are EUR 13.4 million in the negative for 2015, compared with a negative result of EUR 76.5 million in the previous year. This drop is essentially a result of the increased expenditure compared to 2014 arising from assumption of losses amounting to EUR 62.1 million. It arose in connection with the devaluation of the shares in Knapsack Power GmbH & Co. KG on the level of Statkraft Holding Knapsack GmbH.

Interest expenditure amounting to EUR 15.8 million mostly pertains to a matured group loan amounting to EUR 255.0 million with EUR 2.8 million interest as well as fees for guarantees amounting to EUR 9.0 million.

The results for ordinary business activity are negative and amount to a total of EUR 37.7 million. The losses from the gas power plants and a lower unadjusted margin for Trading & Origination as well as Energy Management activities led to a deterioration of profits compared to the previous year. The profits for the previous year were positive, with EUR 87.0 million.

The negative results of EUR 37.7 million after tax will be balanced on the basis of a profit and loss transfer agreement existing since 1 January 2009 with the sole shareholder Statkraft Germany GmbH. There are consequently no changes made to the equity capital or capital reserves of Statkraft Markets GmbH.

NET ASSET AND FINANCIAL POSITION

Cash flow 2015 and 2014 was as follows:

	2015 EUR million	2014 EUR million
Cash flow from operating activities	108.2	39.3
Cash flow from investment activities	70.5	119.7
Cash flow from financing activities	-85.2	-16.1
Net increase / (decrease) in cash	93.5	142.9
Cash and cash equivalents as of 1. 1.	375.1	232.2
Cash and cash equivalents as of 31. 12.	468.6	375.1

Cash flow from operating activities amounts to EUR 108.2million in the financial year 2015 (EUR 39.3million in the previous year). The strong cash increase from operating activities is mostly a result of the cut in supplies, debts from deliveries and services as well as other assets, which are not allocated to investment and financing activity. This is lower in financial year 2015 by EUR 101.8million (EUR 3.6million in the previous year).

Cash flow from investment activities amounts to EUR 70.5million (EUR 119.7million in the previous year) and comprises repayments of capital by Statkraft Holding Knapsack GmbH amounting to EUR 84.0million and payments from deductions in fixed assets amounting to EUR 1.1million as well as reverse investments in intangible assets, tangible assets and financial assets totalling EUR 14.6million (EUR 6.3million in the previous year).

Cash flow from financing activities includes the profit transfer to Statkraft Germany GmbH for the 2014 commercial year amounting of a total of EUR 85.2million.

This ultimately led to a positive change in cash and cash equivalents amounting to EUR 93.5million. Taking into consideration the positive cash and cash equivalents of EUR 375.1million at the beginning of 2015, this then led to a positive cash and cash equivalent amounting to EUR 468.6million on 31 December 2015. On 31 December 2015 cash and cash equivalents were comprised of liquid funds amounting to EUR 33.5million as well as the positive cash pool position against Statkraft AS, Oslo/Norway, amounting to EUR 435.1million.

In the case of fixed assets, tax write-offs on intangible assets and tangible assets amounted to EUR 23.0million in 2015. Investments in fixed assets and affiliated companies amounted to EUR 8.9million and EUR 5.7million respectively.

In comparison to the previous year, equity capital remained unchanged at EUR 410.8million due to the existing profit and loss transfer agreement with Statkraft Germany GmbH.

The balance sheet total decreased from EUR 1,483million in 2014 to EUR 1,382million in 2015. On the assets side this is attributable in particular to the decrease in debts from deliveries and services, and financial assets. On the liabilities side, liabilities from deliveries and services and against affiliated companies in particular were reduced.

Overall, a capital-asset ratio (equity capital plus long-term group loans divided by balance sheet total) of 48.2% is produced in the year under review. If the group loans were not taken into consideration, the capital-asset ratio would come to 29.7%. Both values highlight the good financial standing of Statkraft Markets GmbH.

In summary, it can be said that the poor margins for gas power plants negatively impact the result. The Trading & Origination and Energy Management activities make a positive contribution to profits, but cannot, however, balance the company's total costs, including the operating and maintenance costs of the gas power plants this year. On the other hand, the company continues to record strong positive cash flow and could further increase the already high cash and cash equivalent to EUR 468.6million by optimising current assets. Independent financing of operative business activities in 2015 and in the following years is secured by the very good state of liquidity.

Financial and non-financial performance indicators

The management systematically checks segment results in order to make decisions about resource allocation and measure the achievement of goals. The results of Statkraft Markets GmbH and its subsidiaries will be summarised in the segment report for Statkraft AS under “Continental Energy and Trading”.

Financial performance indicators

The performance indicators which management uses for the purposes of making internal reports are based on consolidated figures subject to the International Financial Reporting Standards (IFRS) and only the values recognised as fair value through profit or loss from floating transactions (market evaluation) in the IFRS accounts.

The financial performance indicators, listed below, essentially reflect the results of Statkraft Markets GmbH, Knapsack Power GmbH & Co. KG as well as proportionately Kraftwerksgesellschaft Herdecke mbH & Co. KG.

Performance indicators	2015	2014
Net operating revenue in million EUR	164.9	143.0
EBITDA in million EUR	50.9	40.0
Production volumes in GWh	1,000.4	1,044.0

Gross profit or loss (defined by the IFRS as net operating revenue) and EBITDA are on a somewhat higher level compared to the previous year. The slight increase is above all a result of the higher profits from the market assessment of outstanding transactions in the year under review.

Total production in 2015 dropped compared to 2014 due to fewer operating hours at the gas power plants, since the lower coal and CO₂ price led to a situation where gas power plants are not competitive compared with coal power plants.

Non-financial performance indicators

Health & Safety

The Statkraft Group and Statkraft Markets GmbH pay a great deal of attention to occupational health and safety and have made it a clear goal to absolutely avoid serious work-related accidents and violations of occupational health and safety requirements. Clear requirements and tight controls in all operational processes and project stages are decisive in guaranteeing safe workplaces and achieving good results in the area of occupational health and safety. Continuously implementing these principles has led to a constant improvement in occupational health and safety statistics. The Statkraft group places value in drawing lessons from injuries, near-accidents and unsafe conditions.

The company also endeavours to focus on continually improving and implementing new Health & Safety guidelines. The Health & Safety Management System of the Statkraft group is based on the provisions of the OHSAS 18001 standard and international best practice approaches.

A programme on behaviour-based occupational health and safety has been started in 2015 in order to further develop this important aspect of occupational health and safety alongside technical and organisational measures.

In the course of 2015, there was a lost time incident (from first day of absence) with an employee from an external company. The incident was investigated and appropriate measures were taken to avoid a repeat.

Employees

There were 170 employees on 31 December 2015, and the annual average was 167.

The Statkraft Group and Statkraft Markets GmbH strive to create a varied work environment and promote equal treatment in employment and in HR policy. Statkraft Markets GmbH, together with the subsidiary companies, is active in the whole of Europe and employs staff from various countries. This international environment is very attractive for new employees, even outside of Norway and Germany, and has a positive effect on the development potential of new European markets.

The management would also like to take the opportunity to thank all employees for their excellent performances in 2015.

Climate and environmental impacts

Statkraft applies internationally proven procedures for dealing with the environment and the group's environment management system is based on the provisions of the ISO 14001.

No severe environmentally harmful incidents were registered by Statkraft Markets GmbH in 2015.

SUBSEQUENT EVENTS

Mr Robert Teschke was appointed as Managing Director of Statkraft Markets GmbH in January 2016. Ms Inger S. Andersen and Dr Jürgen Tzschoppe were recalled as managing directors of the company in January 2016. Today the executive board is made up of Dr Torsten Amelung, Dr Gundolf Dany, Stefan-Jörg Göbel and Robert Teschke.

There were no other events of particular significance following the end of the commercial year.

OUTLOOK

In the previous year, we forecasted a balanced result for 2015. Unfortunately, this projection could not be realised. The losses for 2015 were higher than expected, with EUR 37.7 million. This is mostly the result of lower margins in the divisions Trading & Origination and Energy Management, as well as the operation of the gas power plants, which has been worse than expected. In the previous commercial year, the company achieved profits of EUR 85.2 million.

The losses of Statkraft Markets GmbH will be balanced through the profit and loss transfer agreement with the parent company Statkraft Germany GmbH from the start of 2009.

At the end of the year, the company possessed very high levels of cash and cash equivalents so that there are sufficient liquid assets available for the future.

For 2016, we expect further weak margins for the gas power plants, meaning that improved utilisation of capacity by our own gas power plants cannot be predicted. This is also expected for the tolling contract with Knapsack Power GmbH & Co. KG, which will continue to be burdened with profits for 2016. As in previous years, we assume that the projected weak margins of the gas

power plants can be compensated by positive results in the divisions Trading & Origination and Energy Management. To what extent this will be realised depends on the success of Trading & Origination and Energy Management. For the coming commercial year, a total improved net income for the year by EUR 37.7 million before profit and loss transfer of EUR 0.0 million is projected. With regard to opportunities and risks that could affect the projections, we refer to the following section.

For the purposes of internal reporting and based on the International Financial Reporting Standards, Statkraft Markets GmbH projects a slightly lower gross profit for 2016 in comparison to 2015, amounting to EUR 128.0 million. The projected EBITDA is EUR 27.4 million for 2016, while the projected production volumes are 1,643 GWh.

With regard to non-financial performance indicators, Statkraft is always striving to avoid occupational accidents and environmental incidents of any kind. Statkraft has advertised a number of open positions, which still need to be filled. From this perspective, no changes in the number of staff are expected for 2016.

OPPORTUNITIES AND RISKS

Statkraft also sees continued significant challenges in connection with the developments on the electricity market in Germany and comparable developments in other European countries. Due to developments on the market, Statkraft Markets GmbH constantly monitors the long-term strategy of the gas power plants. The balanced values of our plants reflect the current market situation. New decisions by the German federal government or changes in the market environment can influence the value of our power-producing plants.

In the area of marketing power from renewable production, Statkraft has created a good market position and has become one of the leading providers in this sector. Risks in this regard lie in the areas of the energy price level, balance energy costs and pressure from competition with other providers, as well as in the regulatory sphere.

For the division Trading & Origination, the risks and opportunities will be seen in the development of the market. False estimates of future price developments can have negative effects on the individual portfolios. At the same time, new and innovative products offer the opportunity to create added value.

RISK MANAGEMENT

Statkraft Markets GmbH is engaged in trading activities, which are exposed to a number of risks. This includes in particular market price risks, counterparty credit risks, operative risks and risks connected with IT systems. Risk management therefore has the greatest priority at Statkraft Markets GmbH.

Business activities include trading and selling standardised futures contracts, energy road maps and structured products. A large part of the road maps and structured products are hedged with opposite futures contracts. Another part of the futures contracts will be used for trading purposes, whereby generally short-term buy-back deals are made. In doing so, the sum of the transactions should produce a positive arbitrage. Statkraft Markets GmbH is subject to financial risks, which can lead to fluctuations in profits, equity capital and cash flow. In order to identify the risks resulting from this in good time and in order to be able to meet them, the company has drawn up appropriate risk management guidelines, which are an active part of the company management.

The management determines the risk policy with regard to the individual areas of business. The middle office plays a decisive role in risk management. It supervises daily business within the risk management system and delivers independent, professional assessments. The middle office managers systematically analyse all new business opportunities and prepare risk assessments to support the company management in making decisions. This increases risk awareness and ensures risks are effectively limited. Furthermore, the middle office draws up daily and weekly risk reports regarding Statkraft Markets GmbH's market positions. These will be analysed and evaluated weekly by management.

Risk is managed by means of a limit system. For this, only trading contracts within the limit can be concluded. The limit system is divided according to limits for the price change risk and the (credit) default risk. The market price risks that appear in the volatile power and gas market will be measured using the Value at Risk method (VaR) and Profit at Risk analyses (PaR). The middle office monitors the open positions on the portfolios and the company's total risk position. If the risk positions are exceeded, the middle office ensures that open positions are closed and risks from unsecured positions are minimised.

Credit and default risk shall be managed by means of an internal rating process. The credit limit for each business party will be monitored and periodically checked, while the positions with individual counterparties will be regularly reported on. The rating and limit system allows the company to focus on counterparties with very good credit-worthiness. Default risks exist in the derivative financial instruments amounting to the positive market values. Due to the global financial crisis, the limits on financial institutions and special industry clients have been critically reviewed and adapted. Statkraft Markets GmbH only suffered low losses in 2015 relating to insolvency.

Beyond simply assessing default risks, products, business ideas and business partners from the point of view of Corporate Social Responsibility (CSR) are reviewed. All middle office risk assessments that are required for positions and products must also take this aspect into consideration.

Risks arising from cash flow fluctuations as regards financial instruments (futures contracts), are managed by Statkraft Markets GmbH through regular monitoring of the mid- and long-term cash flow and daily disposal of incoming and outgoing cash flows.

Statkraft Markets GmbH is also exposed to various operative risks; this includes the technical risk when operating power plants and the process risk when processing trading transactions, in particular IT risks. These risks are actively managed. The Energy Management at Statkraft Markets GmbH is therefore in close contact with the power plant personnel and considers possible technical failures in the marketing strategy. The company strives to have a high degree of redundancy for all core operations. According to this philosophy, more employees will be trained in the key processes as required and back-up routines will be aligned in order to ensure the most important skills are always available. The risk management system will be monitored by means of internal auditing.

Düsseldorf, 30 March 2016



Dr Torsten Amelung
Managing Director



Dr Gundolf Dany
Managing Director



Stefan-Jörg Göbel
Managing Director



Robert Teschke
Managing Director

BALANCE SHEET

AS OF 31 DECEMBER 2015

Assets	31 December 2015 EUR	31 December 2014 EUR '000
A. Fixed assets		
I. Intangible assets		
1. Purchased software	5,102,938.67	5,861
II. Tangible assets		
1. Land, leasehold rights and buildings	33,031,319.83	34,578
2. Technical equipment, plant and machinery	238,605,778.78	252,232
3. Other equipment, fixtures, fittings and equipment	3,471,653.12	5,124
4. Asset under construction	6,171,945.54	4,270
	281,280,697.27	296,204
III. Financial assets		
1. Shares in affiliated companies	126,856,220.46	205,831
2. Investments	685,000.00	0
	127,541,220.46	205,831
	413,924,856.40	507,896
B. Current assets		
I. Inventories		
1. Raw materials and supplies	4,160,149.30	9,573
II. Receivables and other assets		
1. Trade accounts receivable	300,557,163.51	403,464
2. Accounts receivable from affiliated companies	484,718,065.73	315,156
3. Other assets	33,459,353.93	158,972
	818,734,583.17	877,592
III. Cash on hand, cash in banks	34,839,364.49	73,457
	857,734,096.96	960,622
C. Prepaid expenses	108,895,633.06	13,295
D. Excess of plan assets over pension liabilities	1,284,739.99	1,105
	1,381,839,326.41	1,482,918

Liabilities	31 December 2015 EUR	31 December 2014 EUR '000
A. Equity		
I. Capital subscribed	4,000,000.00	4,000
II. Capital reserves	398,104,558.71	398,104
III. Earnings reserves		
1. Other earnings reserves	45,978.68	46
IV. Retained earnings brought forward	8,663,853.54	8,664
	410,814,390.93	410,814
B. Provisions		
1. Provisions for pensions and similar obligations	7,411,143.86	3,232
2. Tax provisions	219,000.00	219
3. Other provisions	119,641,130.71	61,375
	127,271,274.57	64,826
C. Liabilities		
1. Liabilities due to banks	1,333,507.45	0
2. Trade accounts payable	401,207,728.30	439,125
3. Accounts payable to affiliated companies	282,953,617.57	437,370
4. Other liabilities		
thereof for taxes:		
EUR 191,879.00 (EUR 180 thousand in the previous year)	96,832,436.40	121,103
	782,327,289.72	997,598
D. Deferred income	61,426,371.19	9,680
	1,381,839,326.41	1,482,918

INCOME STATEMENT

For the period from 1 January to 31 December 2015

	2015 EUR	2014 EUR'000
1. Sales	16,705,824,286.63	16,429,624
2. Other capitalised own costs	702,286.55	416
3. Other operating income	60,170,324.22	134,963
4. Cost of materials		
a) Cost of raw materials and supplies	12,751,112.29	19,866
b) Cost of purchased services	16,590,766,821.53	16,202,532
5. Personnel expenses		
a) Salaries	10,578,500.72	10,457
b) Social security, pension and other benefit costs thereof for pensions: EUR 5,684,472.03 (EUR 5,156 thousand in the previous year)	7,739,065.58	7,213
6. Depreciation of fixed intangible and tangible assets	23,025,436.86	20,993
7. Other operating expenses	146,197,466.76	140,457
8. Income from investments	0.00	345
9. Income from profit transfer agreements	1,064,756.87	1,195
10. Other interest and similar income thereof due to affiliated companies: EUR 877,954.91 (EUR 1,903 thousand in the previous year)	1,595,279.33	2,690
11. Expenses from loss absorption	221,985.54	62,109
12. Interest and similar expenses thereof due to affiliated companies: EUR 11,803,735.08 (EUR 15,056 thousand in the previous year)	15,794,701.09	18,623
13. Profit / loss from ordinary business operations	-37,718,156.77	86,983
14. Taxes on income	-197,650.13	1,607
15. Other taxes	144,689.92	146
16. Profits from loss absorption ("Losses transferred pursuant to a profit and loss absorption agreement", profits (-) in the previous year)	37,665,196.56	-85,230
17. Net income / Net loss	0.00	0

NOTES FOR FISCAL YEAR 2015

GENERAL REMARKS

The annual statements have been prepared in accordance with Section 242 et seq. and Section 264 et seq. of the German Commercial Code (HGB) as well as with the relevant provisions of the German Limited Liability Company Act (GmbHG). The regulations for large companies apply.

The income statement was prepared according to the total expenditure format.

ACCOUNTING AND VALUATION RULES

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

Intangible assets are recognised at acquisition cost and the **tangible fixed assets** are recognised at acquisition or production cost. Production costs include both direct attributable costs (primarily personnel costs) as well as a proportionate share of overheads. **Borrowing costs**, which are incurred on the financing of the production of an asset, are capitalised as long as these arise during the construction period. Assets that are subject to wear and tear are depreciated in accordance with their useful life. Impairments are recognised when a decrease in value is probably permanent. For intangible assets, a useful life of up to seven years is applied, and for buildings up to 39 years; a useful life of up to 30 years is generally applied for other assets.

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

The **financial assets** are recognised at the cost of acquisition or lower fair values, if fair values are likely to be permanently lower. The amortisation on the lower fair value is applied for expected permanent depreciation.

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

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

Liquid assets are recognised at nominal value.

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

The **excess of plan assets** over post-employment benefit liability results from the offsetting of early retirement obligations and the fair value of contracted reinsurance policies in the balance sheet are disclosed as an asset. As this item is not accessible to creditors, this fulfils the requirements of Section 246 (2) second sentence HGB.

Pension provisions were measured according to the projected unit credit method, applying actuarial principles, and based on Prof. Klaus Heubeck's 2005G mortality tables published in 2006. These provisions were discounted at the average market interest rate of the past seven years as announced by Deutsche Bundesbank, based on the assumption of a remaining term of 15 years (Section 253 (2) second sentence HGB).

The valuation of pension provisions is based on the following parameters:

	2015 %	2014 %
Discount rate	3.89	4.54
Salary increases	3.00	3.00
Pension increases	1.00	1.00
Fluctuation	0.00 – 6.00	0.00 – 6.00

Reinsurance policies have been concluded to secure the pension obligations. According to Section 246 (2) second sentence HGB, the **fair values of reinsurance policies** and obligations are offset for balance sheet presentation. To fulfil pension obligations, capital is disposed in special funds. These are not accessible to creditors. From 2010 onwards, reinsurance policies are measured at fair value and offset against pension obligations. Fair value is determined with cover capital as per the business plan according to the insurance company.

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

Valuation units in accordance with Section 254 HGB.

Statkraft Markets GmbH's commercial activities include physical and financial trading and optimisation activities in power, gas, emission rights and other commodities relating to the energy industry. Amongst other things, futures contracts are concluded for this purpose. Foreign currency transactions are concluded in this context to hedge against exchange risks.

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

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

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

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

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

The safeguarding intention of the macro valuation units exists continuously for the periods that are in accordance with the risk guidelines for trading transactions. Contrary changes in payment streams exist for the period up to 2024 on the balance sheet date as of 31 December 2015. A documented, appropriate, working risk management system exists to determine prospective effectiveness. The scope of actions, responsibilities and controls in inhouse guidelines are laid down as binding. Trading in commodity derivatives is permitted in the context of binding limits. The limits are laid down by independent organisational units and monitored during daily trading.

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

Transaction type	Nominal value in EUR '000	Book value in EUR '000
Assets	40,154	40,154
Liabilities	97,188	97,188
Pending purchase transactions	9,194,337	
Pending sales transactions	9,457,038	

The amount of risk hedged with valuation units is EUR 270,709 thousand.

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

Liabilities are recognised at the amounts at which they will be fulfilled. Present values of long-term obligations are calculated by applying comparable market interest rates.

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

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

Sales from trading are disclosed as gross figures.

Internal expenditure capitalised comprises mainly personnel costs for own employees.

EXPLANATORY COMMENTS ON THE BALANCE SHEET

Fixed assets

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

Statkraft Markets GmbH purchased shares in Windpark Kollweiler GmbH & Co. KG in fiscal year 2015. The purchase price amounted to EUR 685 thousand. In addition, the new company Statkraft Ventures GmbH was founded as a 100% subsidiary of Statkraft Markets GmbH. The company has been provided with EUR 25 thousand of share capital and a further EUR 5,000 thousand of equity. The annual net loss of EUR 140 thousand is assumed by Statkraft Markets GmbH in the context of the profit and loss transfer agreement.

List of shareholdings

Name and registered office	Investment held 31.12.2015	Results for fiscal year 2015 (EUR '000)	Share capital / Limited liability capital 31.12.2015 (EUR '000)	Equity 31.12.2015 (EUR '000)
Statkraft Markets Financial Services GmbH, Düsseldorf	100 %	0 *	25	1,093
Statkraft Holding Herdecke GmbH, Düsseldorf	100 %	0 *	25	7,170
Statkraft Holding Knapsack GmbH, Düsseldorf	100 %	0 *	25	113,479
Knapsack Power GmbH & Co. KG, Düsseldorf **	100 %	29,680	25	126,552
Knapsack Power Verwaltungs GmbH, Düsseldorf **	100 %	5	25	60
Kraftwerksgesellschaft Herdecke mbH & Co. KG, Hagen **	50 %	1,350	10,000	25,429
Kraftwerksverwaltungsgesellschaft Herdecke mbH, Hagen **	50 %	1	25	38
Statkraft South East Europe EOOD, Sofia / Bulgaria	100 %	3	3	123
S.C. Statkraft Romania SRL, Bucharest / Romania	99 %	-32	135	227
Statkraft Trading GmbH, Düsseldorf	100 %	0 *	25	25
Statkraft Ventures GmbH, Düsseldorf	100 %	0 *	25	5,025
Windpark Kollweiler GmbH & Co. KG, Billerbeck	20 %	403	1	1,865

* Result after transfer of profit / loss

** Indirectly held investments

Receivables and other assets

As in the previous year, all receivables and other assets have a residual term of up to one year. Trade receivables consist of EUR 209,998 thousand (EUR 216,941 thousand in the previous year) from domestic receivables and EUR 93,599 thousand (EUR 190,597 thousand in the previous year) from foreign

receivables. In 2015, a lump sum valuation allowance for receivables of EUR 3,040 thousand (EUR 4,075 thousand in the previous year) was set up.

Receivables from affiliated companies are comprised as follows:

	2015 EUR '000	2014 EUR '000
Receivables from cash pool against Statkraft AS, Oslo	435,108	301,626
Receivables from short-term loans given to subsidiaries	225	0
Trade receivables	1,801	2,748
Receivables from profit transfer agreements	1,065	1,195
Receivables from shareholder Statkraft Germany GmbH	8,854	9,587
Receivables from loss transfers by the shareholder Statkraft Germany GmbH	37,665	0
Total receivables against affiliated companies	484,718	315,156

Receivables due from the shareholder Statkraft Germany GmbH are mainly input tax refund claims.

Other assets mainly include CO₂ certificates of EUR 14,618 thousand (112,757) and paid securities of EUR 18,652 thousand (EUR 45,896 thousand in the previous year), including securities from the exchange-side settlement of open positions.

Prepaid expenses

Prepaid expenses of EUR 108,896 thousand (EUR 13,295 thousand in the previous year) concern payments for certificates amounting to EUR 3,180 thousand (EUR 6,349 thousand in the previous year) as well as paid option premiums amounting to EUR 105,716 thousand (EUR 6,946 thousand in the previous year).

Deferred tax reimbursements

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

Excess of plan assets over partial retirement obligation

Reinsurance policies have been concluded to secure the **partial retirement obligations**. According to Section 246 (2) second sentence HGB, the **fair values of reinsurance policies** and obligations are offset for balance sheet presentation. To fulfil obligations, capital is disposed in special funds, which are not accessible to other creditors.

The cost as well as the fair value of the plan assets are shown in the following table:

	Cost EUR '000	Fair value EUR '000
Partial retirement reinsurance policies	1,733	1,733

For the financial reporting period, a debit excess of EUR 1,285 thousand (EUR 1,106 thousand in the previous year) was assessed for partial retirement obligations. Prior to offsetting the plan assets of EUR 1,733 thousand (EUR 2,307 thousand in the previous year), partial retirement obligations in the fiscal year 2015 amounted to EUR 448 thousand (EUR 1,201 thousand in the previous year).

The difference between the fair value and cost of the partial retirement reinsurance policies is subject to a distribution restriction in accordance with Section 268 (8) HGB and amounts to EUR 0 thousand as in the previous year.

Net interest results include EUR 47 thousand (EUR 63 thousand in the previous year) of income from plan assets. This also includes expenses due to discounting of partial retirement obligations amounting to EUR 22 thousand (EUR 56 thousand in the previous year).

Equity

As a consequence of the controlling and profit and loss transfer agreement with Statkraft Germany GmbH in force since 1 January 2009, the company's equity remained unchanged compared to the previous year and amounts to EUR 410,814 thousand.

Provisions for pensions and similar obligations

Reinsurance policies have been concluded to secure **pension obligations**. According to Section 246 (2) second sentence HGB, the **fair values of reinsurance policies** and obligations are offset for balance sheet presentations. To fulfil obligations, capital is disposed in special funds, which are not accessible to other creditors. From 2010 onwards, reinsurance policies regarding pensions have been measured at fair value and offset against pension obligations.

The cost as well as the fair values of the plan assets are shown in the following table:

	Cost EUR '000	Fair value EUR '000
Pension reinsurance policies	22,634	23,718

For the financial reporting period, an obligation excess was assessed and reported under "provisions" that amounts to EUR 7,411 thousand (EUR 3,232 thousand in the previous year). Prior to offsetting the plan assets of EUR 23,718 thousand (EUR 21,484 thousand in the previous year), pension obligations in the fiscal year 2015 amounted to EUR 31,129 thousand (EUR 24,716 thousand in the previous year).

The difference between the fair value and cost of the pension reinsurance policies is subject to a distribution restriction in accordance with Section 268 (8) HGB and amounts to EUR 1,084 thousand (EUR 746 thousand in the previous year).

Net interest results include gains of EUR 447 thousand (EUR 561 thousand in the previous year) resulting from plan assets. This also includes expenses due to discounting of pension obligations of EUR 1,121 thousand (EUR 923 thousand in the previous year).

Other provisions

Other provisions amount to EUR 119,641 thousand (EUR 61,375 thousand in the previous year). Other provisions largely comprised the following items:

	2015 EUR '000	2014 EUR '000
Accruals	4,375	7,690
Rebuilding cost provisions	8,678	8,611
Provisions for anniversary and death payment benefits	704	605
Provision for onerous contracts	20,593	1,364
Provision for valuation units	83,935	41,796
Employee bonuses	734	798
Employees liability insurance association costs	280	340
Holiday leave not taken yet/ settlement obligations	122	97
Total other liabilities	119,421	61,301

The company has concluded long-term power supply contracts that, as in the preceding years, have been examined for possible risks of expected losses from the future power supply obligations. The valuations revealed that there could be possible losses over the total lifetime of the contract, such that contingency accruals were created amounting to EUR 20,593 thousand.

Liabilities

As in the previous year, liabilities are due within one year, with exception of the liabilities from loans from group companies of EUR 255,000 thousand (EUR 255,000 thousand in the previous year), which fall due after five years.

Liabilities towards affiliated companies are as follows:

	2015 EUR '000	2014 EUR '000
Trade payables	26,518	34,970
Liabilities from loans from group companies	255,000	255,000
Liabilities from the transfer of losses	222	62,109
Liabilities to shareholder Statkraft Germany GmbH – profit and loss Statkraft transfer agreement	0	85,230
Liabilities to shareholder Statkraft Germany GmbH – trade payables	1,214	61
Total liabilities to affiliated companies	282,954	437,370

Other liabilities

In fiscal year 2013, the company agreed the transfer of the contractual rights and obligations of a gas supply agreement with Wingas GmbH, Kassel, and a power purchase agreement with Kraftwerksgesellschaft Herdecke mbH & Co. KG, Hagen with two affiliates. The gas supply agreement runs until September 2017; the power purchase agreement until the end of 2037. For the transfer of the gas supply agreement, Statkraft Markets GmbH received EUR 66,787 thousand and EUR 94,364 thousand for the transfer of the power purchase agreement. Both values reflect the expected future losses from these agreements as at the time of the transfer.

As in the preceding years, in 2015 these obligations diminished by the delivered volume without affecting profit and loss.

A valuation of future commitments based on current market conditions as of 31 December 2015 showed that an additional risk provision is in place. The corresponding amounts with respect to the additional risk provision have been disclosed in the current fiscal year as provisions for onerous contracts for losses expected in the context of the power and gas supply agreement. No additional risk provisions needed to be posted in the previous year.

The following table shows the essential overview of other liabilities as at the balance sheet date:

	2015 EUR '000	2014 EUR '000
Liabilities power purchase agreement	57,858	68,008
Liabilities gas purchase agreement	13,486	20,985
Liabilities from environmental certificate purchase agreements	13,603	15,133
Securities received from counterparties	11,500	16,750
Early completion bonus Siemens AG, Energy Sector, Erlangen	150	0
Tax liabilities	192	180
Total other liabilities	96,789	121,056

As in the previous year, the securities received are comprised of bilaterally agreement payments.

Other financial obligations / contingent liabilities

Obligations relating to the gas supply agreement have a residual term of two years and amount to EUR 183,045 thousand. Obligations relating to the long-term power purchase agreement amount to EUR 70,499 thousand.

As of 31 December 2015, obligations from a long-term service agreement amount to a total of EUR 32,048 thousand.

Obligations from tenancy leases and leasing agreements as of 31 December 2015 amount to EUR 17,443 thousand (EUR 18,441 thousand in the previous year). Of this amount, EUR 1,767 thousand (EUR 1,759 thousand in the previous year) falls due within one year and EUR 9,941 thousand (EUR 11,078 thousand in the previous year) after five years.

Statkraft Markets GmbH issued a guarantee of EUR 2,000 thousand to the Bulgarian State Energy and Water Regulatory Commission relating to liabilities of Statkraft South East Europe EOOD, Sofia, Bulgaria, pursuant to power supply contracts within Bulgaria. The liabilities of Statkraft South East Europe EOOD, Sofia, Bulgaria, from power supply contracts within Bulgaria amount to EUR 1 thousand as of 31 December 2015.

The company believes that the liable subsidiary is able to fulfil all of its obligations with the existing assets and funds it has currently available. The risk that the guarantee will be executed is therefore considered unlikely.

EXPLANATORY COMMENTS ON THE INCOME STATEMENT

Sales

Sales revenues in the past fiscal year amounted to EUR 16,705,824 thousand (EUR 16,429,624 thousand in the previous year) and were distributed as follows:

	2015 EUR '000	2014 EUR '000
Electricity	9,902,890	10,209,000
Gas	3,437,435	3,881,927
Emissions and green energy	3,241,418	2,338,613
Other services to clients	124,081	84
Total sales	16,705,824	16,429,624

Classified by regional markets, sales are distributed as follows:

	2015 EUR '000	2014 EUR '000
Germany	9,272,691	10,409,350
Great Britain	4,380,104	4,236,542
The Netherlands	1,525,070	961,093
France	475,817	359,673
Austria	7,441	108,379
Italy	109,541	94,726
Switzerland	42,027	55,337
Belgium	59,765	51,624
Slovenia	41,544	38,804
Hungary	42,632	34,449
Luxembourg	538,427	23,127
Czech Republic	21,222	17,696
Greece	11,325	12,024
Denmark	1,716	8,265
Turkey	5,541	7,652
Romania	17,147	4,504
Spain	202	2,322
USA	127,179	1,378
Bulgaria	846	203
Poland	374	0
Norway	11,432	0
Other	13,781	2,476
Total sales	16,705,824	16,429,624

Other operating income

Other operating income amounted to EUR 60,170 thousand (EUR 134,963 thousand in the previous year) and consists of the follows:

	2015 EUR '000	2014 EUR '000
Gains from the sale of shares to affiliated companies	0	68,726
Recharging of internal costs for projects and services to group companies	5,716	6,598
Currency exchange gains *	47,883	45,054
Gains from the release of provisions/ other liabilities **	2,457	11,256
Other	4,114	3,329
Total other operating income	60,170	134,963

* thereof EUR 3,316 thousand (EUR 338 thousand in the previous year) unrealised currency exchange gains

** thereof EUR 2,457 thousand (EUR 628 thousand in the previous year) from other periods

No other income from other periods has been recognised.

Gains from the sale of shares to affiliated companies relate to the sale of shares in Statkraft Markets B.V., Amsterdam, The Netherlands, to Statkraft Asset Holding AS, Oslo, Norway.

The increase in gains from the release of provisions and/ or other liabilities relates to the adjustments made to the gas supply agreement with Wingas GmbH.

Depreciation and amortisation of intangible fixed assets and tangible assets

The depreciation on tangible assets solely includes scheduled depreciation.

Other operating expenses

Other operating expenses comprise the following:

	2015 EUR '000	2014 EUR '000
Legal and consultancy fees	3,295	4,737
Rent, repair and similar costs	17,441	22,520
Services for power plants	476	746
Expenses from group companies	61,419	63,788
Currency exchange losses *	54,097	40,159
IT related expenses	1,322	1,165
Marketing and information costs	317	270
Travel expenses	333	301
Expenses for telephone and data transmission	898	929
Membership fees	301	343
Guarantee costs	310	258
Expenses for external employees	322	217
Other	5,666	5,024
Total other operating expenses	146,197	140,457

* thereof EUR 3,828 thousand (EUR 715 thousand in the previous year) unrealised currency exchange losses

The group service expenses of EUR 61,419 thousand (EUR 63,788 thousand in the previous year) include fees of EUR 18,442 thousand (EUR 20,667 thousand in the previous year) from the service agreement with Statkraft Trading GmbH. An additional EUR 14,040 thousand (EUR 13,717 thousand in the previous year) relates to fees from the service agreement with Statkraft Germany GmbH.

Taxes on income

Taxes on income amount to EUR –198 thousand (EUR 1,607 thousand in the previous year) and mainly relate to trade tax for previous years.

Interest and similar expenses

Interest expenses for fiscal year 2015 of EUR 15,795 thousand (EUR 18,623 thousand in the previous year) includes accrued interest on other liabilities related to gas and power purchase agreements as well as environmental certificate obligations amounting to EUR 2,085 thousand (EUR 2,043 thousand in the previous year), interest expense on accrued pension liabilities amounting to EUR 1,121 thousand (EUR 923 thousand in the previous year) and additional interest on accrued other provisions of EUR 735 thousand (EUR 423 thousand in the previous year).

OTHER INFORMATION

Auditor fees

The total fee charged by the auditors Deloitte & Touche GmbH for the fiscal year 2015 amounts to EUR 262 thousand (EUR 225 thousand in the previous year). Of this, EUR 231 thousand relates to the audit of the financial statements and EUR 31 thousand relates to other consulting services for auditing the system of adherence to the requirements (EMIR) stipulated in Section 20 of the German Securities Trading Act (WpHG).

Management

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

Dr Jürgen Tzschoppe (Continental Energy), Düsseldorf (until 14 January 2016), Stefan-Jörg Göbel (Trading & Origination), Düsseldorf, Inger S. Andersen (Finance), Oslo, Norway (until 14 January 2016) and Robert Teschke (Finance), Düsseldorf (from 15 January 2016) are the managing directors with joint powers of representation.

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

Total remuneration paid to the management

The company has decided to exercise the option of the protective clause of Section 286 (4) HGB with respect to the remuneration paid to management. Only one managing director, Dr Gundolf Dany, received remuneration from the company in fiscal year 2015.

Employees

The company had an average of 167 employees in the reporting year (174 in the previous year).

Group affiliation

The company's annual financial statements are included in the consolidated financial statements of Statkraft AS, Oslo, Norway, as of 31 December 2015 (smallest group of consolidated entities). The largest group of consolidated entities in which the company is included is the consolidated financial statements of Statkraft SF, Oslo, Norway.

The management intends to file the consolidated financial statements and the management report of Statkraft AS, prepared in accordance with the International Financial Reporting Standards (IFRS), in German with the online version of the Bundesanzeiger (German Federal Gazette) according to the relevant provisions for consolidated financial statements and consolidated management reports pursuant to Section 291 HGB under Statkraft Markets GmbH, Düsseldorf/HRB37885/Düsseldorf District Court. In this case, Statkraft Markets GmbH will not be obligated to prepare its own consolidated financial statements and a consolidated management report according to Section 290 HGB.

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

Proposal for appropriation of profit

The accumulated profit for the year will be absorbed by the sole shareholder, Statkraft Germany GmbH, pursuant to the controlling and profit and loss transfer agreement. The net income that will be disclosed for the year therefore amounts to EUR 0 thousand.

Düsseldorf, 30 March 2016



Dr Torsten Amelung
Managing Director



Dr Gundolf Dany
Managing Director



Stefan-Jörg Göbel
Managing Director



Robert Teschke
Managing Director

FIXED ASSETS MOVEMENT

	Gross book value				
	As of 1.1. 2015 EUR	Additions EUR	Transfer EUR	Disposals EUR	As of 31.12. 2015 EUR
I. Intangible assets					
Software	12,029,187.43	92,883.22	23,123.78	0.00	12,145,194.43
Goodwill	11,779,877.84	0.00	0.00	0.00	11,779,877.84
	23,809,065.27	92,883.22	23,123.78	0.00	23,925,072.27
II. Tangible assets					
Land, leasehold rights and buildings	97,198,754.96	41,180.96	1,408.05	0.00	97,241,343.97
Technical equipment, plant and machinery	670,330,248.25	1,269,342.09	1,331,508.45	1,921,738.79	671,009,360.00
Other equipment, fixtures, fittings and equipment	15,966,173.02	552,100.17	160,211.24	23,903.12	16,654,581.31
Plant and machinery in process of construction	7,015,672.12	6,894,973.19	-1,516,251.52	0.00	12,394,393.79
	790,510,848.35	8,757,596.41	-23,123.78	1,945,641.91	797,299,679.07
III. Financial assets					
Shares in affiliated companies	205,841,220.46	5,025,000.00	0.00	84,000,000.00	126,866,220.46
Investments	0.00	685,000.00	0.00	0.00	685,000.00
	205,841,220.46	5,710,000.00	0.00	84,000,000.00	127,551,220.46
	1,020,161,134.08	14,560,479.63	0.00	85,945,641.91	948,775,971.80

	Accumulated depreciation					Net book values	
	As of 1.1.2015 EUR	Additions EUR	Transfer EUR	Disposals EUR	As of 31.12.2015 EUR	As of 31.12.2015 EUR	As of 31.12.2014 EUR
I. Intangible assets							
Software	6,168,445.65	873,810.11	0.00	0.00	7,042,255.76	5,102,938.67	5,860,741.78
Goodwill	11,779,877.84	0.00	0.00	0.00	11,779,877.84	0.00	0.00
	17,948,323.49	873,810.11	0.00	0.00	18,822,133.60	5,102,938.67	5,860,741.78
II. Tangible assets							
Land, leasehold rights and buildings	62,621,137.82	1,588,886.32	0.00	0.00	64,210,024.14	33,031,319.83	34,577,617.14
Technical equipment, plant and machinery	418,097,792.45	14,567,039.42	159,629.69	420,880.34	432,403,581.22	238,605,778.78	252,232,455.80
Other equipment, fixtures, fittings and equipment	10,841,776.08	2,359,543.88	0.00	18,391.77	13,182,928.19	3,471,653.12	5,124,396.94
Plant and machinery in process of construction	2,745,920.81	3,636,157.13	-159,629.69	0.00	6,222,448.25	6,171,945.54	4,269,751.31
	494,306,627.16	22,151,626.75	0.00	439,272.11	516,018,981.80	281,280,697.27	296,204,221.19
III. Financial assets							
Shares in affiliated companies	10,000.00	0.00	0.00	0.00	10,000.00	126,856,220.46	205,831,220.46
Investments	0.00	0.00	0.00	0.00	0.00	685,000.00	0.00
	10,000.00	0.00	0.00	0.00	10,000.00	127,541,220.46	205,831,220.46
	512,264,950.65	23,025,436.86	0.00	439,272.11	534,851,115.40	413,924,856.40	507,896,183.43

INDEPENDENT AUDITOR'S 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 2015. 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 sample 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, 30 March 2016

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Wirtschaftsprüfungsgesellschaft

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