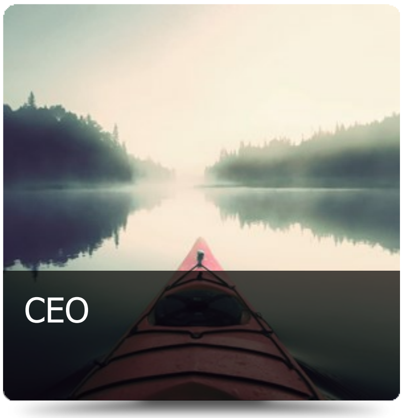
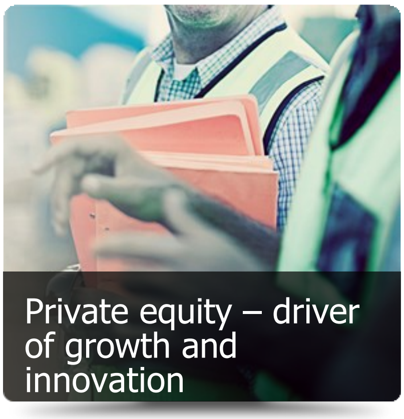
ARGENTUM
PRIVATE EQUITY

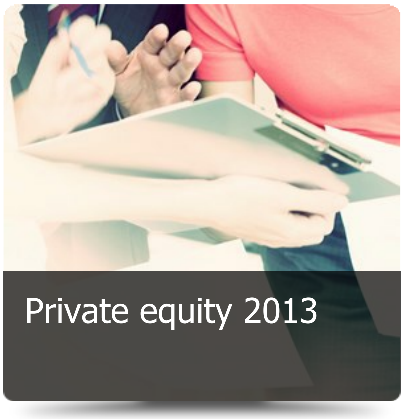
Annual Report 2013


CEO


How Argentum works

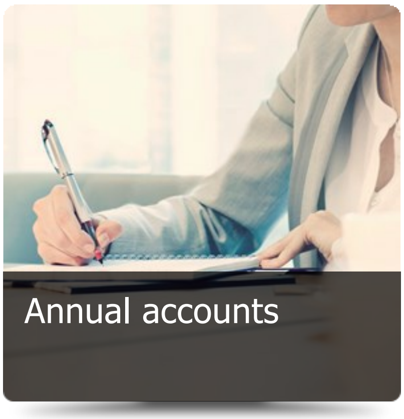

Private equity – driver of growth and innovation

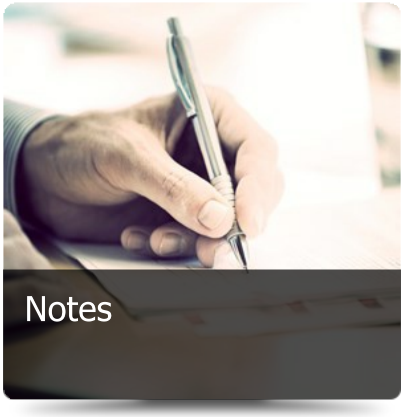

Investor programmes


Private equity 2013


Environmental, social and governance factors


Board of Directors' Report


Annual accounts


Notes

Argentum delivers record results

Argentum delivered our best results ever in 2013. The main drivers of the results are skill in selecting expert, profitable fund managers and the ability to invest counter-cyclically.

Joachim Høegh-Krohn, CEO

Argentum achieved a profit of NOK 1,404.7 million for the Group in 2013. This is the best result in the company's history. The company showed a value increase in investments in both buyout funds and venture capital funds. The company has an IRR of 17.2% since inception, as at 31 December 2013, and has delivered a total of over NOK 2 billion in dividends to our owner.

We take pride in this, and it is our main motivation for continuously evaluating new investment opportunities, monitoring existing investments and extending our research activities.

GOOD FUND SELECTION CREATES GROWTH

The investments also generate values based on parameters other than purely financial ones. Our value creation survey, conducted by Menon Business Economics, shows that companies owned by private equity funds have on average higher growth in sales, value creation and the number of employees than the rest of the mainland economy (private sector). Companies owned by funds in Argentum's portfolio have higher growth than the average for Norwegian companies owned by private equity funds.

Argentum's job is to select the best managers at identifying, investing and developing the most profitable companies. This is what we call selection expertise. Argentum has systematically built up expertise in this area for over a decade. We evaluate factors such as the managers' strategy, experience and historical results. At the same time, we look at the market as a whole. For example, we often invest less during years of significant fundraising. Argentum's focus on the secondary market, where we buy stakes in existing funds, has further contributed to reinforcing this counter-cyclical investment strategy.

LEADING SPECIALIST ENVIROMENT

Argentum works actively as an investor to help improve expertise and efforts in environmental, social and corporate social responsibility related to the investments. The sector has become much more transparent in recent years. Funds are providing information about what they do and how they work with companies, and companies are showing transparency, with clear corporate social responsibility and information about their own contribution to value creation.

Argentum is also keen to promote knowledge of the sector and private equity as an asset class. This is why we are one of the sponsors of the Argentum Centre for Private Equity at the Norwegian School of Economics (NHH). To ensure independent research, the Centre has established an advisory board with world-leading researchers in private equity. It is our hope that this will help to raise the profile of NHH as a specialist environment in asset management.

Argentum collects data about the sector in the Argentum market database, which is available on our website. Knowledge contributes to transparency, and information and analyses are also factors that ensure good returns.

THE WAY FORWARD

One of the key trends we have seen in recent years is increasing integration of the Nordic market into Europe. European funds are looking at Nordic companies and Nordic funds are looking at Europe. Since its inception, Argentum has built up special expertise in private equity funds in energy. We are seeing Norwegian and Nordic funds in the energy segment becoming increasingly global and international funds becoming increasingly involved in the Norwegian and Nordic markets. We are also seeing increased activity in renewable energy, which will be an important area for us in the period ahead.

In view of these developments, Argentum will focus on Northern Europe as a whole and on the global energy market. In 2013, we made our first investment outside the Nordic region. Together with our partners, we committed EUR 30 million to the Triton IV fund, which invests in the Nordic region and Northern Europe, and about NOK 115 million to the Riverstone international energy fund. As part of Argentum's focus on international energy, we organised a conference on private equity and energy in Oslo in June 2013, which Riverstone partner Lord Browne opened by talking about the opportunities and challenges of the energy market in the future.

This is how we develop the knowledge and expertise that will ensure good returns and growth on the road ahead.

Joachim Høegh-Krohn

CEO

How Argentum works

Argentum's core competence is fund selection and the ability to invest counter-cyclically. To ensure success, we have built up systematic expertise and knowledge for over a decade. The proof is in the results.

Asset management in private equity is about fund selection. This means identifying and investing in the funds that generate the best returns by buying, developing and selling companies. At the end of 2013, 69 percent of Argentum's capital was invested in funds in the top quartile of returns for European equity funds, in other words, the 25 percent best funds.

Argentum also focuses on investing counter-cyclically. This means that in periods when a large amount of capital has been raised, Argentum aims to have a relatively low share of the market, and vice versa.

MARKET POSITION PROVIDES OPPORTUNITIES

A good market position – both as a professional, long-term investor and in absolute size – has enabled Argentum to influence investment conditions and has opened up access to most funds in the market. The company has specialised in private equity investment for thirteen years, and in doing so has built solid investment processes, expertise and networks that provide good access to information, which is crucial to good investment processes.

DEVELOPING WITH THE MARKET

Argentum's home market is the Nordic region, although we have a growing North European perspective. The Nordic market is becoming increasingly integrated into Europe. In 2004, 19 percent of Norwegian funds' investments were in companies outside Norway, while the proportion of foreign investments had increased to 54 percent in 2011.

Similarly, we are seeing an increasing number of international fund managers investing in Norwegian and Nordic companies. There are many attractive companies in Norway with potential for international growth. In 2012, foreign funds accounted for three-quarters of Norwegian private equity funds' investments. Many of the large international equity funds are investing in companies that have already had private equity ownership, but now need more financial muscle and a larger international network to continue their development.

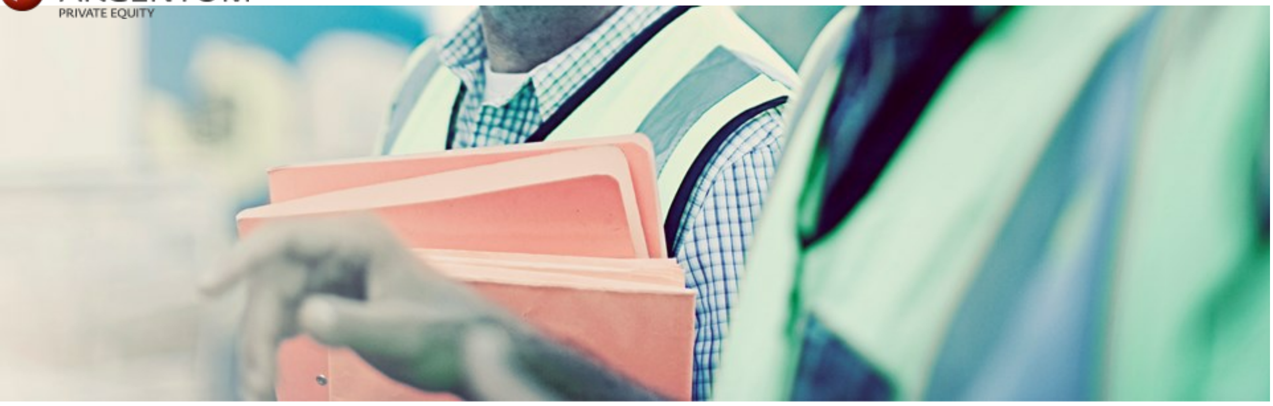
GOOD YEAR FOR NORDIC VENTURE

Venture investments went very well for Argentum in 2013, with the figures showing a record return (IRR) of 18 percent on venture investments. The greatest value growth was in Spotify, which has developed a music streaming service with funding from, among others, the Norwegian venture fund Northzone. Other major contributors to the value growth were the energy technology company Read Well in Energy Ventures' portfolio and the pharmaceutical company Endosense in which life science specialist NeoMed has invested.

Several venture funds realised their investments in portfolio companies in 2013; these included Northzone's Energy Micro and Verdane Capital's Smart Motor.

Argentum is a significant investor in Nordic venture funds and one of the largest Norwegian venture investors, with NOK 3 billion committed. Argentum's investments in Nordic venture funds include Northzone, Energy Ventures, Viking Venture, NeoMed and Creandum.

One of the largest venture commitments in 2013 was to the Norwegian fund manager Northzone, which is behind companies such as FunCom, StepStone and Spotify. Argentum and its partners invested a total of EUR 23 million in Northzone's seventh fund.



Private equity – driver of growth and innovation

When we talk about added value and value creation at Argentum, we are referring to both financial returns and growth in value creation – in other words, parameters such as sales growth and employment growth.

Argentum commissioned Menon Business Economics to analyse the contribution made by private equity funds to value creation in Norway. In 2013, the study, which has been in progress for many years, was updated with figures from 2012, and shows clear growth in sales, employment and value creation.

Value creation is a measurement that is comparable with GDP. It measures the values generated by the portfolio companies in excess of the inputs used. These values are distributed between employees' salaries, dividends to owners, interest to creditors, and taxes to the community. For accounting purposes, value creation is calculated as operating profit/loss + payroll costs + depreciation + impairment.

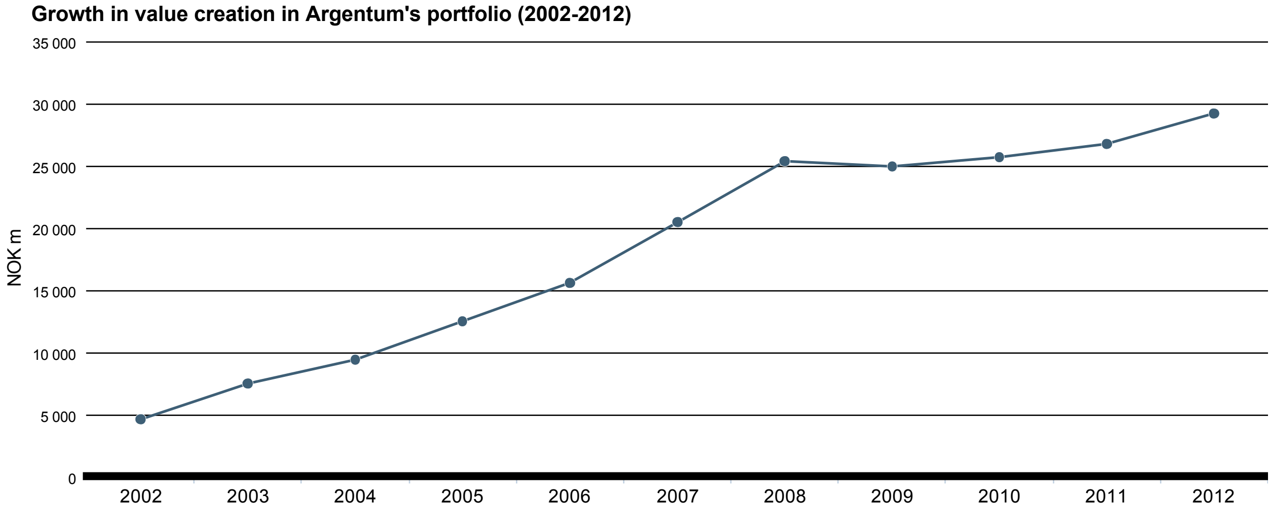
Private equity can be an important driver of growth and innovation. For this to be the case, fund managers must select companies that have potential for growth or are being restructured and need extra resources, and help them on their way with experience, expertise and capital. The job of fund investors like Argentum is to select the best teams for the job by identifying funds that have demonstrated their ability to develop profitable and sustainable companies.

Argentum's contribution

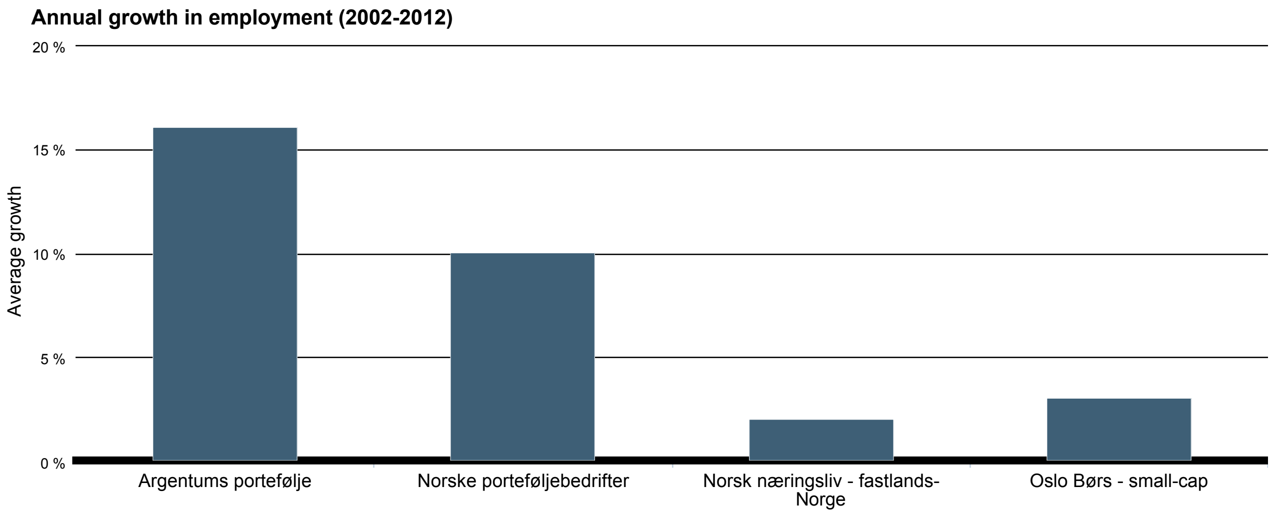
In the period from 2002, when Argentum made its first investment, to 2012, portfolio companies in funds in which Argentum has invested showed annual sales growth of 17% and annual value creation growth of 20%.

This was particularly evident in the acquisition segment, namely buyout and small-cap, where companies owned by funds in Argentum's portfolio showed sales growth of 19%. In comparison, Norwegian companies owned by private equity funds had sales growth of 14%, while small-cap companies listed on the Oslo Stock Exchange had 7%.

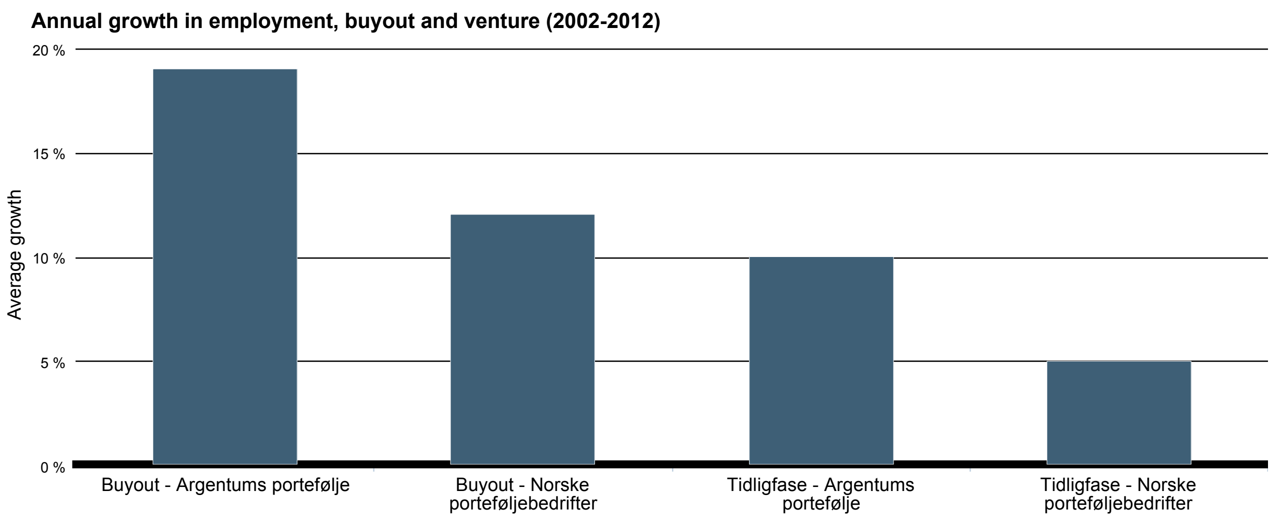
Companies owned by funds in Argentum's portfolio have shown a sixfold increase in value creation since 2002.



The Norwegian companies in Argentum's portfolio employed 47,980 people in 2012, compared with10,544 in 2002. This represents average annual growth of 16%.



Employment growth was also highest in the acquisition segment, although early-stage employment growth is also strong.



Innovation creates growth

The European Private Equity and Venture Capital Association conducted a study of the impact of private equity funds as a driver of economic growth in a report compiled by Frontier Economics in 2013*. One section of the report describes how private equity-owned companies can be leaders in innovation. The report also refers to Lerner, Sørensen and Stromberg's study from 2011, which shows that companies owned by private equity funds have patents that concentrate on the most important and prominent areas of the companies' innovation portfolio. In other words, the patents are more relevant to the companies' operations.

Innovation can be measured in more than patents. In Nordic private equity, we have seen examples of innovation that has revolutionised entire industries, such as XXL in sports retail and Spotify in the music industry.

There is a correlation between profitability and contribution to growth, value creation and innovation. Innovation is a key driver of growth and returns, and a key driver for cultivating the businesses of tomorrow.

• *Frontier Economics: «Exploring the impact of private equity on economic growth in Europe» – a report prepared for the EVCA. May 2013.*

Investor programmes

From exclusively managing funds for the Norwegian State, Argentum has made capital from private, professional investors an increasingly important part of its business. The investor programmes release private capital and contribute to one of Argentum's principal objectives, namely to mobilise capital.

Expertise and access to market information and market transactions are essential to give Argentum a good bargaining position when we invest. The Nordic private equity market has grown significantly over the past decade and with its co-investors, Argentum is now one of the biggest players in the market.

This size generates economies of scale and means that Argentum can negotiate with fund managers to achieve more investor-friendly conditions by reducing the costs of investment, and can also help develop the industry.

The investor programmes are an important part of this. Investors who invest with Argentum are institutional investors, such as pension funds and insurance companies, or other professional investors, such as smaller pension funds and foundations.

At the same time, the investor programmes help to mobilise private capital to the risk capital market and increase the supply of private capital for unlisted companies.

Investor programmes

Argentum has two main programmes designed for different types of investors. These are Tailored Private Equity Solutions (TPES) for institutional investors and Argentum Investment Partners (AIP) for other professional investors.

TAILORED PRIVATE EQUITY SOLUTIONS

Tailored Private Equity Solutions (TPES), established in 2008, is a programme providing investment solutions for institutional investors who commit large amounts over several years. The programme is invested in the primary market through the Nordic Private Equity Programme (NPEP), Argentum Secondary and co-investments through Nordic Additional Funding.

Active investors in the programme include Gjensidige, Oslo Pensjonsforsikring and Varner Gruppen.

ARGENTUM INVESTMENT PARTNERS (AIP)

The first AIP fund was established in 2009, followed by AIP II in 2013. AIP is aimed at medium-sized investors in Norway. The programme benefits from Argentum's network and negotiating power. The programme is invested in NPEP, Argentum Secondary and Nordic Additional Funding.

Investing with Argentum

Investors in Argentum's investor programmes participate in Argentum's three product groups: investments in new funds (primary), purchases of stakes in existing funds (secondary) and co-investments, which are direct investments in companies alongside the funds in Argentum's portfolio.

In recent years, the company's business has developed in line with the market. This has been achieved by following the internationalisation trend and investing more internationally, and by expanding the business to include secondary and co-investments. The investor programmes make this expertise available to institutional and professional investors.

NORDIC PRIVATE EQUITY PROGRAMME (NPEP)

The Nordic Private Equity Programme (NPEP) is the programme for Argentum's primary investments. Investments are made in new funds through the programme. Argentum specialises in the Nordic market, and has also gained expertise in the energy sector. The investment universe has been expanded in recent years to take further advantage of this selection expertise in Northern Europe and in global energy.

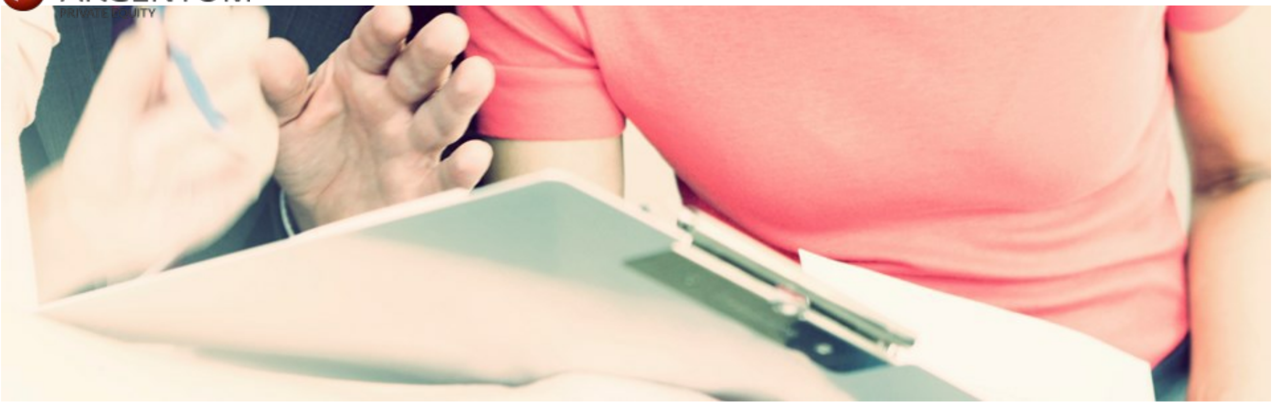
ARGENTUM SECONDARY

By acquiring stakes in existing funds from investors wanting to change or needing to reduce their exposure to private equity, Argentum helps to bring liquidity to the market. This plays a crucial part in maintaining the attractiveness of the asset class.

Secondary investments have been a major contributor to Argentum's high return and are particularly appropriate for counter-cyclical investment in private equity.

NORDIC ADDITIONAL FUNDING

Argentum's co-investments through Nordic Additional Funding are direct investments in companies, where fund investors invest alongside the existing fund manager. Argentum always acts alongside the fund on both investments and realisations. For Argentum and its co-investors, this is part of the process of reducing the administrative costs of the investments.



The private equity market in 2013

The Nordic market for private equity funds has shown strong growth over the past decade. 2013 was marked by fundraising, good realisations for the funds and large investments in the venture segment.

Private equity is an important asset class for investors like pension funds and life insurance companies, but has also grown to be a significant form of ownership in the Nordic region. However, in recent years, some institutional investor groups such as banks and life insurance companies have reduced their exposure to private equity as an asset class in order to meet new regulatory requirements on liquidity and equity.

As a result of these factors and historically good returns, Nordic funds have an increasing share of international investors. In 2013, the funds raised large amounts of capital – in fact the most since the peak year of 2006. This was primarily driven by very large funds, known as mega funds, among them IK Investment Partners, Nordic Capital and Triton Partners.

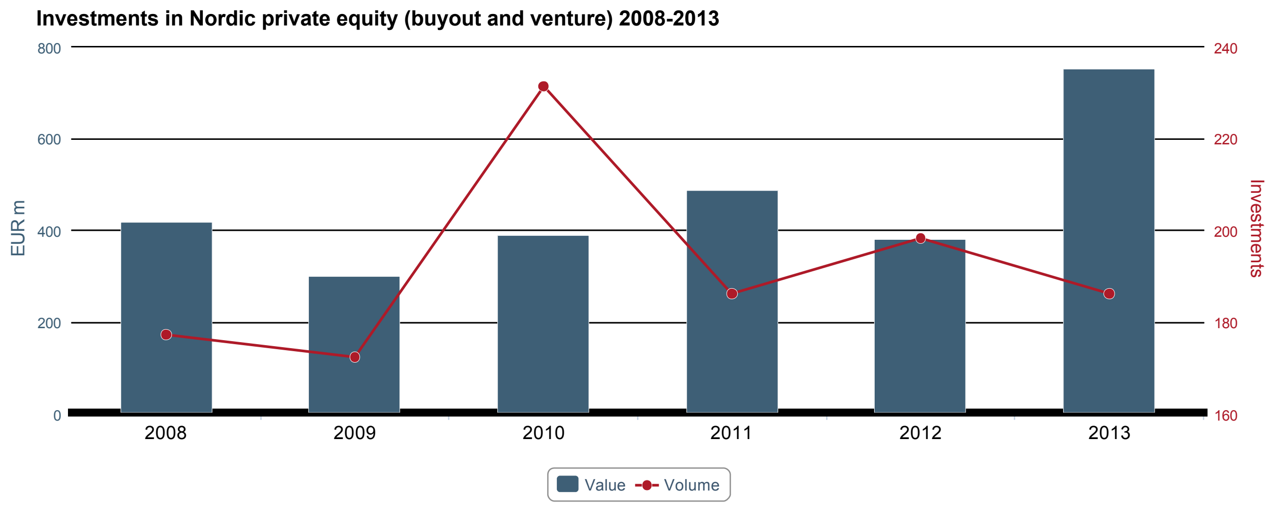
In the early-stage segment, Norwegian venture and seed funds accounted for 71 percent of total fundraising in the Nordic region. Northzone raised EUR 150 million for its seventh fund in the first round.

NORWAY'S LARGEST MARKET IN 2013

Sweden has traditionally been the largest private equity market in the Nordic region, with the highest activity and capital. However, in 2013 Norway was the largest market, measured by the total amount invested, with 31%, against 25% for Sweden. By comparison, 48% of the capital in private equity in the Nordic region was invested in Sweden in 2012, compared with 19% in Norway. The Nordic region's largest transaction in 2013 was Altor and Bain's acquisition of feed manufacturer EWOS from the Norwegian state-owned company Cermaq. The transaction was valued at EUR 821 million (enterprise value).

Total investment assets declined between 2012 and 2013, although the number of transactions remained relatively stable. This was because there were no mega-cap investments. The EWOS transaction in Norway was the only one approaching this size category.

The chart below shows the amounts invested and the number of transactions in the Nordic private equity market, including the acquisition segment and early-stage transactions.



IPO WINDOW OPENING

The biggest change in the Nordic private equity market between 2012 and 2013 was the return of portfolio company IPOs as an exit strategy. The largest IPO was the Danish telecoms company TDC. There were five IPOs of private equity-owned companies in 2013, compared with none in 2012 and three in 2011. The Norwegian venture capital fund Northzone was behind two of the IPOs in 2013, Napatech and Asetek, both of which were admitted to trading on the Oslo Stock Exchange. The main exit route for private equity funds remained trade sales, whereby the companies are sold to industrial investors.

ARGENTUM'S MARKET DATABASE

Argentum publishes quarterly market reports detailing the activity in the Norwegian and Nordic private equity markets. The analysis is based on figures from Argentum's market database, which is updated daily. The company's research department monitors the market and tracks transactions, both investments and exits, and their values.

The report on the Nordic private equity market in 2013 is available here: **Argentum's Nordic market report for Q4 2013.**

Environmental, social and governance factors

Argentum believes that responible value creation provides the best return in the long term. Having good procedures for ESG (environmental, social and governance) work is an important part of Argentum`s strategy of maintaining a focus on this area-both in investment decisions and in terms of the company`s environmental impacts.

Argentum's ESG work encompasses several areas, and further development of our ESG processes is in constant progress. Argentum's core business is investment in funds, which in turn invest in unlisted companies. Consequently, investment processes represent an important arena for exercising environmental, social and governance.

Argentum has developed its own ESG requirements, and these are an integral part of the investment process – from the investment decision to the monitoring of managers in the portfolio. The guidelines are based on the principles of the UN Global Compact and the UN PRI. Argentum has been a full member of the UN Global Compact since 2012. The company submitted its first report to the UN Global Compact in 2013. Argentum's ethical guidelines are available on the company's website: www.argentum.no.

The company also collaborates with other investors on its ESG work, and is a member of the newly established association NORSIF. To measure the company's efforts, we have clear ESG performance indicators – both internal targets for the organisation and investment-related targets.

Argentum prepares an annual report on its ESG work, which is presented to and discussed by the Board. The report describes the company's environmental, social and governance work, including the monitoring of funds, which are required to answer a number of questions about ESG each year.

The report also describes how Argentum incorporates ESG into investment processes.

Board of Directors' Report

Argentum achieved a profit of NOK 1,404.7 million for the Group, which is the best annual result in the company's history. The market value of the Group's investment portfolio in private equity funds was NOK 7.25 billion at the end of 2013. At year-end 2013, the company's private equity investment portfolio had an annual return of 17.2 percent since its inception in 2001. The Board proposes a dividend from the parent company of NOK 250 million for the 2013 financial year.

Operations

Argentum Fondsinvesteringer AS is the Norwegian State's asset manager for investments in private equity funds. Argentum is one of the leading fund investors in Northern Europe, with an investment portfolio that comprised 80 private equity funds at the end of 2013. In addition to investing in newly established private equity funds, the operations include investments in private equity funds via the secondary market and co-investments with private equity funds in Argentum's portfolio.

In addition to Argentum Fondsinvesteringer AS, the Group consists of the subsidiaries Bradbenken Partner AS, Argentum Nordic PEP 1 AS, Argentum Nordic PEP HC AS, Argentum Secondary AS, Argentum Investment Partner AS, Argentum NPEP AS, Nordic Additional Funding AS and Argentum Asset Management AS. The business operations of Bradbenken Partner AS include equivalent investment activities to those undertaken by the parent company. The company has been founded as a co-investment scheme for employees in the parent company, and the company has the right and a duty to invest in parallel with the parent company.

In connection with the introduction of the EU Alternative Fund Managers Directive (AIFMD) in Norway, Argentum Fondsinvesteringer AS has decided to reposition the asset management business as a separate subsidiary, Argentum Asset Management AS, which will provide asset management for Argentum Fondsinvesteringer AS and other investors. With effect from 1 January 2014, all rights, assets and liabilities related to the company's management activities are transferred to Argentum Asset Management AS.

Argentum Fondsinvesteringer AS is wholly owned by the Ministry of Trade, Industry and Fisheries. Its head office is in Bergen and the company has offices in Oslo and Stockholm.

Private equity is an asset class and a market which, in principle, is difficult to gain access to, particularly as a small investor. Since 2008, Argentum has been actively working on further developing its collaboration with external investors in order to help mobilise private capital to the market. As part of this work, Argentum has established several investment programmes in which external investors are given the opportunity to invest with Argentum, including Nordic Private Equity Programme (NPEP), Argentum Investment Partner (AIP), Nordic Additional Funding Programme (NAFP) and Argentum Secondary. Total committed capital at the end of 2013 was NOK 16.2 billion, with external investors accounting for NOK 3.4 billion of the amount. Since the establishment of Argentum's investment programmes in 2008, one third of the private capital has come from external entities. Argentum has also indirectly contributed to bringing capital to the market by functioning as a mark of quality for the funds in which Argentum invests, thereby attracting other investors.

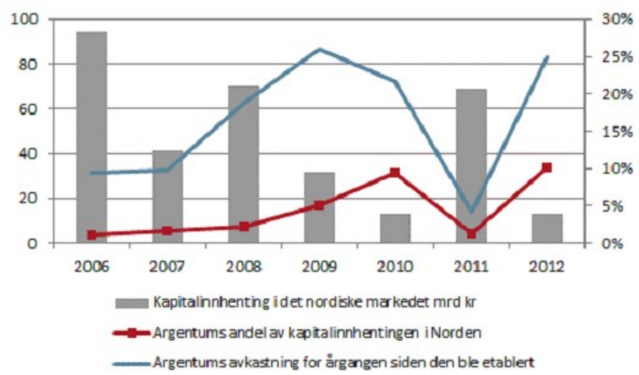
Objective and strategy

rgentum's objective is to achieve a return that is in line with that of the best European investors in private equity funds. At year-end 2013, the company's investment portfolio had shown an annual return of 17.2 percent since the company was founded in 2001.

Return, 31 December 2013	From 2002	From 2006	From 2009
Argentum	17.20 %	15.30 %	20.10 %
Top quartile return for PE in Europe*	10.10 %	9.60 %	8.70 %
Average return for PE in Europe**	4.10 %	4.20 %	4.31 %
Oslo Stock Exchange with the same cash flow as Argentum**	10.60 %	8.00 %	12.40 %

Asset management in private equity is about fund selection. In the opinion of the Board, Argentum has been highly successful in these areas. At the end of 2013, 69 percent of Argentum's capital was invested in funds in the top quartile of returns for European private equity, i.e., the best 25 percent of funds.

Argentum also focuses on investing counter-cyclically. In periods of significant fundraising, Argentum aims to have a relatively low share of the market, and vice versa. The chart shows fundraising for the Nordic region and Argentum, and Argentum's corresponding return.



To achieve these results, Argentum's strategy has been to build a systematic overview and knowledge of core markets, robust processes, a culture of entrepreneurial spirit and pro-activeness, and to cover different aspects of the private equity market. Argentum's position has given the company excellent access to information, an influence on investment conditions and access to most funds in the market.

*Source: ThomsonOne. Top quartile: The 25% best private equity funds in Europe have a return higher than this.

** Argentum has raised capital on several occasions, the most recent in 2009. It is also the nature of private equity funds that a commitment is made to a fund and the subsequent investments are undertaken over a certain period of time, usually 5 years. The return that would have been achieved on the Oslo Stock Exchange with the same cash flow as Argentum is therefore the comparable return for Argentum, on the assumption that the capital is invested in the Oslo Stock Exchange at the same time as it is invested in private equity by Argentum. The return for the Oslo Stock Exchange assumes that all the capital is invested on the first day.

Market development

The Norwegian private equity sector has shown strong growth in the twelve years in which Argentum has been in business. The number of private equity fund managers has increased from 12 in 2001 to 51, while the capital under management in Norwegian funds has risen from NOK 18 billion in 2004 to approximately NOK 85 billion in 2014. Sweden is still the Nordic region's largest market, while Norway is the Nordic country showing the strongest annual growth in capital under management, which has been over 20 percent since 2004. Argentum works on an ongoing basis to assist with establishing new managers and operations. Since 2001 Argentum has contributed to building up management teams such as HitecVision and Energy Ventures, both based in Stavanger, and Borea in Bergen. In 2012, Argentum was one of the cornerstone investors in Nord II, which is managed by Nord Kapitalforvaltning in Tromsø. The fund's investment focus is small and mid-sized companies in Northern Norway.

Over the last 10 years an integrated Nordic market has taken shape. In the past few years we have also seen a tendency towards an integrated North European market. We are seeing more Nordic funds conducting private equity investments outside the Nordic region, with many also setting up offices outside the region. At the same time, non-Nordic funds have increased their activity in the region.

The trend is also apparent on among investors. In the last few years, the Nordic market has been viewed as also attractive to international investors, based on the relatively high returns we have seen here in recent years. Reduced access to risk capital from Nordic investors has also contributed to international investors increasingly making investments in the Nordic region. We estimate that foreign investors accounted for about 80 percent of capital committed to Norwegian private equity funds in 2013.

The Norwegian market overtook the Swedish market to become the Nordic region's largest investment area for private equity in 2013. 38 percent (up from 19 percent in 2012) of all investments in the Nordic region in 2013 were conducted in Norway, while Sweden attracted 22 percent (down from 48 percent in 2012).

Private equity realised 157 companies in 2013, which is on a par with 2012 (156).

Future developments

The Board is keen to ensure the company's future profitability and for Argentum to contribute to a better functioning Norwegian and Northern European private equity market. This requires Argentum to continuously develop and adapt itself.

Argentum has an established and strong position in the Northern European market for private equity funds. At the same time, the Board sees the private equity markets becoming increasingly internationalised and integrated. If Argentum is to maintain and strengthen its position, the company must adapt to this trend. For the Board, this is also a matter of developing Argentum into an asset manager able to attract capital from demanding international investors. It is vital for Argentum's investment universe to be perceived as relevant by international investors and this will give the company sufficient breadth of variation to maintain a high return. At the same time, Argentum must have credibility as a company operating in a market where it has the conditions to deliver a competitive return.

Notwithstanding the internationalisation of the market and Argentum, it is the Board's assessment that it is of intrinsic value to the Norwegian sector for a centre of power like Argentum's environment to be based in and originate from Norway. Such environments will be established outside Norway in many other industries. This applies to the rest of the asset management sector, where the major centres of power are situated in Stockholm, Copenhagen and London. The Board believes that, through Argentum and its surrounding environment in Norway and the Nordic region, the state has a unique chance to develop a strong knowledge-based industry – asset management within private equity – which is able to compete internationally and will provide positive ripple effects for Norwegian trade and industry in the long term.

Over the next few years, the aim is to develop Argentum into an asset manager that houses an international grouping of expertise in private equity and is an attractive and preferred partner for funds and investors in Northern European private equity funds, and also to develop the company's position as one of the leading asset managers of investments in private equity funds in the energy sector. The energy sector is by its very nature an international market.

As Argentum's portfolio of products and cooperating investors grows, the company will build up management for other investors on the same terms and conditions as other entities.

Argentum's operations are scalable and it is the Board's belief that the company can manage a significantly larger capital base than its present base.

Statement on the investments

The Group's investment portfolio at the end of the financial year consisted of 80 private equity funds with a total market value of NOK 7.25 billion. At year- end 2013, the investment portfolio had an annual return of 17.2 percent since the company was founded in 2001. For 2013 in isolation, the return on the investment portfolio was 24.3 percent.

Seven new primary investments in private equity funds were conducted in 2013. Through investments in the secondary market, investments were conducted in ten private equity funds and co-investments were conducted in four companies in 2013. Total distributions to Argentum in 2013 from realisations of the funds' underlying investments ended the year at NOK 1,131 million, with NOK 258 million of this amount representing gains for the parent company. Significant realisations in 2013 included HitecVision Asset Solution's sale of Troms Offshore Supply, Axcel's reduction of the holding in Pandora and Intera's sale of Delete Group.

Statement on the annual accounts

The consolidated financial statements and company accounts of Argentum Fondsinvesteringer AS for the 2013 financial year have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and associated interpretations issued by the International Accounting Standards Board, as well as other Norwegian disclosure requirements pursuant to the law and regulations.

In the opinion of the Board, the annual financial statements give a true and fair view of Argentum

Fondsinvesteringer AS and the Group's assets, liabilities, financial position and financial performance.

In accordance with the requirements of the Norwegian Accounting Act, the Board confirms that the prerequisites for the going concern assumption exist and accordingly the financial statements have been prepared based on the going concern principle.

Argentum achieved a profit of NOK 1,404.7 million for the Group and NOK 1,283.8 million for the parent company in 2013.

Operating revenue

Net gains from private equity fund investments ended at a record high level for Argentum in 2013. Total gains from the funds' sales amounted to NOK 290.2 million for the Group and NOK 258.4 million for the parent company in 2013.

Return, private equity funds	**Parent**		**Group**	
(All amounts in NOK 1 000)	**2013**	**2012**	**2013**	**2012**
Realised return	258 389	721 624	290 152	768 641
Unrealised change in value	1 039 613	93 386	1 144 171	83 621
Net gain/loss private equity funds	**1 298 002**	**815 010**	**1 434 323**	**852 262**
Other operating revenues	16 926	12 282	5 261	3 969
Total operating revenues	**1 314 928**	**827 292**	**1 439 584**	**856 231**

Total operating revenues for the Group amounted to NOK 1,439.6 million, while the parent company's operating revenues were NOK 1,314.9 million. The corresponding figures in 2012 were NOK 856.2 million for the Group and NOK 827.3 million for the parent company.

At the end of 2013, the market value of investments in private equity funds was NOK 7,248.0 million for the Group and NOK 6,540.6 million for the parent company.

Total comprehensive income

	Parent		**Group**	
(All amounts in NOK 1 000)	**2013**	**2012**	**2013**	**2012**
Operating revenues	1 314 928	827 292	1 439 584	856 231
Operating expenses	**66 889**	**63 206**	**72 543**	**68 425**
Operating profit	1 248 040	890 498	1 512 128	924 656
Net financial items	15 558	34 540	17 487	38 099
Profit before tax	1 263 598	925 037	1 529 614	962 755
Tax expenses	20 169	(6 004)	20 169	(6 004)
Total comprehensive income	**1 283 767**	**919 034**	**1 549 783**	**956 751**

The Group's operating profit for 2013 was NOK 1,367.0 million, compared with NOK 787.8 in 2012. The Group's profit before tax amounted to NOK 1,384.5 million, while the corresponding figure in 2012 was NOK 825.9 million. The Group's total comprehensive income after tax was positive at NOK 1,404.7 million, compared with a positive figure of NOK 819.9 million in 2012.

The parent company Argentum Fondsinvesteringer AS reported an operating profit of NOK 1,248.0 million in 2013, compared with NOK 764.1 million in 2012. Profit before tax was NOK 1,263.6 million in 2013, compared with NOK 798.6 million in 2012. Total comprehensive income after tax was NOK 1,283.8 million, compared with NOK 792.6 million in 2012.

The Group's tax revenues were NOK 20.2 million in 2013, compared with NOK 6.0 million in 2012. The change was due to fewer sales in the underlying portfolio not covered by the tax exemption method than in 2012. Another factor was a higher proportion of negative taxable profit shares from partnership funds in 2013 than in 2012. Tax expenses for the year were below 28 percent. This is related to the Group's realised returns from PE investments being largely covered by the tax exemption method.

Net cash flow from operating activities in the Group consists largely of payments to and from the private equity funds in the portfolio. The Group's net cash flow from operating activities was negative at NOK 26.9 million in 2013, compared with a negative cash flow of NOK 258.4 million in 2012. The increase in net cash flow from operating activities is largely due to accruals in connection with portfolio sales in 2012, which were distributed in 2013. The Group's operating profit was NOK 1,367.0 million. The difference between operating profit and cash flow from operating activities is largely due to the Group still being in an investment phase and reinvesting the proceeds from realised investments.

The portion of the Group's capital not invested in private equity funds is chiefly managed in the fixed-interest market with low credit risk and interest rate risk. The return on the fixed-interest portfolio was NOK 13.1 million in 2013, compared with NOK 37.9 million in 2012. Short-term investments in the fixed-interest market were NOK 187.9 million at year-end, compared with NOK 795.2 million at the end of 2012.

The Group's liquidity is good, with cash and cash equivalents of NOK 407.3 million at 31 December 2013. The Group's current liabilities were NOK 51.3 million at 31 December 2013.

The Group's total assets at year-end were NOK 8,003.3 million, compared with NOK 7,243.6 million in 2012.

Financial risk

Argentum has placed considerable emphasis on the development of risk management tools, and this focus was further strengthened and developed in 2013 with the implementation of a portfolio system for the company's investments in private equity funds. With forecasting models for liquidity management, an emphasis on strict investment criteria and close monitoring of existing investments, the Board and management are comfortable with the present risk situation.

The Group's valuation of investments in private equity funds is based on the values reported by the funds in accordance with International Private Equity and Venture Capital (IPEVC) Valuation Guidelines. Argentum's investment portfolio at the end of 2013 shows substantial added value relative to invested amounts. Total portfolio sales in 2013 were conducted at higher levels than the valuations prior to the sales. Losses on sales in the underlying portfolio in 2013 were higher than the historical average. However, the losses were attributable to a small number of companies and the effect on income was largely absorbed in previous years through write-downs of the companies concerned. There is always an element of uncertainty associated with the measurement of financial instruments that are not priced in an active market. The company bases its evaluations on the information that is available in the market. In 2013, Argentum focused on further developing routines for following up all private equity funds and underlying investment portfolios on an ongoing basis.

No new information has emerged concerning significant events that occurred or conditions already existing at the end of the reporting period, 31 December 2013, and in the period up to the Board's adoption of the accounts on 22 May 2014.

The Group is exposed to financial market risk through investments in private equity funds and in the Norwegian money market.

The Group is exposed to exchange rate changes due to investments in private equity funds denominated in other currencies than Norwegian kroner. It is the Group's policy to refrain from engaging in currency hedging of investments denominated in other currencies.

The Group is exposed to interest rate changes both for funds invested in the money market and investments in private equity funds. The maximum duration of the money market portfolio is 1 year. At 31 December 2013, the actual duration of the portfolio, weighted by market values, was about 0.32 of a year. The Group is also exposed to interest rate risk, as private equity funds are valued in accordance with International Private Equity and Venture Capital (IPEVC) Valuation Guidelines. The values of the funds' investments are affected by changes in market interest rates.

Credit risk principally arises in connection with bank deposits and investments in interest rate instruments. Credit risk associated with investments in interest rate instruments is minimised by means of limits on exposure to issuer sectors and per issuer. Investments in money market instruments are restricted to the state, municipality, county and finance sectors.

Environmental, social and governance factors

As a leading investor in private equity funds, Argentum has placed its ESG work high on the agenda, and consideration of ESG factors plays a key part in the company's investment processes, decisions and monitoring of fund managers. Argentum also has internal ESG guidelines and targets related to its own operations.

Argentum's ESG work is based on the UN's principles for responsible investment, the UN Global Compact. These principles address human rights, employee rights, corruption and the environment. The company became a full member of the UN Global Compact in 2012 and submitted its first report to the UN in 2013. In addition, Argentum uses the UN PRI (Principles for Responsible Investing) as a basis for its ESG work.

The Board considers it important for Argentum to integrate good environmental, social and governance into its investment activities, in line with internationally recognised principles for responsible investing. In investment decisions, Argentum places particular emphasis on ensuring that the system of agreements reflects equal treatment and transparency. ESG principles are integrated into Argentum's investment analyses and decision processes through ownership of the funds and through transparency in the company's reporting. ESG-related issues are also included in Argentum's evaluation and monitoring of managers, and the company works constantly to improve this process.

Argentum prepares an environmental, social and governance report each year, in which the company reports on the status of activities relating to the portfolio managers' ESG. The report also contains an overview of Argentum's internal ESG work. Argentum also uses Norwegian and international investors as discussion partners in connection with the work in this area. In 2013, Argentum became a member of NORSIF, an independent association of asset managers with an interest in responsible and sustainable investments, and the company has been active in the association's efforts to build expertise in ESG in investing activities.

For internal matters, Argentum bases its internal ESG report on selected indicators from the UN Global Reporting Initiative (GRI). This is a set of general reporting indicators for corporate social responsibility and is recognised as a global standard.

In 2013, the company's travel activities generated 50.2 tonnes of CO_2 equivalents, while the corresponding figure for 2012 was 49.4 tonnes of CO_2 equivalents. The increase is due to increased activity in the company. Emissions per employee were reduced. The company's recycling rate was unchanged from previous years. In addition, an agreement has been signed with external parties to recycle discarded IT equipment, and the Group also requires suppliers to have environmental certification.

Working environment and personnel

Argentum Fondsinvesteringer AS had 23 employees at 31 December 2013. Sickness absence represented 3.9 percent of total working hours in 2013. The other Group companies do not have any employees.

The Board considers the working environment to be good. There were no unreported or reported serious accidents at work or other accidents during the year resulting in personal injury or damage to property.

The Group strives for gender equality. At 31 December 2013, the proportion of female employees was 43 percent.

The Board comprises three women and two men.

Proposed allocation of profits

The Board proposes that the profit for year, NOK 1.283,767 million, for Argentum Fondsinvesteringer AS be allocated as follows:

Allocations – Argentum Fondsinvesteringer AS (all amounts in NOK 1,000)	**2013**	**2012**
Total comprehensive income	**1 283 767**	**792 622**
Other equity	1 283 767	792 622
Total allocations	**1 283 767**	**792 622**

The Board proposes that a dividend of NOK 250 million be distributed for the 2013 financial year.

22 May 2014

Tom Knoff

Chairman of the Board

Grethe Høiland

Mari Thjømøe

Tina Steinsvik Sund

Kjell Martin Grimeland

Nils E. Joachim Høegh-Krohn

CEO

Annual accounts

Income Statement

		INCOME STATEMENT 01 January - 31 December			
		(All amounts in NOK 1,000)			
PARENT				**GROUP**	
2013	**2012**		**Notes**	**2013**	**2012**
Operating revenues and operating expenses					
1 298 002	815 010	Gains/(losses) on private equity fund investments	3, 4, 6	1 434 323	852 262
1 298 002	**815 010**	**Net gains/(losses) on private equity fund investments**		**1 434 323**	**852 262**
16 926	12 282	Other operating revenues	22	5 261	3 969
1 314 928	**827 292**	**Total operating revenues**		**1 439 584**	**856 231**
(34 631)	(38 252)	Payroll expenses	14, 15	(34 631)	(38 252)
(32 258)	(24 954)	Other operating expenses	13, 15, 16	(37 912)	(30 173)
1 248 040	**764 086**	**Operating profit/(loss)**		**1 367 042**	**787 806**
Financial income and expenses					
25 548	45 935	Return on market-based current financial assets and other financial income	7, 19	32 482	52 246
(9 990)	(11 396)	Other financial expenses	19	(14 996)	(14 147)
15 558	**34 540**	**Total financial items**		**17 487**	**38 099**
1 263 598	**798 625**	**Profit/(loss) before tax**		**1 384 528**	**825 905**
20 169	(6 004)	Tax expenses	18	20 169	(6 004)

1 283 767	**792 622**	**Profit/(loss) for the year**	**1 404 697**	**819 901**
0	**0**	**Other comprehensive income**	**0**	**0**
1 283 767	**792 622**	**Total comprehensive income**	**1 404 697**	**819 901**
		Profit attributable to non-controlling interests	117 414	21 462
		Profit attributable to shareholders	1 287 283	798 438
1 283 767	792 622	Other equity		

Balance Sheet

		BALANCE SHEET, 31 DECEMBER			
		(All amounts in NOK 1 ,000)			
PARENT				**GROUP**	
2013	**2012**		**Notes**	**2013**	**2012**
		Assets			
		Non-current assets			
		Intangible assets			
43 394	23 224	Deferred tax assets	3, 18	43 394	23 224
		Tangible fixed assets			
9 468	6 521	Operating equipment, fixtures and fittings, office equipment etc.	20	9 468	6 521
		Financial assets			
6 540 599	5 303 898	Investments in private equity funds	3, 4, 5, 6	7 248 009	5 670 853
110 602	105 107	Shares in subsidiaries	11, 12		
6 651 200	**5 409 004**	Total financial assets		**7 248 009**	**5 670 853**
6 704 062	**5 438 750**	**Total non-current assets**		**7 300 871**	**5 700 599**
		Current assets			
103 419	405 716	Other receivables	5, 8, 21	107 297	408 248
187 902	795 165	Market-based bonds and certificates	4, 7	187 902	795 165
304 473	71 986	Cash and cash equivalents	5, 9	407 270	339 617
595 794	**1 272 867**	**Total current assets**		**702 469**	**1 543 030**
7 299 855	**6 711 617**	**Total assets**		**8 003 339**	**7 243 629**
		Equity and liabilities			
		Equity			

		Paid-in capital			
1 953 166	1 953 166	Share capital	10	1 953 166	1 953 166
2 696 706	2 696 706	Share premium reserve	10	2 696 706	2 696 706
4 649 872	**4 649 872**	**Total paid-in capital**		**4 649 872**	**4 649 872**
		Retained earnings			
2 605 816	2 021 049	Other equity		2 629 346	2 041 063
2 605 816	**2 021 049**	**Total retained earnings**		**2 629 346**	**2 041 063**
		Non-controlling interests		672 819	378 414
7 255 688	**6 670 922**	**Total equity**		**7 952 037**	**7 069 349**
		Liabilities			
		Current liabilities			
		Taxes payable	18		
44 167	40 695	Other current liabilities	17	51 302	174 280
44 167	**40 695**	Total current liabilities		**51 302**	**174 280**
44 167	**40 695**	**Total liabilities**		**51 302**	**174 280**
7 299 855	**6 711 617**	**Total equity and liabilities**		**8 003 339**	**7 243 629**

Equity

Statement of changes in equity, 31 december 2013

(All amounts in NOK 1 000)

GROUP	**Share capital**	**Share premium reserve**	**Other equity**	**Majority share of equity**	**Minority share**	**Total equity**
Equity, 31 Dec 2011	**1 953 166**	**2 696 706**	**1 540 925**	**6 190 797**	**215 528**	**6 406 325**
Total comprehensive income			798 439	798 439	21 462	819 901
Accruals, opening balance			1 699	1 699		1 699
Contribution from NCI					208 215	208 215
Distributions to NCI					(66 791)	(66 791)
Dividend distributed in 2012			(300 000)	(300 000)		(300 000)
Equity, 31 Dec 2013	**1 953 166**	**2 696 706**	**2 041 063**	**6 690 935**	**378 414**	**7 069 349**
Total comprehensive income			1 287 283	1 287 283	117 414	1 404 697
Contribution from NCI					290 079	290 079
Distributions to NCI					(113 089)	(113 089)
Dividend distributed in 2013			(699 000)	(699 000)		(699 000)
Equity, 31 Dec 2013	**1 953 166**	**2 696 706**	**2 629 346**	**7 279 218**	**672 819**	**7 952 037**

PARENT	**Share capital**	**Share premium reserve**	**Other equity**	**Total equity**
Equity, 31 Dec 2011	**1 953 166**	**2 696 706**	**1 528 428**	**6 178 300**
Total comprehensive income			792 622	792 622
Dividend distributed in 2012			(300 000)	(300 000)

Equity, 31 Dec 2012	**1 953 166**	**2 696 706**	**2 021 049**	**6 670 922**
Total comprehensive income			1 283 767	1 283 767
Dividend distributed in 2013			(699 000)	(699 000)
Equity, 31 Dec 2013	**1 953 166**	**2 696 706**	**2 605 816**	**7 255 689**

Cash flow statement

CASH FLOW STATEMENT, 31 DECEMBER

(All amounts in NOK 1, 000)

PARENT				GROUP	
2013	**2012**		**Noter**	**2013**	**2012**
		Cash flow from operating activities			
1 263 598	798 625	Profit before tax	18	1 384 528	825 905
0	0	Tax paid during period (-)		0	0
756	493	Depreciation and impairment	20	756	493
(12 767)	(37 346)	Net change in value of fixed-interest portfolio		(12 767)	(37 346)
(1 039 613)	(93 386)	Unrealised gains/(losses) on PE portfolio	6	(1 144 181)	(83 621)
(900 701)	(1 004 210)	Cash paid on PE investments		(1 337 758)	(1 276 702)
703 617	425 913	Cash receipts on realisations in PE portfolio		901 519	560 665
305 576	(374 382)	Change in trade receivables and other accruals		181 050	(247 825)
320 467	**(284 293)**	**Net cash flow from operating activities**		**(26 853)**	**(258 431)**
		Cash flow from investing activities			
(3 703)	(4 164)	Cash paid on purchases of tangible fixed assets	20	(3 703)	(4 164)
(5 495)	(9 824)	Cash paid on investments in subsidiaries	22		
620 000	485 000	Proceeds from market-based bonds and certificates	7	620 000	485 000
610 802	**471 012**	**Net cash flow from investing activities**		**616 297**	**480 836**
		Cash flow from financing activities			
		Proceeds from partnership contribution		290 079	208 215
(699 000)	(300 000)	Dividends paid	22	(812 089)	(366 791)
(699 000)	**(300 000)**	**Net cash flow from financing activities**		**(522 010)**	**(158 576)**
232 268	**(113 282)**	**Net change in cash and cash equivalents**		**67 435**	**63 829**
70 874	184 155	Cash and cash equivalents, 1 Jan	9	338 505	274 676
232 268	(113 282)	Net change in cash and cash equivalents		67 435	63 829
303 143	**70 874**	**Cash and cash equivalents, 31 Dec**	9	**405 940**	**338 505**

Notes

Note 1 – Accounting policies

1.1 BASIS FOR PREPARATION

Argentum Fondsinvesteringer AS is a limited company registered in Norway. The company's head office is in Bergen and there is a branch office in Oslo. Argentum Fondsinvesteringer AS and its subsidiaries are investment companies that participate with non-controlling interests in specialised private equity funds. The address of the company's head office is Bradbenken 1, 5835 Bergen. The annual accounts for the 2013 financial year were approved by the company's Board of Directors on 22 May 2014 and will be presented for adoption by the general meeting on 24 June 2014.

The consolidated financial statements and company accounts of Argentum Fondsinvesteringer AS for the 2013 financial year have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and associated interpretations issued by the International Accounting Standards Board, as well as other Norwegian disclosure requirements pursuant to the law and regulations.

The consolidated financial statements and company accounts are based on the historical cost principle, with the exception of the following assets:

• Investments at fair value through profit or loss (notes 1.8 and 1.13).

• Assets classified at fair value through profit or loss (fair value option, note 1.8 and 1.13).

The consolidated financial statements and company accounts have been prepared using uniform accounting policies for equivalent transactions and events under otherwise similar conditions.

Preparation of financial statements in accordance with IFRS requires the use of estimates. Furthermore, application of the company's accounting policies requires management to exercise judgement. Areas involving a large degree of such judgements and assessments, substantial complexity, or areas where assumptions and estimates are material to the consolidated financial statements and company accounts are described in note 3.

Changes in accounting policies and disclosures

a) New and amended standards applied by the Group

Amendments to IAS 1 Presentation of Financial Statements concerning items of other comprehensive income. The change requires items of other comprehensive income to be grouped according to whether they may or may not be subsequently reclassified to profit or loss.

Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7). The amendment contains new disclosure requirements to provide greater comparability between financial statements prepared in accordance with IFRS and those prepared in accordance with US GAAP. The disclosure requirements apply to financial instruments that are offset in accordance with IAS 32 and are subject to rights of setoff. Neither the parent company nor the Group has any financial instruments that are offset.

IFRS 13 Fair Value Measurement aims to improve consistency and reduce complexity by providing a clear definition of fair value, and sets out in a single standard a framework for fair value measurement and disclosures for use in all standards in which fair value is applied. The standard does not increase the use of fair value, but provides guidance on how fair value should be determined when it is required or permitted by other standards. The new rules do not affect the Group's income statement or balance sheet, but they do affect the Group's disclosures in the notes.

b) New standards and interpretations not yet adopted

A number of new standards, amendments and interpretations effective for annual periods beginning on or after 1 January 2013 have not been adopted when preparing these consolidated financial statements.

IFRS 9 Financial Instruments sets out the classification, measurement and recognition of financial assets and liabilities. IFRS 9 was issued in November 2009 and October 2010 and replaces the parts of IAS 39 that deal with similar issues. IFRS 9 requires financial assets to be classified into two categories: assets measured at fair value and assets measured at amortised cost. The measurement category is determined on initial recognition of the asset. The classification depends on the entity's business model for financial instrument management and the characteristics of the contractual cash flows from the instrument. For financial liabilities, the standard largely reflects the requirements of IAS 39. The main change concerns use of the fair value option for a financial asset, in which case any fair value changes attributable to changes in the entity's own credit risk are recognised in other comprehensive income and not in the income statement, unless this creates an accounting mismatch. The Group has not yet fully assessed the impact of IFRS 9. The Group will also consider the impact of the remaining parts of IFRS 9 when these are completed.

IFRS 10 Consolidated Financial Statements is based on the current principle of using the concept of control as the determining criterion in deciding whether or not a company should be included in the consolidated financial statements of the parent company. The standard provides additional guidance when considering whether control exists in cases where this is not clear.

IFRS 11 Joint Arrangements focuses more on the rights and obligations of the parties to an arrangement than the legal structure. There are two different kinds of joint arrangements: Joint operations and joint ventures. A joint operation is an arrangement whereby the parties have rights to the assets and obligations for the liabilities relating to the arrangement. A joint operator accounts for the assets, liabilities, revenues and expenses relating to its involvement in a joint operation. A joint venture is an arrangement whereby the parties have rights to the net assets of the arrangement. These arrangements are accounted for using the equity method. The gross method, or proportionate consolidation, is no longer allowed. The Group will use the equity method with effect from 1 January 2014.

Under IFRS 12 Disclosure of Interests in Other Entities, the company is required to provide enhanced disclosures about its interests in subsidiaries for accounting periods beginning on or after 1 January 2014.

There are no other standards or interpretations not yet effective that are expected to have a material effect on the consolidated financial statements.

1.2 FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

The Group and the parent company present their financial statements in NOK. This is also the functional currency of the parent company and Group companies.

1.3 BASIS OF CONSOLIDATION

The consolidated financial statements include Argentum Fondsinvesteringer AS and companies over which Argentum Fondsinvesteringer AS has control.

Subsidiaries

Subsidiaries are companies, including SPEs (special purpose entities), of which the Group has power to govern the financial and operating policies (control), normally through ownership of more than one half of the voting rights. Subsidiaries are consolidated from the date on which control is transferred to the Group and are deconsolidated from the date on which control is lost. Non-controlling interests are included in the Group's equity.

Intra-Group transactions and balances, including internal gains and unrealised gains and losses, are eliminated. Subsidiaries' accounts are restated when this is necessary in order to conform with the Group's accounting policies.

Joint ventures

The Group's interests in joint ventures are accounted for using the proportionate consolidation method. The Group adds its share of the joint venturer's income statement, balance sheet and cash flow items to the equivalent entries in the Group accounts. Gains or losses on the sale of assets to joint ventures are recognised in the income statement for the portion that can be attributed to other owners (outside the Group) in the joint venture business. When purchasing assets from joint ventures, the gain or loss will initially be recognised when the asset is sold out of the Group. Losses are recognised immediately if the transaction indicates a reduction in the net sales value of current assets or an impairment in the value of non-current assets.

Private equity investments

Private equity investments of which the parent company or a Group company owns more than 50 percent are accounted for as part of the ordinary private equity portfolio in accordance with IAS 28.

In the parent company, investments in the principal are classified as subsidiaries at cost, while interests in internal partnerships are included in the private equity portfolio.

All other investments are accounted for in accordance with IAS 39 Financial Instruments: Recognition and Measurement, and further information on this is presented in note 1.8.

1.4 CASH AND CASH EQUIVALENTS

Cash includes cash holdings and bank deposits. Cash and cash equivalents are initially recognised at fair value.

1.5 CURRENT RECEIVABLES

Current receivables are initially recognised in the balance sheet at fair value and subsequently measured at amortised cost, using the effective interest method, less a provision for losses incurred.

1.6 TANGIBLE FIXED ASSETS

Items of property, plant and equipment are carried at cost, less accumulated depreciation and impairment. When assets are sold or disposed of, the carrying amount is derecognised and any loss or gain is recognised in the income statement.

The cost of property, plant and equipment comprises the purchase price, including fees/taxes and directly attributable costs of bringing the non-current asset to working condition for its intended use. Costs incurred after the asset has been taken into use, such as ongoing maintenance, are recognised as an expense, while other costs that are expected to generate future economic benefits are capitalised.

Depreciation is determined using the straight line method with the following useful lives:

• Fixtures and fittings, office equipment, other equipment: 3-5 years

• Art: Not depreciated

The method and period of depreciation are assessed annually. The equivalent applies to the value of discarded assets.

The carrying amount of property, plant and equipment is tested for impairment if events or changes in circumstances indicate that an asset's carrying amount is not recoverable. The recoverable amount is the higher of value in use and net realisable value. Assets under development are classified as non-current assets and are carried at cost until the process or development has been completed. Assets under development are not written off until the non-current asset has been in use.

1.7 LEASES

Operating leases

Leases where substantially all the risks and rewards incidental to ownership of the asset are held by the lessor are classified as operating leases. Lease payments are classified as an operating expense and are recognised on a straight-line basis over the lease term.

1.8 FINANCIAL INSTRUMENTS

In accordance with IAS 39 Financial Instruments: Recognition and Measurement, the Group classifies financial

Instruments in the following categories:

• At fair value through profit or loss

• Designated as at fair value through profit or loss (fair value option)

• Loans and receivables

The classification depends on the intended use of the asset. Management classifies financial assets on acquisition.

Assets at fair value through profit or loss

The following financial instruments are classified as at fair value through profit or loss:

• Financial instruments primarily held for the purpose of selling or buying back in the short term

• Financial instruments that are part of a portfolio of identified instruments, managed together, and for which there is evidence of an actual pattern of short-term profit-taking

Market-based bonds and certificates as well as listed shares are classified as assets at fair value with changes in value recognised in the income statement.

Fair value option

Qualifying financial instruments are designated as measured at fair value through profit or loss (fair value option) if this provides more relevant information.

Investments in private equity funds are classified as financial assets. The Group applies the fair value option to investments in private equity funds. As a fund-in-fund investor, the PE investments are valued based on reported net asset values (NAV) from the fund managers pursuant to International Private Equity and Venture Capital Valuation guidelines.

Fair value is determined on the basis of measurement principles established by IAS 13 and guidelines pursuant to IPEV. In ascertaining the value of the funds' investment portfolios, the market value at the reporting date is used as a basis for listed investments. For unlisted investments, with no observable market value, fair value is determined based on recently completed third-party transactions or transactions between the funds and the underlying portfolio companies, or by reference to the market value of comparable instruments or based on the present value of future cash flows. The fair value of investments in private equity funds is determined based on the fund's fair value on the reporting date. The fair value of the fund corresponds to the investment portfolio assessed at fair value plus net other items from the balance sheet.

Changes in the fair value of financial instruments designated as at fair value through profit or loss are recognised in the income statement and presented as operating income/expenses or financial income/expenses, depending on the purpose of the investment. Also see the comments in note 1.14 Revenue recognition.

Loans and receivables

Financial assets with fixed or determinable cash flows that are not listed in an active market are classified as loans and receivables. They are classified as current assets, unless they are due more than 12 months after the reporting date, in which case they are classified as non-current assets. Loans and receivables are reported under other receivables and cash and cash equivalents. Loans and receivables are recognised at amortised cost using the effective interest method.

Initial recognition and subsequent measurement of financial instruments

Ordinary purchases and sales of investments are recognised on the transaction date, which is the day when the Group incurs an obligation to purchase or sell the asset. All financial assets that are not measured at fair value through profit or loss are initially recognised at fair value plus transaction costs.

Financial assets that are measured at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed. Investments are removed from the balance sheet when the rights to receive cash flows from the investment cease or when these rights are transferred and the Group has transferred substantially all the risks and rewards incidental to ownership. Financial assets at fair value through profit or loss are measured at fair value subsequent to initial recognition.

Secondary investments in private equity funds through Argentum Secondary AS are normally measured using cost as the best estimate of fair value until the end of the quarter following acquisition. The investments are subsequently accounted for at fair value through profit or loss. When a secondary investment is carried at cost, the other assets in the same fund will be equivalently valued.

Impairment of financial assets recognised at amortised cost

At each reporting date the Group considers whether there are any objective indications that a financial asset or a group of financial assets has fallen in value. An impairment loss on a financial asset or a group of financial assets is only recognised if there are objective indications of impairment as a result of one or more incidents that have occurred subsequent to initial recognition (a loss event) and this loss event (or events) affects future estimated cash flows in a way that can be reliably measured.

The Group initially assesses whether an objective indication of impairment exists.

The criteria that the Group uses in determining whether there are objective indications of impairment include:

• The issuer or the borrower is experiencing significant financial difficulties

• An active market for the financial asset no longer exists due to financial difficulties

• Observable information indicates that there has been a measurable decline in the estimated future cash flows from a group of financial assets subsequent to their initial recognition, even if the decline cannot yet be attributed to individual financial assets

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted using the financial asset's original effective interest rate. The asset's carrying amount is reduced and the loss is recognised in the consolidated income statement. As a practical approach, the Group may also measure the impairment based on the instrument's fair value through the use of an observable market price.

If the impairment is subsequently reduced, and the reduction can be objectively linked to an event that occurred after the impairment was recognised, the previous loss will be reversed in the consolidated income statement.

1.9 PROVISIONS

A provision is recognised when the Group has an obligation (legal or constructive) resulting from a past event, and it is probable (more likely than not) that an outflow of resources will be required to settle the obligation and the amount can be measured reliably. If the effect is material, the provision is determined by discounting the expected future cash flows using a pre-tax discount rate that reflects the current market assessments of the time value of money and, if relevant, the risks specific to the liability.

1.10 EQUITY

Share capital

Ordinary shares are classified as share capital.

Costs associated with equity transactions

Transaction costs directly connected to an equity transaction are directly recognised in equity after deduction of tax.

Other reserves

Unrealised gains/losses comprise net unrealised gains/losses on the portfolio as a whole. Unrealised gains are not included in the basis for determining dividends. Proposed dividends constitute part of equity until approved at the general meeting.

1.11 NON-CONTROLLING INTERESTS

Non-controlling interests include the minority's portion of the carrying amount of the subsidiaries including the portion of added value identified at the acquisition date. Losses in a consolidated subsidiary that can be attributed to the non-controlling interest will be charged to the non-controlling interest even if the carrying amount of the non-controlling interest becomes negative.

1.12 TRADE RECEIVABLES

On initial recognition, trade receivables are measured at fair value and then subsequently at amortised cost using the effective interest method.

1.13 REVENUE RECOGNITION

Investing in private equity funds is the company's primary business activity. Accordingly, the revenues from the investments are classified as operating revenues in the income statement. Revenues from private equity fund investments comprise realised and unrealised gains, as well as dividends or equivalent disbursements from the funds. Gains/losses on private equity fund investments in the income statement comprise the company's share of realised gains and losses as well as its share of the year's change in unrealised values in the funds' underlying investments.

In determining the realised gain/loss from the funds when the underlying portfolio company is realised, the capitalised management fees and other costs in connection with management of the individual private equity funds are taken into account. The capitalised costs are allocated based on the cost price of the individual underlying portfolio company. When the underlying portfolio company is exited, a portion of the capitalised costs is then reversed, and the realised gain is reduced or the loss is increased.

Argentum Group's portfolio of fund investments is managed and the return is measured based on the fair value of the funds' underlying company investments. The management model is designed to measure returns based on estimated fair values, supplemented by qualitative analyses of value and risk developments in the portfolio on the grounds that this provides more relevant information. Internal reporting to the Board and management is based on the fair value of the fund investments. Consequently, Argentum has chosen to use the option in IAS 39, paragraph 9b, to measure investments at fair value through profit or loss (fair value option). See also the comments in note 1.8 Financial instruments.

Interest income is recognised based on the effective interest method in the period in which it is earned. Dividends are recognised when the shareholders' rights to receive the dividends are established at the general meeting.

1.14 FOREIGN CURRENCY

Foreign currency translation

Foreign currency transactions are translated at the foreign exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated to Norwegian kroner at the foreign exchange rate on the reporting date. Non-monetary items that are measured at historical cost in a foreign currency are translated to NOK using the exchange rate on the transaction date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated using the exchange rate on the measurement date (the reporting date).

Changes in exchange rates are recognised in the income statement in the period in which they occur.

1.15 EMPLOYEE BENEFITS

Defined contribution pension benefits

The Group has established a defined contribution pension scheme for all permanent employees in accordance with the requirement for mandatory occupational pensions. Contributions to the scheme are from 0 to 8 percent of salary. The annual pension contribution is deferred over the insurance period.

Defined contribution pension schemes entail the Group making an annual payment to the employees' collective pension savings, but there is no promise of a future pension of a certain size. The individual employees' future pension is determined by the size of the annual payments and the return on the pension contributions paid in. The Group does not have any additional payment obligations after the contributions have been made.

1.16 INCOME TAXES

Taxes comprises taxes payable and changes in deferred tax. Deferred tax liabilities and assets are calculated on all differences between the carrying amounts of assets and liabilities and their respective tax bases with the exception of temporary differences related to investments in subsidiaries.

Management evaluates the tax positions in the Group for each period, taking into consideration situations where the relevant tax laws are subject to interpretation. Based on management's assessment, provisions are allocated for expected tax payments.

Deferred tax is determined using tax rates and tax laws enacted or substantively enacted on the reporting date, and which are expected to apply when the deferred tax asset is realised or when the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that the company will have taxable profit available in later periods to utilise the tax assets. The company will reduce deferred tax assets to the extent that it no longer considers it probable that the deferred tax asset can be utilised.

Deferred tax and deferred tax assets are measured based on expected future tax rates for the companies in the Group where temporary differences have arisen.

Deferred tax assets and deferred tax liabilities are recognised at nominal value and classified respectively as intangible assets and non-current liabilities in the balance sheet.

Taxes payable and deferred tax are recognised directly in equity to the extent that the tax items relate to equity transactions.

1.17 DIVIDEND INCOME

Dividend income is recognised when the right to receive payment is established.

1.18 LEASES

Leases in which a significant portion of the risks and returns incidental to ownership remain with the lessor are classified as operating leases. Lease payments on operating leases (less any financial incentives from the lessor) are expensed on a straight-line basis over the term of the lease. The Group leases a number of items of property, plant and equipment.

A lease is classified as a finance lease if it transfers substantially all the risks and returns incidental to ownership. The Group does not have any finance leases.

1.19 PROPOSED DIVIDEND

In accordance with IAS 10 concerning events after the reporting period, proposed dividends are classified as equity until adopted at the general meeting.

1.20 SEGMENT

The Group's business operations comprise investing in private equity funds. Based on the risk, return and investment profile of the operations, as well as market and product conditions, the Group is deemed to operate within one segment.

1.21 EVENTS AFTER THE REPORTING PERIOD

New information after the reporting period about the company's financial position on the reporting date is taken into account in the annual financial statements. Events after the reporting period that do not affect the financial position of the company on the reporting date, but that will affect its financial position in the future, are disclosed if they are of material significance.

1.22 CRITICAL ACCOUNTING JUDGEMENTS IN THE PREPARATION OF THE ANNUAL FINANCIAL STATEMENTS

Judgements, estimates and assumptions are evaluated on an ongoing basis and are based on past experience and other factors, including expectations of future events that are deemed to be likely at the time the accounts are prepared.

Management has made judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and the disclosures of contingent liabilities. This particularly applies to the valuation of investments in private equity funds and the estimated deferred tax assets. See note 3 for additional information.

Note 2-Financial risk management

Through its activities, the Group is exposed to various types of financial risk: market risk, credit risk and liquidity risk. The Group's aim in relation to asset management is to secure continuing operations in order to ensure returns for the owners and other stakeholders. Argentum Fondsinvesteringer AS is a professional asset manager which over the long term aims to achieve an annual return on invested capital of at least 15 percent. This goal is in line with the best PE funds in Europe and shall be reached via minority investments in private equity funds.

Returns within private equity are largely driven by the manager's skill and expertise, and there may be significant disparities in returns between comparable private equity funds. Argentum aims to invest in the best 25 percent of PE funds (top quartile of returns). Prospective investments are evaluated in an extensive selection process that takes place in several stages. The stages in the selection process disregard the initial investment policy clarification, screening and top down assessment, extensive analyses of the manager's expertise and the composition of the team, prior results and investment strategy, including how the fund's strategy fits in with Argentum's overall portfolio. The Board of Argentum makes the final investment decision.

Diversification of risks in the PE portfolio is pursued through the development of a balanced portfolio with regard to time (year), industries, stages, geography and managers. Argentum seeks an active role in the investments it has undertaken during the ownership period, which is achieved by representation on the Board of Directors or investment committees in the PE funds. The company has established systems for monitoring and following up the PE portfolio.

Capital that has been provided and not invested shall in the interim be managed in the Norwegian money market in accordance with the framework conditions for liquidity management issued by the Board. The purpose of the management is to ensure the best possible risk-adjusted return, with strict guidelines for good liquidity and low interest rate risk and credit risk.

The Argentum Fondsinvesteringer Group is exposed to various types of risk through its private equity investments and through its investments in interest rate instruments in the Norwegian securities market, including credit risk, liquidity risk, currency risk, interest rate risk and other market risks. Argentum did not have any interest-bearing liabilities at 31 December 2013.

Credit risk

Credit risk principally arises in connection with investments in interest rate instruments, and bank deposits. For investments in interest rate instruments, credit risk is minimised by means of limits on exposure to issuer sectors and per issuer. Investments in money market instruments are restricted to the state, municipality/county and finance sectors (note 7).

Liquidity risk

Liquidity risk associated with the investments in funds is the risk of the Group not having the means to make ongoing payments to the funds within committed capital. These conditions are incorporated into the Group's investment plans and forecasts, and are managed through a liquidity control model that takes into account commitments to the current portfolio and the future commitment programme. In addition, there is a credit facility of NOK 750 million, which had not been utilised at the end of 2013. Liquidity risk is considered to be low. Also see note 6 concerning committed capital in the PE portfolio.

For assets managed in the money market, liquidity risk concerns whether the assets can be converted to cash within a reasonable period of time, to secure financial flexibility for investment purposes. This risk is regulated through a framework on risk diversification and portfolio composition requirements, including the requirement to invest in securities with good liquidity.

Currency risk

The Group Argentum Fondsinvesteringer is exposed to currency risk due to the Group investing part of its capital in private equity funds denominated in other currencies than Norwegian kroner. Capital calls for the funds with a different base currency than Norwegian kroner could be affected by exchange rate fluctuations and thereby affect Argentum's realised or unrealised returns.

The funds' investments in underlying portfolio companies are often not in the funds' base currency.

Exposure to the fund's functional currency may therefore last for only a short time, until the investments are undertaken. It is the Group's policy to refrain from engaging in currency hedging of investments denominated in other currencies.

Sensitivity analyses have been conducted, using the fair market value of all the portfolio companies in Argentum's portfolio as the starting point, measured in the underlying portfolio company's currency:

If the NOK had been 5 percent stronger/weaker against the EUR at 31 December 2013, with all other variables kept constant, this would have led to a lower/higher profit after tax of NOK 38.9 million for the parent company (NOK 29.6 million in 2012). The corresponding figure for the Group is NOK 43.7 million (NOK 31.9 million in 2012).

If the NOK had been 5 percent stronger/weaker against the USD at 31 December 2013, with all other variables kept constant, this would have led to a lower/higher profit after tax of NOK 23.5 million for the parent company (NOK 16.2 million in 2012). The corresponding figure for the Group is NOK 24.9 million (NOK 16.6 million in 2012).

If the NOK had been 5 percent stronger/weaker against the SEK at 31 December 2013, with all other variables kept constant, this would have led to a lower/higher profit after tax of NOK 51.1 million for the parent company (NOK 40.1 million in 2012). The corresponding figure for the Group is NOK 57.8 million (NOK 42.6 million in 2012).

If the NOK had been 5 percent stronger/weaker against the DKK at 31 December 2013, with all other variables kept constant, this would have led to a lower/higher profit after tax of NOK 22.5 million for the parent company (NOK 25.6 million in 2012). The corresponding figure for the Group is NOK 28 million (NOK 28.5 million in 2012).

Interest rate risk

Capital that is managed in the Norwegian money market is exposed to interest rate risk. Interest rate risk is managed through limits on the duration of the total portfolio of money market instruments. The maximum duration of the portfolio is 1 year. At 31 December 2013, the actual duration of the portfolio, weighted by market values, was about 0.32 years, compared with 0.54 years in 2012.

A one percent increase/reduction in market interest rates at 31 December 2013 would reduce/increase the value of the money market portfolio by NOK 0.32 million compared with NOK 4.2 million in 2012. Net income and equity would be reduced/increased by NOK 0.23 million compared with NOK 3.1 million in 2012, with all other variables kept constant.

Other market price risk

Market price risk is related to the risk of a reduction in the Group's value due to an unexpected and unfavourable market movement. The Group invests in unlisted shares via venture funds and buyout funds. For the venture capital segment in particular, there is a high risk associated with individual investments, with the opportunity for high returns, but also a substantial loss.

Argentum seeks to reduce risk concentration in the investment portfolio by diversifying the investments across a number of funds and managers and over different investment dates, as well as investing in funds with differing investment focuses as regards sectors, phases and regions.

Argentum is exposed to interest rate risk on its fund investments that are valued pursuant to International Private Equity and Venture Capital (IPEV) Valuation Guidelines. The fair value of the funds' underlying portfolio investments is affected by changes in market interest rates.

Note 3 – Accounting estimates and judgements

Estimates and assumptions

Critical assumptions relating to future events and other important sources of estimate uncertainty at the reporting date, which entail a significant risk of a material change to the recognised values of assets and liabilities in the coming financial year, are commented on below.

Accounting item

(All amounts in NOK 1 000)	Note	Assumptions	Carrying amount, Parent	Carrying amount, Group
Private equity fond	6	Fair value option	6 540 599	7 248 009
Deferred tax assets	18	Estimate of future utilisation of tax position	43 394	43 394
				C

Fair value option private equity funds

There will be uncertainty associated with the pricing of financial instruments that are not priced in an active market. Any changes in the conditions could affect recognised values. The investments in private equity funds are valued based on the net asset value (NAV) that is reported by the funds. As mentioned in note 1.9 Financial instruments, the Group applies the fair value option for investments in private equity funds. Fair value is determined based on the measurement principles laid down in IAS 39 and guidelines for valuation in accordance with International Private Equity and Venture Capital (IPEV), see www.privateequityvaluation.com.

Management has based its evaluations on the information that is available in the market in combination with best judgements. No new information has emerged concerning significant events that occurred or conditions already existing at the end of the reporting period, 31 December 2013, and in the period up to the Board's adoption of the accounts on 22 May 2014. See note 6 for valuation of the PE portfolio.

Deferred tax assets

Deferred tax assets are recognised for tax losses carried forward and other tax-reducing differences to the extent that it is probable that future taxable profit will be available against which the tax losses can be utilised. Management is required to exercise considerable judgement in determining the amount of the deferred tax asset recognised in the balance sheet based on the timing and size of future taxable profits and future strategies for tax planning.

Note 4 – Financial instruments at fair value

The table below shows financial instruments at fair value by measurement method. The various levels are defined as follows:

Level 1:

Financial instruments that are measured using quoted prices in active markets for identical assets and liabilities.This category includes the Group's portfolio of market-based bonds and certificates, as well as listed shares.

Level 2:

Financial instruments that are measured using inputs other than quoted prices, but where the prices are directly or indirectly observable for the asset or liability, including quoted prices in inactive markets for identical asset or liabilities.The Group does not have any financial instruments at this level.

Level 3:

Financial instruments that are measured using unobservable market data. Financial instruments are considered to be measured based on unobservable market data if fair value is established without being based on quoted prices in active markets or observable market data.

The Group's private equity portfolio is placed in level 3. Measurement policies for the private equity portfolio are described in note 1.8 Financial instruments.

The table below shows the distribution of financial instruments measured at fair value through profit or loss in three levels based on the measurement method.

Parent, 31 December 2013

(All amounts in NOK 1 000)	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Private equity funds			6 540 599	6 540 599
Financial assets at fair value through profit or loss	187 902			187 902
Total	**187 902**		**6 540 599**	**6 728 501**

Parent, 31 December 2012

(All amounts in NOK 1 000)	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Private equity fund			5 303 898	5 303 898
Financial assets at fair value through profit or loss	795 165			795 165
Total	**795 165**		**5 303 898**	**6 099 063**

Group, 31 December 2013

(All amounts in NOK 1 000)	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Private equity fund			7 246 286	7 246 286
Listed shares	1 723			1 723
Financial assets at fair value through profit or loss	187 902			187 902
Total	**189 625**		**7 246 286**	**7 435 911**

Group, 31 December 2012

(All amounts in NOK 1 000)	Level 1	Level 2	Level 3	Total
Financial assets				
Private equity funds			5 665 965	5 665 965
Listed shares	4 888			4 888
Financial assets at fair value through profit or loss	795 165			795 165
Total	**800 053**		**5 665 965**	**6 466 018**

The following table presents the changes in instruments classified as level 3 at 31 December 2013.

Level 3

(All amounts in NOK 1 000)	Parent	Group
Opening balance	5 303 898	5 665 965
Investments during the period	900 705	1 334 504
Sales in the period	(703 617)	(901 519)
Unrealised gains recognised in the income statement	1 039 613	1 147 336
Closing balance	**6 540 599**	**7 246 286**

Total gains from level 3 financial instruments are specified in the table below.

Total gains level 3

(All amounts in NOK 1 000)	Parent	Group
Realised gains level 3	258 389	290 152
Unrealised gains level 3	1 039 613	1 147 336
Total gains level 3	**1 298 002**	**1 437 488**

There were no transfers between levels in either 2013 or 2012.

Note 5 – Financial instruments by category

The following policies for subsequent measurement of financial instruments have been applied to financial instruments in the balance sheet:

Parent, 31 December 2013

(All amounts in NOK 1 000)	Loans and receivables	Fair value through profit or loss	Fair value option	Total
Assets				
Private equity funds			6 540 599	6 540 599
Other receivables	103 419			103 419
Market-based bonds and certificates		187 902		187 902
Bank deposits	304 473			304 473
Total	**407 892**	**187 902**	**6 540 599**	**7 136 393**

Parent, 31 December 2012

(All amounts in NOK 1 000)	Loans and receivables	Fair value through profit or loss	Fair value option	Total

Assets				
Private equity funds			5 303 898	5 303 898
Other receivables	405 716			405 716
Market-based bonds and certificates		795 165		795 165
Bank deposits	71 986			71 986
Total	**477 702**	**795 165**	**5 303 898**	**6 576 765**

Group, 31 December 2013

(All amounts in NOK 1 000)	Loans and receivables	Fair value through profit or loss	Fair value option	Total
Assets				
Private equity funds			7 246 286	7 246 286
Listed shares		1 723		1 723
Other receivables	107 297			107 297
Market-based bonds and certificates		187 902		187 902
Bank deposits	407 270			407 270
Total	**514 567**	**189 625**	**7 246 286**	**7 950 478**

Group, 31 December 2012

(All amounts in NOK 1 000)	Loans and receivables	Fair value through profit or loss	Fair value option	Total
Assets				
Private equity funds			5 665 965	5 665 965
Listed shares		4 888		4 888
Other receivables	408 248			408 248
Market-based bonds and certificates		795 165		795 165
Bank deposits	339 617			339 617
Total	**747 865**	**800 053**	**5 665 965**	**7 213 884**

Note 6 – Investments in private equity funds

Specification of investments in private equity funds, Parent

Parent, 31 December 2013

All amounts in NOK 1 000	Jurisdiction	Registerd office	Holding	Currency	Remaining commitment (local currency)
Teknoinvest VIII KS	Norge	Oslo	32.11 %	EUR	
Teknoinvest VIII B DIS	Norge	Oslo	32.11 %	EUR	
Teknoinvest VIII C IS	Norge	Oslo	61.95 %	NOK	7 644
Northzone IV K/S	Danmark	Oslo	25.05 %	EUR	
Northzone IV SPV	Jersey	Oslo	77.00 %	EUR	
Energy Ventures IS	Norge	Stavanger	22.09 %	NOK	2 014
CapMan Equity VII LP	Guernsey	Helsinki	22.11 %	EUR	
Sector Speculare AS	Norge	Oslo	10.00 %	NOK	
Convexa Capital IV AS	Norge	Oslo	16.34 %	NOK	

Viking Venture II AS	Norge	Trondheim	13.75 %	NOK	
Viking Venture II B IS	Norge	Trondheim	66.91 %	NOK	3 683
Norvestor IV LP	Guernsey	Oslo	14.26 %	EUR	3 738
NeoMed Innovation IV LP	Jersey	Oslo	11.46 %	EUR	356
FSN Capital LP II	Jersey	Oslo	11.46 %	EUR	
Energy Ventures II KS	Norge	Stavanger	20.18 %	NOK	428
Energy Ventures II B IS	Norge	Stavanger	46.73 %	NOK	22 958
Verdane Capital V B K/S	Danmark	Oslo	28.29 %	SEK	
CapMan Buyout VIII LP	Guernsey	Helsinki	9.63 %	EUR	3 386
HitecVision Private Equity IV LP	Guernsey	Stavanger	20.13 %	USD	4 582
Verdane ETF III SPV KS	Danmark	Oslo	14.05 %	EUR	4 488
Axcel III K/S	Danmark	København	2.46 %	DKK	
Northzone V K/S	Danmark	Oslo	11.31 %	EUR	2 075
EQT V LP	Guernsey	Stockholm	0.58 %	EUR	2 047
Borea Opportunity II AS	Norge	Bergen	9.59 %	NOK	33 877
Verdane Capital VI K/S	Danmark	Oslo	9.90 %	SEK	19 689
Creandum II LP	Guernsey	Stockholm	12.07 %	SEK	16 232
Intera Fund I KY	Finland	Helsinki	11.88 %	EUR	1 723
Litorina Kapital III LP	Jersey	Stockholm	8.61 %	SEK	10 453
Norvestor V LP	Guernsey	Oslo	13.52 %	EUR	5 431
HitecVision V LP	Guernsey	Stavanger	9.40 %	USD	3 839
Viking Venture III IS	Norge	Trondheim	13.17 %	NOK	20 456
Nordic Capital VII LP	Jersey	Stockholm	0.81 %	EUR	7 057
Procuritas Capital Investors IV LP	Guernsey	Stockholm	22.46 %	EUR	3 924
Nordic PEP HC IS	Norge	Bergen	91.36 %	NOK	47 246
Nordic PEP 1 IS	Norge	Bergen	70.08 %	EUR	7 652
CapMan Buyout IX LP	Guernsey	Helsinki	8.40 %	EUR	2 107
Verdane Capital VII K/S	Danmark	Oslo	11.55 %	SEK	11 948
Argentum Secondary I IS	Norge	Bergen	97.02 %	NOK	63 074
Argentum Secondary II IS	Norge	Bergen	79.37 %	NOK	247 143
Argentum Investment Partner IS	Norge	Bergen	47.05 %	NOK	125 797
Northzone VI LP	Jersey	Oslo	12.09 %	EUR	4 399
HitecVision Asset Solutions LP	Guernsey	Stavanger	14.10 %	USD	13 026
Energy Ventures IV LP	Guernsey	Stavanger	7.44 %	USD	14 868
Axcel IV K/S	Danmark	København	3.14 %	DKK	54 924
EQT VI LP	Guernsey	Stockholm	0.05 %	EUR	1 409
NPEP HitecVision VI IS	Norge	Bergen	58.88 %	USD	33 427
NPEP Norvestor VI IS	Norge	Bergen	60.02 %	NOK	100 275
Norsk Holding IS	Norge	Bergen	99.00 %	NOK	4 945
NPEP Nord II IS	Norge	Bergen	60.33 %	NOK	38 997
NPEP NeoMed V IS	Norge	Bergen	37.33 %	EUR	2 789
N5 Investment IS	Norge	Bergen	60.34 %	EUR	1 975
NPEP Accent Equity 2012 IS	Norge	Bergen	49.20 %	NOK	20 830
Argentum Secondary III IS	Norge	Bergen	70.32 %	NOK	1 826 311
Nordic Additional Funding Programme IS	Norge	Bergen	61.53 %	NOK	416 357
NPEP Procuritas V IS	Norge	Bergen	62.40 %	EUR	15 966
Argentum Investment Partner II IS	Norge	Bergen	48.03 %	NOK	159 046
NPEP CapMan X IS	Norge	Bergen	70.46 %	EUR	12 083

NPEP Riverstone GE&P V IS	Norge	Bergen	80.50 %	USD	9 563
NPEP Nordic Capital VIII IS	Norge	Bergen	54.20 %	EUR	7 883
NPEP Triton IV IS	Norge	Bergen	53.90 %	EUR	14 246
NPEP FSN IV IS	Norge	Bergen	67.12 %	SEK	115 429
NPEP Herkules IV IS	Norge	Bergen	84.20 %	NOK	66 283
NPEP Northzone VII IS	Norge	Bergen	92.79 %	EUR	13 455

*Argentum Fondsinvesteringer AS has a direct holding of 29.186% in Teknoinvest VIII KS. Through the general partner, Teknoinvest VIII (GP) KS, the company has an indirect ownership position of 2.919%.

Investments in private equity funds	**Parent**	
(All amounts in NOK 1 000)	**2013**	**2012**
Cost price, NOK	5 077 052	4 879 964
Carrying amount, NOK	6 540 599	5 303 898
Excess value portfolio	**1 463 546**	**423 933**

The residual liability at 31 December 2013 was NOK 4,906 million. The residual liability is gradually paid as the private equity funds make investments.

Specification of investments in private equity funds, Group

Group, 31 December 2013

(All amounts in NOK 1 000)	**Jurisdiction**	**Registerd office**	**Holding**	**Currency**	**Remaining commitment (local currency)**
Teknoinvest VIII KS	Norge	Oslo	32.43 %	EUR	-
Teknoinvest VIII B DIS	Norge	Oslo	32.43 %	EUR	-
Teknoinvest VIII C IS	Norge	Oslo	62.57 %	NOK	7 721
Northzone IV K/S	Danmark	Oslo	25.30 %	EUR	-
Northzone IV SPV	Jersey	Oslo	78.00 %	EUR	-
Energy Ventures IS	Norge	Stavanger	28.29 %	NOK	2 580
CapMan Equity VII LP	Guernsey	Helsinki	22.33 %	EUR	-
Sector Speculare AS	Norge	Oslo	10.10 %	NOK	-
Convexa Capital IV AS	Norge	Oslo	16.51 %	NOK	-
Viking Venture II AS	Norge	Trondheim	28.17 %	NOK	-
Viking Venture II B IS	Norge	Trondheim	67.59 %	NOK	3 720
Norvestor IV LP	Guernsey	Oslo	39.31 %	EUR	5 916
NeoMed Innovation IV LP	Jersey	Oslo	19.30 %	EUR	600
FSN Capital LP II	Jersey	Oslo	16.20 %	EUR	-
Energy Ventures II KS	Norge	Stavanger	23.78 %	NOK	504
Energy Ventures II B IS	Norge	Stavanger	47.20 %	NOK	23 190
Verdane Capital V B K/S	Danmark	Oslo	28.57 %	SEK	-
CapMan Buyout VIII LP	Guernsey	Helsinki	11.99 %	EUR	4 398
HitecVision Private Equity IV LP	Guernsey	Stavanger	22.92 %	USD	5 217
Verdane ETF III SPV KS	Danmark	Oslo	14.19 %	EUR	4 533
Axcel III K/S	Danmark	København	14.09 %	DKK	-
Northzone V K/S	Danmark	Oslo	17.66 %	EUR	3 239
EQT V LP	Guernsey	Stockholm	1.53 %	EUR	5 595
Borea Opportunity II AS	Norge	Bergen	16.91 %	NOK	60 110

Verdane Capital VI K/S	Danmark	Oslo	11.00 %	SEK	21 718
Creandum II LP	Guernsey	Stockholm	12.20 %	SEK	16 396
Intera Fund I KY	Finland	Helsinki	17.60 %	EUR	3 114
Litorina Kapital III LP	Jersey	Stockholm	9.31 %	SEK	11 338
Norvestor V LP	Guernsey	Oslo	15.78 %	EUR	6 751
HitecVision V LP	Guernsey	Stavanger	10.72 %	USD	4 379
Viking Venture III IS	Norge	Trondheim	13.31 %	NOK	20 663
Nordic Capital VII LP	Jersey	Stockholm	0.81 %	EUR	7 129
Procuritas Capital Investors IV LP	Guernsey	Stockholm	23.73 %	EUR	4 147
Herkules Private Equity III LP	Jersey	Oslo	4.99 %	NOK	51 856
Altor Fund III LP	Jersey	Stockholm	1.41 %	EUR	9 938
CapMan Buyout IX LP	Guernsey	Helsinki	12.23 %	EUR	4 513
Verdane Capital VII K/S	Danmark	Oslo	12.36 %	SEK	12 838
Northzone VI LP	Jersey	Oslo	12.86 %	EUR	4 549
HitecVision Asset Solutions LP	Guernsey	Stavanger	14.98 %	USD	13 836
Energy Ventures IV LP	Guernsey	Stavanger	8.14 %	USD	16 266
Axcel IV K/S	Danmark	København	3.43 %	DKK	60 092
EQT VI LP	Guernsey	Stockholm	0.06 %	EUR	1 768
HitecVision VI LP	Guernsey	Stavanger	5.19 %	USD	56 771
Norvestor VI LP	Guernsey	Oslo	14.61 %	NOK	167 297
Nord II IS	Norge	Tromsø	20.90 %	NOK	64 136
NeoMed Innovation V LP	Jersey	Oslo	12.00 %	EUR	7 470
N5 Investment IS	Norge	Oslo	99.00 %	EUR	5 290
Accent Equity 2012 LP	Storbritannia	Stockholm	1.32 %	SEK	43 397
Procuritas Capital Investors V LP	Guernsey	Stockholm	14.80 %	EUR	20 794
CapMan Buyout X LP	Guernsey	Helsinki	11.79 %	EUR	17 274
Riverstone Global Energy & Power Fund V	Cayman Island	New York	0.31 %	USD	12 845
Nordic Capital VIII LP	Jersey	Stockholm	0.45 %	EUR	14 491
Triton Fund IV LP	Jersey	Stockholm	0.87 %	EUR	26 648
FSN Capital IV LP	Jersey	Oslo	3.77 %	SEK	182 840
Herkules Private Equity Fund IV LP	Jersey	Oslo	14.96 %	NOK	78 325
Northzone VII LP	Jersey	Oslo	10.01 %	EUR	14 449
Altor Fund II LP	Jersey	Stockholm	0.42 %	EUR	-
Energy Ventures III LP	Guernsey	Stavanger	5.97 %	NOK	11 429
EQT III LP	Guernsey	Stockholm	0.25 %	EUR	-
EQT IV LP	Guernsey	Stockholm	0.12 %	EUR	246
FSN Capital III LP	Jersey	Oslo	1.32 %	EUR	560
Herkules Private Equity II LP	Jersey	Oslo	2.59 %	NOK	13 062
SPV Herkules II LP	Jersey	Oslo	1.45 %	NOK	2 116
IK 2000 Fund LP	Jersey	London	1.62 %	EUR	2 288
NeoMed Innovation III LP	Jersey	Oslo	26.11 %	USD	-
Nexit InfoCom II LP	Guernsey	Helsinki	5.88 %	EUR	814
Odin Equity Partners K/S	Danmark	København	5.78 %	DKK	-
Procuritas Capital Investors III LP	Guernsey	Stockholm	13.21 %	EUR	-
Progressus AS	Norge	Stavanger	27.53 %	NOK	45 550
Sector Speculare III Fund Class A USD	Norge	Oslo	1.90 %	USD	-
Verdane Capital IV AS	Norge	Oslo	3.38 %	NOK	186

Verdane Capital IV Twin AS	Norge	Oslo	3.38 %	NOK	-
Viking Venture I AS	Norge	Trondheim	41.57 %	NOK	-
DKA II A/S	Danmark	København	49.91 %	DKK	940
Axcel II A/S	Danmark	København	7.89 %	DKK	5 555
Royal Scandinavia Co-Investment	Danmark	København	23.18 %	DKK	-
SSB Energivekst ASA	Norge	Oslo	20.70 %	NOK	-
New Energy Solutions II K/S	Danmark	København	18.34 %	EUR	1 939
Rapp Holding IS	Norge	Tromsø	35.00 %	NOK	23 376
Kuros Biosurgery Holding AG*				EUR	-
Pareto PE II Institusjonelle AS/IS	Norge	Oslo	4.65 %	NOK	1 940
Pareto PE III AS/IS	Norge	Oslo	20.00 %	NOK	700
Global Energy Capital	Bermuda	Houston	6.49 %	USD	2 092

The residual liability at 31 December 2013 was NOK 3,139 million.

*In 2012, the company received shares in Kuros Biosurgery Holding AG as a result of the termination of the private equity fund NeoMed Innovation III LP. The investment in Kuros Biosurgery Holding AG is still managed by the NeoMed Innovation III LP management company, and the shareholding is therefore considered to be part of the total PE portfolio.

Investments in private equity funds	**Group**	
(All amounts in NOK 1 000)	**2013**	**2012**
Cost price, NOK	5 409 153	5 148 985
Carrying amount, NOK	7 045 171	5 653 965
Excess value portfolio	**1 636 018**	**504 981**

Listed shares, Group

(All amounts in NOK 1 000)	**Number of shares**	**Cost price**	**Previous change in value**	**Change in value for the period**	**Carrying amount**
Aqualis ASA (formerly Clavis Pharma ASA)	626 663	24 305	19 417	3 165	1 723

Listed shares in Aqualis ASA have been distributed to the investors in connection with the termination of the NeoMed Innovation III LP PE fund.

Other shares, Group		**2013**	**2012**
(All amounts in NOK 1 000)	**Number of shares**	**Cost price**	**Cost price**
Zi-Lift AS	13 553 196	12 000	12 000
Acona Invest AS	492 125	78 962	
Cubility AS	10 460	15 000	
NC Co-Invest AB	6 500	27 855	
Herkules Harding Holding AS	51 000	51 000	
Total cost, NOK		**184 816**	**12 000**
Total carrying amount, NOK		**201 115**	**12 000**

Other shares in the Group are part of the overall private equity portfolio.

Summary of private equity investments, Group 2013

(All amounts in NOK 1 000)	**Cost price**	**Carrying amount**	**Excess value 2013**	**Excess value 2012**

Investments in private equity funds	5 409 153	7 045 171	1 636 018	504 981
Investments in listed shares	24 305	1 723	(22 582)	(19 417)
Investments in other shares	184 816	201 115	16 298	
Total private equity investments	**5 618 275**	**7 248 009**	**1 629 735**	**485 564**

Recognised changes in value and realised gains

Realised returns on private equity fund investments are reported under Gain/loss on private equity fund investments in the income statement.

Changes in unrealised excess values are also reported under Gain/loss on private equity fund investments in the income statement.

	Parent		Group	
(All amounts in NOK 1 000)	**2013**	**2012**	**2013**	**2012**
Realised return	258 389	721 624	290 152	768 641
Unrealised change in value	1 039 613	93 386	1 144 171	83 621
Net gain/loss on PE investments	**1 298 002**	**815 010**	**1 434 323**	**852 262**
Excess value (shortfall value) portfolio	**1 463 546**	**423 933**	**1 629 735**	**485 564**

Estimating the fair value of investments

The fair value of investments in private equity funds is determined based on the fund's fair value on the reporting date. The fair value of the fund corresponds to the investment portfolio measured at fair value plus net other balance sheet items.

Also see note 3 for estimates and accounting judgements relating to the PE portfolio.

Note 7 – Market-based bonds and certificates

The Group's market-based financial bonds and certificates are owned by the parent company and managed by external asset managers.

The portfolio may be divided as follows:

	2013		2012	
(All amounts in NOK 1 000)	**Carrying amount**	**Cost**	**Carrying amount**	**Cost**
Accrued interest	1 148	1 148	8 542	8 542
Bank deposits	1 387	1 387	949	949
Certificates	39 697	39 521	206 039	205 584
Bonds	145 669	146 094	579 634	578 067
Total	**187 902**	**188 150**	**795 165**	**793 143**

	2013		2012	
(All amounts in NOK 1 000)	**Carrying amount**	**Cost**	**Carrying amount**	**Cost**
Certificates				
State	39 697	39 521	176 931	176 584
Finance			29 107	29 000
Total	**39 697**	**39 521**	**206 309**	**205 584**

Bonds				
State	4 191	4 340	12 467	12 877
Finance	141 478	141 754	567 168	565 190
Total	**145 669**	**146 094**	**579 634**	**578 067**

Unrealised changes in value for the parent company and the Group in 2013 were negative at NOK 2.3 million (positive at NOK 7.2 million in 2012). These are included under Return on market-based current financial assets in the income statement. See note 19. At 31 December 2013, the actual duration of the portfolio, weighted by market values, was about 0.32 years, compared with 0.54 years in 2012.

For investments in bonds and certificates at financial institutions the issuer must have equity of at least NOK 250 million or be credit-cleared as an investment grade company, i.e. a rating that is equivalent to or better than Baa3 from Moody's or BBB from Standard & Poor's.

Note 8 – Trade receivables and other receivables

Fair value corresponds to the book value of trade receivables and other receivables.

	Parent		Group	
(All amounts in NOK 1 000)	**2013**	**2012**	**2013**	**2012**
Trade receivables	65	3 395	65	185
Prepaid rent	24	24	24	24
Other prepaid expenses	498	460	498	529
Other current receivables	102 833	401 837	106 711	407 511
Total	**103 419**	**405 716**	**107 297**	**408 248**

Included in trade receivables and other current receivables for the parent company in 2013 are Group contributions of NOK 36.1 million (NOK 100.6 million in 2012). Also included are NOK 66.5 million (NOK 302.6 million in 2012) of other current receivables for the parent company relating to proceeds from realisations in the private equity portfolio in 2013, although these are not disbursed to the investors until 2014. The corresponding figure for the Group in 2013 is NOK 95.2 million (NOK 406.3 million in 2012).

Note 9 – Cash and cash equivalents

	Parent		Group	
(All amounts in NOK 1 000)	**2013**	**2012**	**2013**	**2012**
Cash at bank and in hand	303 143	70 874	405 940	338 505
Restricted tax withholdings	1 330	1 113	1 330	1 113
Total	**304 473**	**71 986**	**407 270**	**339 617**

Cash and cash equivalents in the cash flow statement	**303 143**	**70 874**	**405 940**	**338 505**

Credit rating of bank deposits (Moody's)	**2013**	**2012**	**2013**	**2012**
A1	304 473	71 986	407 270	339 617

Note 10 – Share capital and share premium

	2013	2012
Ordinary shares, nominal value of NOK 1 000	1 953 166	1 953 166

Changes in share capital and share premium, parent				
(All amounts in NOK 1 000)	**Share capital**		**Share premium**	
	2013	**2012**	**2013**	**2012**
Ordinary shares, issued and paid				
Opening balance	1 953 166	1 953 166	2 696 706	2 696 706
Closing balance	**1 953 166**	**1 953 166**	**2 696 706**	**2 696 706**

Argentum Fondsinvesteringer AS is wholly owned by the Ministry of Trade, Industry and Fisheries.

Note 11 – Subsidiaries

Company	Domicile	Main business	Holding	Voting rights
Bradbenken Partner AS	Norway	Investering	90.00 %	90.00 %
Argentum Nordic PEP 1 AS	Norway	Investering	100.00 %	100.00 %
Argentum Secondary AS	Norway	Investering	100.00 %	100.00 %
Argentum Nordic PEP HC AS	Norway	Investering	100.00 %	100.00 %
Argentum Investment Partner AS	Norway	Investering	100.00 %	100.00 %
Argentum NPEP AS	Norway	Investering	100.00 %	100.00 %
Nordic Additional Funding AS	Norway	Investering	100.00 %	100.00 %
Argentum Asset Management AS	Norway	Management	100.00 %	100.00 %

Shares in subsidiaries are accounted for using the cost method. The carrying amounts at 31 December 2013 are as follows:

Company	
(All amounts in NOK 1 000)	**Carrying amount**
Bradbenken Partner AS	51 610
Argentum Nordic PEP 1 AS	4 030
Argentum Secondary AS	24 297
Argentum Nordic PEP HC AS	6 030
Argentum Investment Partner AS	10 535
Argentum NPEP AS	10 035
Nordic Additional Funding AS	4 035
Argentum Asset Management AS	30
Total	**110 602**

Shareholdings are eliminated in the consolidated financial statements.

The subsidiary Bradbenken Partner AS has the right and a duty to invest in parallel with 1 percent of Argentum's investments. 90 percent of the company is owned by Argentum Fondsinvesteringer AS through preference shares. This class of shares has preferential rights to a dividend up to a return equivalent to the risk-free rate plus a risk premium. The remaining 10 percent is owned by employees of Argentum Fondsinvesteringer AS.

Note 12 – Investments in joint ventures

Argentum Investment Partner AS is the principal in the internal partnerships Argentum Investment Partner IS and Argentum Investment Partner II IS. The underlying business operations occur in the internal partnerships, where Argentum Fondsinvesteringer AS and the Group control 47.05 percent and 49.52 percent respectively of the voting capital in Argentum Investment Partner IS and 48.03 percent and 49.52 percent of the voting capital in Argentum Investment Partner II IS.

The parent company's investment in Argentum Investment Partner IS and Argentum Investment Partner II IS is included in the PE note for the parent company in note 6.

The following gross values for income statement items and assets and liabilities form the basis for the consolidation.

Argentum Investment Partner AS

(All amounts in NOK 1 000)	**2013**	**2012**
Private equity investments	300 503	174 007
Other receivables	1 527	1 285
Bank deposits	27 883	30 754
Total assets	329 912	206 046
Equity	329 629	205 313
Current liabilities	283	733
Total equity and liabilities	329 912	206 046
Gains/losses on private equity fund investments	55 822	10 259
Operating expenses	(2 497)	(2 576)
Operating profit	53 325	7 683
Net financial items	324	346
Tax expenses	0	0
Profit/(loss) for the year	53 650	8 029

Note 13 – Other operating expenses

Specification of other operating expenses for the parent and Group companies:

Other operating expenses

(All amounts in NOK 1 000)	**Parent Company**		**Group**	
	2013	**2012**	**2013**	**2012**
Depreciation of property, plant and equipment	756	493	756	493
Auditors' fees	301	646	855	991
Lease costs/common costs	4 686	3 761	4 686	3 761
IT expenses	679	535	535	535
Various fees and services	16 760	11 415	21 725	16 158

Travel expenses	2 109	1 553	2 109	1 553
Other expenses	6 968	6 552	7 247	6 683
Total	**32 258**	**24 954**	**37 912**	**30 173**

Note 14 – The Board's statement on determination of salaries and other remuneration of executive management

The statement regarding remuneration of the CEO and other executives has been prepared in accordance with regulations set out in the Norwegian Public Limited Liability Companies Act and the Accounting act.

Remuneration guidelines

Argentum Fondsinvesteringer AS has established guidelines for the remuneration of executive management which are intended to ensure that highly qualified colleagues are attracted, developed and retained. The company's compensation schemes shall be competitive with similar companies in the asset management sector, although without taking the lead in a total remuneration context.

Decision process

The Board has established a compensation committee consisting of the Chairman, Deputy Chairman and one member of the Board. The CEO attends the committee's meetings, except on occasions when the committee is considering matters concerning or having consequences for the CEO.

The committee is an advisory body to the Board and its tasks include:

- Preparing proposals for guidelines and frameworks for establishing the salary and remuneration of executive management and following up their practice
- Conducting an annual evaluation and presenting recommendations to the Board regarding the CEO's total remuneration
- Being briefed and consulted by the CEO about remuneration of other executives

Main remuneration principles in the coming financial year

The following statement on the remuneration of executive management will be presented for an advisory vote at the ordinary general meeting in June 2014. The Board proposes that the guidelines described below form the basis for 2014 and the period up to the Annual General Meeting in 2015.

Executive management's remuneration shall always reflect the individual executive’s responsibilities for managing the company. Total remuneration for the CEO and other executives shall be competitive with similar companies in the asset management sector, although without taking the lead in a total remuneration context.

Total remuneration for the CEO and other executives consists of fixed remuneration and a profit-related component. The CEO also has an agreement on severance pay in the event that the company is wound up. With effect from 2013, a synthetic share-based long-term incentive scheme for certain executives is being introduced. There were no participants in the scheme at the end of 2013.

Fixed remuneration

Fixed remuneration for executives consists of base salary, with the addition of payments in kind such as compensation for a company car or mileage allowance, free telephone and newspapers, shall life annuity and insurance arrangements. The granting of payments in kind must follow market practice and not be substantial in relation to the fixed salary. The base salary of each executive is reviewed annually in light of the responsibility and complexity of the position, the manager's contribution to the company's development, qualifications and experience and general salary trends in society in general. The manager's contribution is assessed each year against the attainment of predefined individual objectives.

Pension

The company has a defined-contribution pension scheme that covers all employees. Contributions are paid on the basis of the individual employee’s salary. For salaries between one and six times the National Insurance basic amount (G), five percent of the fixed salary is paid. For salaries of 6-12 times the National Insurance basic amount (G), eight percent of the fixed salary is paid. For fixed salary exceeding 12 times the National Insurance basic amount (G), no contributions are made to the scheme. The company’s pension arrangements meet the requirements of the Act relating to mandatory occupational pensions. In addition to the defined contribution pension scheme, contributions are also paid into an annuity insurance for the CEO and certain executives. The total pension premium for the CEO amounted to NOK 388,000 for 2013.

Variable pay

Argentum has linked part of the remuneration to the company's results and other objectives. A new agreement for variable pay has been established with effect from 2013, which replaces previous agreements. The scheme works by making annual provisions that are equivalent to 2 percent of the return on the private equity investments less a minimum return equivalent to 3 months’ Nibor plus 75 basis points calculated on two percent of the company's average invested capital during the year. The annual bonus provision is limited to a total figure equivalent to 6 months' fixed remuneration for persons covered by the scheme. The bonus for the individual participant consists of a result-based element and a discretionary element, linked to the attainment of defined key performance indicators. The CEO's proportion of the result-based element constitutes 35 percent for 2014. The agreement is valid for a specific period and expires in 2017. In connection with the termination of previous variable pay agreements, a transition scheme has been established which applies up to and including 2016, and which means that the payments going forward will reflect previously earned variable pay. Total annual variable pay may not exceed six months fixed remuneration in the year of payment.

Long-term incentive

The long-term incentive scheme (LTI) is offered to selected executives who are not participating in the co-investment scheme through Bradbenken Partner AS. The participants are obligated to invest a portion of their fixed base salary after tax in synthetic shares in Argentum. The synthetic shares are valued at market price at the time of acquisition, which is based on the book value of equity (in accordance with IFRS) per share in Argentum. The synthetic shares have a lock-in period of three years. For participants who resign on their own initiative, or are dismissed, the company may require the synthetic shares that are covered by the lock-in period to be realised at the lower of cost price and market price. There were no participants in the scheme at the end of 2013.

Severance pay

If the company is wound up by the Norwegian parliament or another public authority, the CEO is entitled to 2 years' severance pay, life insurance premiums and other remuneration. Other salary income, including the Board fee which the CEO earns 2 years after resigning, will be deducted from the payments. This type of remuneration does not provide entitlement to holiday pay.

Main policies for determining remuneration during the previous financial year

Remuneration of the CEO and other executives for the 2013 financial year was based on the same guidelines as described above. The Board confirms that the guidelines for executive remuneration set out in 2013 have been followed. In January 2013, the Board decided to adjust the CEO's fixed remuneration by 3.5 percent, resulting in an increase in the base salary from NOK 3,200,000 to NOK 3,312,000 with effect from 1 January 2013. The base salary for other executives was increased by an average of 3.9 percent in the annual salary adjustments.

Note 15 – Payroll expenses, number of employees, remuneration, loans to employees etc.

Payroll expenses

(All amounts in NOK 1 000)	Parent		Group	
	2013	**2012**	**2013**	**2012**
Fixed salaries	20 659	15 777	20 659	15 777
Variable pay	6 340	15 040	6 340	15 040
Employer's National Insurance contributions	4 247	4 716	4 247	4 716
Pension costs	1 321	1 030	1 321	1 030
Other benefits	2 065	1 689	2 065	1 689
Total	**34 631**	**38 252**	**34 631**	**38 252**

The company employed 21.0 full time equivalents in 2013 compared with 16.8 in 2012.

Remuneration etc. in 2013

(All amounts in NOK 1 000)	**Salary**	**Variable pay**	**Pension**	**Other benefits**	**Board fees**
CEO	3 346	1 933	388	210	
CFO	1 489	745	61	11	
Director of Business Development and Market Research	1 692	750	161	111	
Board of Directors					796
Total	**6 527**	**3 428**	**611**	**332**	**796**

Remuneration etc. in 2012

(All amounts in NOK 1 000)	**Salary**	**Variable pay**	**Pension**	**Other benefits**	**Board fees**
CEO	3 235	1 867	375	204	
CFO	1 419	715	59	12	
Director of Business Development and Market Research	1 495	300	176	112	
Board of Directors					757
Total	**6 149**	**2 882**	**610**	**328**	**757**

No loans or collateral have been provided for the CEO, other employees, Chairman or other related parties.

Variable pay

For the 2013 financial year, a provision of NOK 6,340,028 has been made for variable pay. The CEO received NOK 1,933,000 in variable pay in 2013 (NOK 1,867,000 in 2012).

Pension

The CEO has a defined contribution pension scheme and an agreement on annuity insurance contributions, the total cost of which was NOK 388,000 in 2013.

Auditors' fees (excluding vat)

(All amounts in NOK 1 000)	Parent		Group	
	2013	**2012**	**2013**	**2012**
Statutory audit	215	216	643	491
Other attestation services	4	5	16	5
Tax advisory services	4	0	4	0
Other services not included in the audit*	20	307	23	308
Total	**242**	**527**	**685**	**803**

* Other services not included in the audit in 2012 included remuneration of NOK 222,238 in respect of companies with which the auditors have a special collaboration. The most important of these related to assistance with updating a Nordic PE database, which was undertaken by Öhrlings PricewaterhouseCoopers AB.

Note 16 – Lease agreements

The Group has signed leases on its offices in Bergen and Oslo.

For the Bergen office, the lease term is 5 years, from 1 September 2010 to 1 September 2015. The annual rent for 2013 was NOK 1,701,698 (NOK 1,271,103 in 2012). The increase is due to an increase in surface area. The rent is adjusted for inflation during the lease term.

For the Oslo office, an agreement was signed to lease the premises for a 4-year period, from 1 April 2011 to 30 June 2015. At the end of this period, there is an option to renegotiate a further 5-year period. The total annual rent for 2013 was NOK 1,189,926 (NOK 1,066,863 in 2012). The rent is adjusted for inflation during the lease term.

Note 17 – Other current liabilities

Other current liabilities

(All amounts in NOK 1 000)	Parent		Group	
	2013	**2012**	**2013**	**2012**
Trade payables	4 825	5 213	5 259	5 964
Government taxes	6 090	5 668	6 090	5 668
Provisions	644	2 988	644	2 988
Other current liabilities	32 609	26 827	39 310	159 660
Total	**44 167**	**40 695**	**51 302**	**174 280**

Other current liabilities for the Group in 2012 include NOK 121,112,414 in connection with the residual settlement of the portfolio purchase in Argentum Secondary AS linked to the investment in Axcel II A/S, Axcel III K/S and Royal Scandinavia CoInvestment in 2012. Settlement with the seller of the interests was completed in mid-May 2013. In connection with the settlement amount, the parent company Argentum Fondsinvesteringer had set up a guarantee with a face value of NOK 130,000,000 at DNB Bank ASA, with the seller of the aforementioned interests as the guarantee creditor.

Note 18 – Income taxes

Tax expenses

(All amounts in NOK 1 000)	Parent		Group	
	2013	**2012**	**2013**	**2012**
Taxes payable	0	0	0	0
Change in deferred tax	(20 169)	6 004	(20 169)	6 004
Total	**(20 169)**	**6 004**	**(20 169)**	**6 004**

Calculation of the tax basis for the year				
Profit/(loss) before tax	1 263 598	798 625	1 384 528	825 905
Permanent differences	(1 331 813)	(780 054)	(1 453 346)	(807 368)
Change in temporary differences	(939)	73	(939)	73
Tax basis before Group contribution	(69 154)	18 645	(69 756)	18 610
Group contribution	0	0	0	0
Utilised tax loss carryforwards	0	(18 645)	0	(18 610)
Taxable income	(69 154)	0	(69 756)	0
Taxes payable, 28%	**0**	**0**	**0**	**0**

Deferred tax assets in the balance sheet relate to the following temporary differences

(All amounts in NOK 1 000)	Parent		Group	
	2013	**2012**	**2013**	**2012**
Operating assets	238	(16)	238	(16)
Financial instruments	221	2 905	221	2 905
Tax loss carryforward	(43 852)	(26 113)	(45 324)	(27 335)
Tax loss carryforward, not capitalised 1)	0	0	1 472	1 222
Total deferred tax assets	**(43 394)**	**(23 224)**	**(43 394)**	**(23 224)**

Reconciliation of the year's tax expense				
28% tax on profit before tax	353 807	223 615	387 668	231 253
Tax effect of permanent differences	(372 908)	(218 415)	(406 955)	(226 063)
Tax effect of temp. diff., financial instruments	(2 676)	804	(2 676)	804
Tax effect of utilised tax loss carryforwards, subsidiaries	0	0	0	(71)
Change in tax loss carryforwards, not capitalised 1)	0	0	186	81
Tax effect of changed tax rate 2)	1 607	0	1 607	0
Calculated tax expense	**(20 169)**	**6 004**	**(20 169)**	**6 004**
Effective tax rate	-1.60 %	0.75 %	-1.46 %	0.73 %

1) Deferred tax for tax-reducing differences (mainly tax loss carryforwards) in subsidiaries is not capitalised unless the Group can substantiate future utilisation of these tax positions.

2) The tax rate for income tax was 28 percent in 2013. A change of tax rate to 27 percent has been enacted with effect from the financial year 2014. As temporary differences at 31 December 2013 are expected to reverse in a tax basis that is subject to 27 percent income tax, deferred tax assets in the balance sheet at 31 December 2013 are calculated using a 27 percent tax rate.

Note 19 – Financial items

Financial items

	Parent		Group	
(All amounts in NOK 1 000)	**2013**	**2012**	**2013**	**2012**
Financial income				
Interest income	4 867	1 999	7 320	3 782
Exchange gains	4 103	4 026	11 565	10 252
Other financial income	3 524	1 990	543	291
Gross return on market-based bonds and certificates	13 054	37 921	13 054	37 921
Total financial income	**25 548**	**45 935**	**32 482**	**52 246**
Financial expenses				
Exchange losses	(2 056)	(7 996)	(7 028)	(10 755)
Other financial expenses	(7 934)	(3 399)	(7 968)	(3 392)
Total financial expenses	**(9 990)**	**(11 396)**	**(14 996)**	**(14 147)**
Total financial items	**15 558**	**34 540**	**17 487**	**38 099**

Realised returns and unrealised changes in the value of financial assets at fair value through profit or loss are included in the gross return on market-based current financial assets.

A credit facility of NOK 750 million was set up in 2013. The arrangement fees, commissions and interest on the credit facility are recognised in other financial expenses. The facility had not been utilised at the end of 2013.

Note 20 – Tangible fixed assets (Parent and Group)

Varige driftsmidler, mor og konsern

(Alle tall i NOK 1 000)	**Kunst**	**Driftsløsøre**	**Anlegg under utførelse**	**Sum**
Balanseført verdi per 31.12.11	1 578	1 272	0	2 851
Tilgang	0	194	3 969	4 164
Avskrivninger	0	(493)	0	(493)
Nedskrivninger	0	0	0	0
Avhendelser	0	0	0	0
Balanseført verdi per 31.12.12	**1 578**	**973**	**3 969**	**6 521**
Opprinnelig ansaffelseskost	1 578	4 943	3 969	10 490
Samlede av- og nedskrivninger	0	(3 969)	0	(3 969)
Balanseført verdi per 31.12.12	**1 578**	**974**	**3 969**	**6 521**
Tilgang	0	4 699	2 973	7 672
Avskrivninger	0	(756)	0	(756)
Nedskrivninger	0	0	0	0
Avhendelser	0	0	(3 969)	(3 969)

Balanseført verdi per 31.12.13	1 578	4 917	2 973	9 468

Opprinnelig ansaffelseskost	1 578	9 642	2 973	14 193
Samlede av- og nedskrivninger	0	(4 725)	0	(4 725)
Balanseført verdi per 31.12.13	**1 578**	**4 917**	**2 973**	**9 468**

Note 21 – Intra-Group balances

At 31 December 2013, Argentum Fondsinvesteringer AS had outstanding Group receivables of NOK 36.1 million (100.6 million in 2012). These are mainly related to distributions from Argentum Secondary AS accrued to 2013,
which were paid early in 2014 (and 2013).

Until December 2013, Bradbenken Partner AS had outstanding balances with Argentum Fondsinvesteringer AS. These were settled in mid-December 2013. The outstanding balances accrue interest at market rates and the interest expense recognised for Argentum Fondsinvesteringer AS amounted to NOK 28,708 (NOK 10,014 in 2012). At the end of 2013, Argentum Fondsinvesteringer AS had outstanding liabilities to Bradbenken Partner AS with a face value of NOK 31,448 (receivables of NOK 209,829 at the end of 2012).

Intra-Group balances at 31 December 2013 are included in other current receivables. See note 8.

Note 22 – Related party transactions

The Group accounts for transactions between related parties and Group companies in accordance with sections 38 and 39 of the Limited Liability Companies Act. This means that these transactions are conducted on ordinary commercial terms in accordance with the arm's length principle.

Argentum Fondsinvesteringer AS participated in equity issues in the following subsidiaries in 2013:

- Bradbenken Partner AS: capital contribution of NOK 5,464,985
- Argentum Asset Management AS: capital contribution of NOK 30,000

In connection with the introduction of the EU Alternative Fund Managers Directive (AIFMD) in Norway, Argentum Fondsinvesteringer AS has decided to reposition the asset management business into a separate subsidiary, Argentum Asset Management AS, which will provide asset management for Argentum Fondsinvesteringer AS and other investors. With effect from 1 January 2014, all rights, assets and liabilities related to the company's management activities are transferred to Argentum Asset Management AS through a non-cash contribution from Argentum Fondsinvesteringer AS. The total value of the non-cash contribution is NOK 100,279,000.

Income from investments in subsidiaries

The overview below shows a summary of Group contributions and dividends from subsidiaries.

Related party transactions

(All amounts in NOK 1 000)	2013		2012	
	Received	**Paid**	**Received**	**Paid**
Group contributions				

Argentum Secondary AS	867	579
Nordic Additional Funding AS	24	3
Dividends		
Bradbenken Partner AS	2 090	1 699
Total Group contributions and dividends	**2 981**	**2 281**

Consultancy agreements

Argentum Fondsinvesteringer AS has entered into consultancy agreements (management agreements) as advisor with the following Group companies: Argentum Secondary AS, Argentum Investment Partner AS and Nordic Additional Funding AS. These companies are the principals in the investment companies Argentum Secondary II IS, Secondary Co-Invest I IS, Argentum Secondary III IS, Argentum Secondary Haniel EQT V IS, Argentum Investment Partner IS and Argentum Investment Partner II IS, and in Nordic Additional Funding Programme IS. The principal makes all investment and realisation decisions for the investment companies, while Argentum Fondsinvesteringer AS provides investment advice and carries out related duties for the principal.

Income from agreements

	2013		2012	
(All amounts in NOK 1 000)	**Parent**	**Group**	**Parent**	**Group**
Consultancy agreements				
NPEP	2 848	2 848	2 187	2 187
Argentum Secondary AS	9 012		5 660	
Argentum Investment Partner AS	2 413	2 413	1 782	1 782
Nordic Additional Programme AS	2 653		2 653	
Total	**16 926**	**5 261**	**12 282**	**3 969**

Guarantees

In connection with the residual settlement of the portfolio purchase in Argentum Secondary AS linked to the investments in Axcel II A/S, Axcel III K/S and Royal Scandinavia CoInvestment in 2012, the parent company Argentum Fondsinvesteringer had set up a guarantee with a face value of NOK 130,000,000 at DNB Bank ASA, with the seller of the aforementioned interests as the guarantee creditor. Settlement with the seller of the interests was completed in mid-May 2013. See note 16. Argentum Secondary AS covered the fee for the guarantee for the designated amount.

There were no other transactions with related parties or Group companies during the accounting period.

Parent company dividend

Argentum Fondsinvesteringer AS is wholly owned by the Ministry of Trade, Industry and Fisheries. Dividends distributed in 2013 for the 2012 financial year amounted to NOK 699 million.

Note 23 – Events after the reporting period

No new information has emerged concerning significant events that occurred or conditions already existing at the end of the reporting period, 31 December 2013, and in the period up to the Board's adoption of the accounts on 22 May 2014.

The proposed dividend from the parent company for the 2013 financial year is NOK 250 million, although no associated provision has been recognised.

Auditor's report

Auditor's report

PwC

To the Annual General Meeting of Argentum Fondsinvesteringer AS

Auditor's report

Report on the annual accounts

We have audited the financial statements of Argentum Fondsinvesteringer AS, which comprise the financial statements for the company and the group. The financial statements of the Company and the Group comprise the balance sheet at 31 December 2013, the income statement, changes in equity and cash flow statement for the year then ended, as well as a description of significant accounting policies and other explanatory information.

Responsibility of the Board of Directors and Managing Director for the financial statements

The Board of Directors and Managing Director are responsible for the preparation and fair presentation of financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as the Board of Directors and Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly the financial position of the Company and Group Argentum Fondsinvesteringer AS at 31 December 2013 and the financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

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Chartered Accountants, Members of the Norwegian Institute of Public Accountants and certified public accountant company

PwC

Report on other legal requirements

Opinion on the Board of Directors' report
Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' Report on the annual financial statements, the going concern assumption and the proposal for appropriation of the profits is consistent with the financial statements and complies with laws and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements ISAE 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", it is our opinion that management have fulfilled their duty to ensure that the Company's accounting information is properly recorded and documented as required by law and general accepted bookkeeping practice in Norway.

Bergen, 22 May 2014
PricewaterhouseCoopers AS

Jon Haugervåg
Authorised Public Accountant