

Note 3 – Fair Value Estimation

Financial instruments which are measured in the statement of financial position at fair value, requires disclosures of fair value measurements by the following levels of fair value measurement hierarchy:

Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices of the reporting date. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regular occurring market transactions on an arm's length basis. Financial instruments included in level 1 are investment in Bank Norwegian AS' listed bond.

Level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. Financial instruments in level 2 include forward contracts classified as derivatives. The fair values of forward foreign currency contracts and forward commodities contracts are determined using forward prices and rates at the reporting date, with the resulting value discounted back to present value.

Level 3

If one or more of the significant inputs are not based on observable market data, specific valuation techniques are applied. Financial instruments included in level 3, relate to investments in unlisted shares in Silver Pensjonsforsikring and an equity investment in Forth Moment fund of which Warren Capital AS is the investment manager. Investment in Forth Moment Fund is classified as available-for-sale financial assets. See note 20 for additional details on available-for-sale financial assets.

The following table presents financial assets and liabilities measured at fair value at 31 December 2013;

(NOK 1,000)	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit and loss				
- Derivative financial instruments	0	37,389	0	37,389
Available-for-sale financial assets	80,000	0	13,847	93,847
Total assets	80,000	37,389	13,847	131,236
Liabilities				
- Derivative financial liabilities	0	0	0	0
Total liabilities	0	0	0	0

The following table presents financial assets and liabilities measured at fair value at 31 December 2012;

(NOK 1,000)	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit and loss	0	0	0	0
Available-for-sale financial assets	0	0	12,862	12,862
Total assets	0	0	12,862	12,862
Liabilities				
- Derivative financial liabilities	0	190,356	0	190,356
Total liabilities	0	190,356	0	190,356