

Annual report

eam

2014

EAM Solar ASA

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EAM Solar ASA in brief

EAM Solar ASA (the group) is a public limited liability company, incorporated and domiciled in Norway. The registered office of EAM Solar ASA is Dronningen 1, NO-0287 Oslo, Norway. The Company was founded on the 5th of January 2011.

The company is listed on the Oslo Stock Exchange under the ticker EAM.

The main activity of EAM Solar ASA is to own solar photovoltaic power plants and sell the electricity produced under long-term contracts. EAM's main purpose is to create a steady long-term dividend yield for its shareholders. EAM Solar ASA currently owns twenty-five photovoltaic power plants and eleven subsidiaries in Italy. The company has no employees.

Energeia Asset Management AS manages EAM Solar ASA under a long-term management agreement. EAM Solar Park Management AS, a subsidiary of Energeia Asset Management AS, is conducting most of the day-to-day management tasks directly or through the use of subcontractors and own employees.

The board of directors of EAM Solar ASA is elected by the annual general meeting. It is responsible for, and makes all material investments, divestments and contractual decisions.

The manager is continuously assessing possible targets for acquisition. EAM Solar has the first right of refusal for any possible acquisition targets within the company's investment mandate.

Corporate governance

EAM Solar is committed to pursuing corporate governance practices that support trust in the company and thereby contribute to value creation over time. The objective of corporate governance is to regulate the roles and responsibilities of shareholders, directors and executive management in a more comprehensive manner than is required by legislation.

Implementation and reporting on corporate governance

Implementation

EAM Solar's board of directors is ultimately responsible for ensuring that the company applies best practice for corporate governance, and has prepared and approved the company's policy for corporate governance. Through its board and executive management, the company conducts a review and evaluation of its principles for corporate governance on an annual basis.

EAM Solar ASA is a Norwegian public limited company listed on the Oslo Axess exchange. Section 3-3b of Norway's Accounting Act requires the company to provide an annual statement of its corporate governance principles and practices. These provisions also specify the minimum requirements for the content of this report.

The Norwegian Corporate Governance Board (NCGB) has issued the Norwegian code of practice for corporate governance (the code). Adherence to the code is based on the "comply or explain" principle, which means that a company must comply with the recommendations of the code or explain why it has chosen an alternative approach to specific recommendations.

The Oslo Stock Exchange requires listed companies to publish an annual statement of their policy on corporate governance in accordance with the code in force at the time. Rules on the continuing obligations of listed companies are available at www.oslobors.no.

EAM Solar will comply with the above-mentioned rules and regulations, and the current code, issued on 30 October 2014 with the exception of the following.

Pursuant to the company's articles of association, the manager has the right to make recommendations to the company's nomination committee for two of the directors. The general meeting elects the company's directors.

The manager's right of recommendation is intended to ensure good communication between the company's board and the manager.

Viktor E Jakobsen is currently a director in addition to being chief executive of Energeia Asset Management AS and EAM Solar Park Management AS. This is not in accordance with the recommendation in the code. According to the code; the board should not include executive directors.

The company has not established separate guidelines for corporate social responsibility (CSR) as recommended by the code. The company was listed on Oslo Axess in 2013 and aims to establish guidelines for CSR during 2015.

EAM Solar provides a statement on its principles for corporate governance in its annual report, and this information is also available on its website at www.eamsolar.no.

Business

The business purpose of EAM Solar ASA is defined in article 3 of the company's articles of association, which states that:

"The company's business activities include identification, analysis, financing, operating, purchase and sale of solar power plants outside Norway, and naturally related activities, such as ownership in similar companies."

EAM Solar's articles of association are available on the company's website at www.eamsolar.no

Equity and dividends

Equity

Total equity amounted to EUR 54.5 million at 31 December 2014, representing an equity ratio of 47.7 per cent.

Dividend policy

The company's objective is to generate a capital return to its shareholders through dividends.

A dividend of EUR 0.37 (NOK 3.00) per share was paid on 21 May 2014.

Article 11 of the company's articles of association specifies that the entire annual cash surplus will be distributed as

dividend to the shareholders to the extent permitted by applicable law. Changes to, or exemptions from this article require the support of at least 90 per cent of the votes cast, of the share capital represented, at the general meeting.

Board mandates

The ordinary general meeting held on 28 May 2014 mandated the board to acquire own shares. When acquiring own shares the consideration per share may not be less than NOK 1 and may not exceed NOK 500. The board of directors determines the methods by which own shares can be acquired or disposed of. The authority shall remain in force until the annual general meeting in 2015, but in no event later than 30 June 2015.

Equal treatment of shareholders and transactions with close associates

Equal treatment

All the shares in the company and shareholders have equal rights, including voting rights. Each share carries the right to one vote at the company's general meeting.

In the event that the board is mandated to buy the company's own shares and decides to exercise this mandate, the transactions will be conducted through the stock exchange or at prevailing market prices if conducted in any other way.

Transactions with related parties

EAM Solar has a long-term management agreement with the manager. The latter provides all administrative, technical, and operational services required by the company. EAM Solar has no employees.

All transactions between EAM Solar and the manager have been conducted as part of ordinary operations and in accordance with the management agreement.

Any transactions, agreements or arrangements between the company and its shareholders, directors, members of the executive management team or close associates of any such parties will only be entered into as part of the ordinary course of business and on arm's length market terms. All such transactions will comply with the procedures set out in the Norwegian Public Limited Liability Companies Act or similar provisions, as applicable.

Transfer of shares

The company's articles of association place no general restrictions on transfers of the company's shares.

No provisions in the articles would have the effect of delaying, deferring or preventing a change of control of the company, or would require disclosure of a level of ownership above any specified threshold.

Transfers of shares in the company do not require the consent of the board. Nor do they trigger any pre-emptive rights for other shareholders.

General meetings

Annual general meeting

The annual general meeting (AGM) is the company's highest authority. The board strives to ensure that the AGM is an effective forum for communication between the shareholders and the board, and encourages shareholders to attend.

Preparations for the AGM

The AGM will be held before 30 June, which is the latest date permitted by Norwegian company law. It will approve the annual report and annual accounts, including the distribution of any dividend, election of board, auditor and nomination committee and such other matters as may be set out in the notice of the meeting.

The AGM for 2015 will be held on 28 May.

The board can call for extraordinary general meetings. It will also call for an extraordinary general meeting at the request in writing of the auditor or shareholders representing at least five per cent of the share capital in order to deal with a specific subject.

General meetings are summoned by the board. Notice of a general meeting will be issued at the latest 21 days before the date of the meeting, and will include a proposed agenda. The notice will also be made available on the company's website at www.eamsolar.no.

A shareholder is entitled to submit proposals to be discussed at general meetings provided such proposals are submitted in writing to the board in time for the proposal to be entered in the agenda for the meeting.

The date of the next AGM is included in the company's financial calendar. The financial calendar for the coming year is published no later than 31 December in the form of a stock exchange announcement, and is also made available on the company's website.

Participation in a general meeting

The company's articles of association do not specify any requirements for giving notice of attending a general meeting.

Shareholders who are unable to attend the meeting are encouraged to appoint a proxy. The arrangements for appointing a proxy allow shareholders to specify how their proxy should vote on each matter to be considered. Directors attend the AGM, together with at least one member of the nomination committee and the auditor. The executive management is represented at the AGM by the CEO.

Agenda and conduct of the AGM

The board decides the agenda for the AGM. The main agenda items are determined by the requirements of the Public Limited Liability Companies Act and article 9 of the articles of association of EAM Solar.

The board will seek to propose a person independent of the company and the board to chair general meetings, ensuring that the AGM has an independent chair as recommended by the code.

The board and the chair of the meeting will make appropriate arrangements for the general meeting to vote separately on each candidate nominated for election to the company's governing bodies.

The minutes of the AGM are published in the form of a stock exchange announcement, and are also made available on the company's website at www.eamsolar.no.

Nomination committee

EAM Solar will have a nomination committee consisting of three members. The company's current nomination committee was elected for two years on 7 March 2013 (Askvig), 14 May 2013 (Foldal) and 19 December 2014 (Tollefsen), and consists of:

- Leiv Askvig, chair (representing Sundt AS)
- Truls Tollefsen, member (representing DNB Livsforsikring AS)
- Nils Foldal, member (representing Lorentzen group).

Members of the nomination committee will be shareholders or shareholder representatives.

The general meeting elects the members of the nomination committee, including its chair. These members will serve for two years at a time unless the general meeting decides otherwise. This term commences from the date of election unless otherwise decided. It terminates at the end of the annual general meeting in the year when the term expires. Even if the term has expired, the member must remain in their post until a new member has been elected.

Remuneration for members of the nomination committee is determined by the general meeting.

The nomination committee has the following responsibilities:

1. to provide the general meeting with recommendations on directors to be elected by the shareholders, subject to the proviso that the manager has the right to recommend up to two directors
2. to provide the general meeting with recommendations on the remuneration of directors
3. to provide the general meeting with recommendations on members of the nomination committee
4. to provide the general meeting with recommendations on the remuneration of the members of the nomination committee.

The general meeting may issue further guidelines for the nomination committee's work.

Corporate assembly and board of directors: composition and independence

Elections to the board

Directors are elected by the general meeting. The company's articles of association provide that the board will have no fewer than three members and no more than seven. In accordance with Norwegian law, the CEO and at least half the directors must be either resident in Norway or citizens of and resident in an EU/EEA country.

Composition of the board

At 31 December 2014, the board of EAM Solar consisted of four directors, including two men and two women:

- Ragnhild M Wiborg, chair
- Marthe Hoff
- Pål Hvammen
- Viktor E Jakobsen

At the extraordinary general meeting of 19 December 2014 Ragnhild M Wiborg was elected as new chair of the board and Pål Hvammen was elected as a new member of the board. Previously Ragnhild M Wiborg has served as a member of the board. Marthe Hoff was elected to the board at the extraordinary general meeting of 18 October 2013. Viktor E Jakobsen has served on the board since inception. Directors have been elected to serve for a period of two years unless otherwise stated.

Directors represent varied and broad experience from relevant industries and areas of technical speciality, and contribute knowledge from both Norwegian and international companies. More information about the expertise and background of directors can be found on the company's website.

Independence of the board

Ragnhild M Wiborg, Marthe Hoff and Pål Hvammen are all independent of the company's executive management, material business contacts and largest shareholders.

Three out of four of the directors are independent of the executive management and largest shareholders.

The board includes one member of the manager's executive team, Viktor E Jakobsen. Jakobsen has been elected as a director by the company's AGM based on a recommendation from the nomination committee.

The other shareholder-elected directors are considered to be independent of the company's main shareholders and its material business connections.

Work of the board of directors

Board's duties and responsibility

The board has ultimate responsibility for managing the company and for supervising management and make strategic decisions.

This includes participating in the development and approval of the company's strategy, performing necessary monitoring functions, including supervision, to ensure that the company manages its business and assets and carries out risk management in a prudent and satisfactory manner, and acting as an advisory body for the manager.

In the management agreement between the company and the manager, the manager is effectively the CEO of the company. Should an individual have to be appointed as the CEO, the manager will propose this person for approval by the board. The manager prepares the annual plan for the board's work.

Mandate for the board

In accordance with the provisions of Norwegian company law, the terms of reference for the board are set out in a formal mandate that includes specific rules and guidelines on the work of the board and decision-making. The chair is responsible for ensuring that the work of the board is carried out in an effective and proper manner in accordance with legislation.

Mandate for the CEO

The CEO is the representative of the manager. The manager is responsible for executive management and day-to-day operations of the company as defined in the management agreement.

Financial reporting

The board receives periodic reports on the company's commercial and financial status. The company follows the timetable laid down by the Oslo Stock Exchange for the publication of interim and annual reports.

Board meetings

The board holds regular meetings and a strategy meeting each year. Extraordinary board meetings are held when required to consider matters that cannot wait until the next regular meeting. The board has also appointed an audit committee.

During 2014, the board of directors had several meetings in addition to the formal meetings each quarter. In addition, both the board and individual directors held informal discussions and meetings on specific issues.

Audit committee

EAM Solar is exempted from the obligation to have an audit committee since it satisfies the criteria in section 2.3.3 (3) no 4 of the Listing Rules and section 6-41 (2) of the Norwegian Public Limited Liability Companies Act.

The company has nevertheless established an audit committee. Currently, the full board serves as the audit committee, and the company believes that the audit committee satisfies the requirements in section 6-42 of the Norwegian Public Limited Liability Companies Act.

None of the members of the committee are employees of the company. The audit committee will not make any decisions on behalf of the board, since it is effectively the board.

Board's evaluation of its own work

The board will carry out an annual evaluation of its own performance, working arrangements and competence.

The chair prepares a report on this evaluation, which is made available to the nomination committee.

Risk management and internal control

EAM Solar's board is responsible for ensuring that the company has a sound internal control and sufficient systems for risk management. The company's systems for internal control and procedures for risk management are intended to ensure timely and correct financial reporting,

as well as compliance with the legislation and regulations to which the company is subject.

Follow-up of internal controls relating to financial reporting is undertaken by means of management's day-to-day monitoring, periodic reports to the board and the work of the audit committee.

The board carries out an annual review of the company's most important areas of exposure to risk and its internal control procedures. In addition, the auditor presents an annual review of the company's internal control procedures to the audit committee, including the company's accounting principles, risk areas, internal control routines and proposals for improvement.

Remuneration of the board of directors

The AGM determines the board's remuneration, based on a recommendation from the nomination committee.

Remuneration of directors will be reasonable and based on the board's responsibilities, work, the time invested and the complexity of the enterprise.

Compensation will be a fixed annual amount. The chair receives a higher compensation than the other directors.

The board will be informed if individual directors perform other tasks for the company than their role as directors. Work in sub-committees may be remunerated in addition to the remuneration received for the directorship.

The company's annual accounts provide information about the board's compensation.

Directors elected on the basis of a recommendation from the manager receive no remuneration.

Remuneration of the manager and the CEO

Pursuant to the management agreement, the CEO receives no direct remuneration from the company.

The manager is entitled to receive revenues from the company equal to its directly attributable costs for providing services to the company, pursuant to article 5 of the management agreement and article 1 of appendix 1. The direct costs of management services provided are invoiced without any profit margin.

In addition to coverage of its direct costs, the manager is entitled to receive a royalty equal to 12.5 per cent of the pre-tax profits of EAM Solar.

The annual pre-tax profit, which forms the basis for calculating the annual royalty to the manager, is subject

to certain adjustments. These are described in article 6 of the management agreement and article 2 of appendix 1, and are as follows:

1. adjustments for non-cash accounting items (eg, asset write-downs and revaluation)
2. acquisition and transaction costs which would otherwise have been expensed in the year when the costs have been incurred (such costs will be capitalised and depreciated over the asset's operating life).

The royalty will be based on the audited annual accounts, and is paid quarterly on the basis of interim accounts.

The royalty structure aligns the interests of the manager with the interests of the shareholders in the company.

The management agreement has been entered into for an initial term of 10 years. After the initial term, both parties may terminate the agreement by giving 12 months' notice, with effect at the earliest from 2021. Termination by the company triggers a termination fee of five times the average royalty for the two preceding fiscal years.

No member of the company's board or other administrative or supervisory body has service contracts with the company or any of its subsidiaries that provide benefits on the termination of employment. No loans or guarantees have been given to any members of the board or other company bodies.

Information and communications

EAM Solar maintains regular dialogue with analysts and investors. The company strives to publish relevant information continuously to the market in a timely, effective and non-discriminatory manner, and considers it very important to inform shareholders and investors about the company's commercial and financial performance.

All stock exchange announcements are made available both on the company's website and on the Oslo Stock Exchange news website at www.newsweb.no.

Financial reports

EAM Solar publishes its preliminary annual accounts by the end of February, and the full annual report, including approved and final financial statements and the directors' report, is available no later than 30 April each year as required by the Securities Trading Act.

The complete annual report and financial statements are made available to shareholders no later than three weeks prior to the AGM.

Quarterly interim reports are normally published within four weeks of the end of the quarter. The company's financial calendar for the coming year is published as a stock exchange announcement and made available on the company's website and on the Oslo Stock Exchange website in accordance with the continuing obligations for companies listed on the Oslo Stock Exchange.

Other market information

EAM Solar may give open presentations in conjunction with the publication of the company's interim results. At these presentations, the manager will review and comment on the published results, market conditions and the company's future prospects.

Communication with shareholders

The manager gives high priority to communication with the investor market. Individual meetings are organised for major investors, investment managers and analysts. The company also attends investor conferences.

The board has issued guidelines for the company's investor relations' function, including the designation of authorised spokespersons for the company.

Take-overs

The board endorses the principle of non-discrimination of shareholders. In the event of a take-over, the board undertakes to act in a professional manner and in accordance with applicable legislation and regulations.

The board will seek to comply with the recommendations in the code relating to the board's responsibilities and duties in a take-over.

Auditor

EAM Solar is audited by Ernst & Young AS, Norway.

The auditor presents a plan annually to the board for the audit work and confirms that the auditor satisfies established requirements for independence and objectivity.

In connection with the auditor's presentation of the annual work plan to the board, the board will specifically consider whether the auditor also exercises a control function to a satisfactory extent. The auditor attends board meetings that deal with the annual accounts, and presents a review of the company's internal control procedures to the audit committee, including the company's accounting principles, risk areas, internal control routines and so forth, and proposals for improvement.

The board has established guidelines on the use of the auditor by the company's executive management for services other than auditing.

The board reports the remuneration paid to the auditor to the AGM, including details of fees paid for audit work and for other specific assignments.

Directors' report

EAM Solar ASA is a Norwegian public limited company based in Oslo, Norway, and was established in 2011. EAM Solar acquires and operates solar PV power plants with long-term electricity sales contracts.

The company had a turbulent year in 2014. Twenty-one new power plants were acquired in July, and several acquisition targets have been negotiated during the year, from single power plants to portfolios.

On 15 July 2014 EAM Solar ASA executed the transfer of the shares of 7 out of a total of 8 companies of what is called the P31 portfolio. Only ten days thereafter, on 25 July 2014 EAM discovered that 17 of the 21 purchased solar power plants changed its status on the GSE (Gestore Servizi Energetici) portal from active to suspended. Meaning that payments were stopped and no more invoices could be issued. The suspension notice from GSE referred to a preliminary investigation conducted by the prosecutor's office in Milan.

Even though EAM Solar ASA had conducted an utmost thorough due diligence both financially, technical and legal, the events that followed after the closure of the deal caused an unpleasant surprise. EAM Solar ASA was in the days following the closing of the acquisition of the P31 portfolio made aware of an investigation by the public prosecutor's office in Milan against employees of the Seller of the P31 portfolio companies. EAM has not received any information concerning the investigation of the Seller's employees.

Based on the investigation and suspension of tariffs, EAM has initiated the necessary formal actions in order to secure both assets and legal rights. As part of this EAM Solar ASA entered into a 6 months standstill agreement on 11 October 2014, with Aveleos SA, the seller.

EAM and the seller have agreed to jointly clarify all relevant facts related to the power plants and the viability of the FIT (Feed-In-Tariff) contracts that has been affected by the preliminary investigations conducted by the public prosecutor in Milan. Furthermore, EAM received a loan on arms length terms as support for the operation of the affected power plants. Based on the standstill agreement EAM has lifted the injunction as described in the stock exchange notice of 4 September 2014.

The standstill agreement does not construe that either party waive any rights as regulated by the share purchase agreement, all actions regulated by the share purchase

agreement are suspended until the end of the standstill agreement period.

The financial statements and figures presented in the director's report have been prepared under the assumption of going concern. However, due to the investigation of the P31 power plants (now only consisting of 21 power plants), there are uncertainties regarding the recognition of revenue, the value of receivables and the value of property plant and equipment. New information that may be made available in the near future can make it necessary to change the assumption of going concern. In the current situation, with a strained liquidity situation, the group has prioritised to keep the assets running and producing electricity, but has suspended certain payments such as interest and leasing payments, land rent and tax for the affected subsidiaries.

The reason for preparing the financial statements as going concern is due to the board's opinion that the group has sufficient liquidity for the next twelve months subject to a de facto standstill with the financing banks. Given all the uncertainties, the board and the manager are putting all their effort into finding a solution, and find it realistic that such a solution can be reached. It is in the interest of the shareholders, the financing banks, the employees of the manager and suppliers, the landowners and other stakeholders that the assets are intact. Upon keeping the assets running the group receives monthly payments for the market price contracts. First payment under the new market price contracts was received in late March. In order to improve the situation the group continues to seek financing on the fully equity financed and not affected assets purchased in 2011 and 2013 (EAM1, EAM2, EAM3). In addition the company pursues its legal rights in the administrative court to get the FIT re-instated. Should the situation not be resolved, the cash flow generated will only be sufficient to cover the direct costs of the power plants as described above.

EAM Solar owns four power plants in northern Italy, with a total installed capacity of 6.63 MW and 21 power plants in southern Italy, with a total installed capacity 20.49 MW. Annual average output from its current power plants is 38.2 GWh. Of the revenue generated approximately 80-85 per cent derive from long-term fixed-price contracts. Of the 21 power plants in the south; 4 are unaffected from the ongoing investigation. The 4 power plants in the north are not affected.

Reported revenues in 2014 were EUR 8.7 million and EBITDA came to EUR 2.2 million. The group increased

total asset to EUR 114.2 million and took on external debt in the form of in leasing and loans equal to 58.6 million.

Cash flow from operation was negative with EUR 0.8 million for the year. The working capital is negative with EUR 28.1 million. The reason for the negative working capital is that the financing agreements in Italy (loans and leasing) have been classified as short term due to instalments remaining unpaid for the second half of the year.

Normalized 2015 EBITDA for the non-suspended power plants are in the range between EUR 3-3.5m, which is expected to be sufficient to keep the non-suspended plants operational.

EAM Solar paid its second dividend to the shareholders in 2014 after the release of the first quarter figures. The dividend was equal to EUR 0.37 per share, this represented a dividend yield of 3.6 per cent at the date of payment.

Several on-going legal processes

EAM is waiting for the outcome of the investigation of the prosecutor's office in Milan. The outcome of the investigation will determine future legal processes of P31.

Since EAM so far has not been provided any formal documentation that can justify the suspension of the RID (Ritiro Dedicato) and FIT payments by GSE, EAM started a legal process against GSE. In the petition EAM claimed that the process followed by the GSE was not in line with administrative law and that the suspensions should be lifted awaiting the final outcome of the preliminary investigation conducted by the prosecutor's office of Milan and any criminal trial following thereafter. The Council of State in Italy agreed with EAM that the procedure followed by GSE was unlawful. Therefore, a new hearing will be held in the administrative court where GSE has to present evidence for their suspension, and the court shall rule on the merits of the presented documentation.

Aion Renewables SpA (formerly known as Kerself SpA) was the responsible EPC, (Engineering, Procurement and Construction) building all the P31 power plants purchased by EAM. Aion was declared bankrupt in March 2013. EAM was at first denied this access to the files of the bankruptcy estate, but upon bringing this issue for the court of Reggio Emilia, EAM has been granted access to documentation possessed by the bankruptcy manager related to the construction of the plants.

EAM has decided not to pay interest or instalments on the leasing and project financing related to the SPVs ESGI, ESGP and ESSP. Instead EAM has decided to use the available free cash flow to maintain the assets by covering costs for O&M (Operation and Maintenance), security and utilities. Since the absent of payment on the financing can be seen as a breach of the payment terms, the relevant financing has been reclassified to current debt.

A more detailed presentation of the status, the parties involved and the legal process is presented in the press release of 11 March 2015 that can be found on the company's web site www.eamsolar.no.

New PPA agreements

Due to GSE's termination of the RID contracts for the suspended plants, EAM has entered into new PPA's (Power Purchase Agreements) for these plants valid from 1 January 2015. The price terms of the new contracts are slightly favourable to the previous RID contracts. Counter party for the new contracts are European traders. First payment was received in late March in accordance with the contract.

Health, safety and the environment

EAM Solar ASA has no employees, and therefore no statistics related to health issues, recruiting processes, salaries or working conditions.

The company's board comprised two female and two male directors at 31 December.

The manager and sub-suppliers to the manager provide all administrative, technical and commercial services. The manager is responsible for requirements related to gender neutrality, non-discrimination and equal opportunities.

The manager has seven employees, supplemented by employees in suppliers. It provides the various services required for operating EAM Solar's PV (Photo Voltaic) power plants.

The manager employs five women and three men.

The manager recruits employees and directors on a gender-neutral and non-discriminatory basis.

Solar power plants offer a power source that is environmentally superior to fossil fuels. The power plants do not expose the environment to any harm, other than by occupying land and possibly altering its visual appearance. EAM Solar's power plants are built with silicon-based solar panels, and the production facilities produce no harmful waste.

Activities related to the management of the business have no impact on the natural environment apart from effects related to normal office work.

Values and guidelines for business ethics and CSR

Confidence and trust in EAM Solar are essentials to the success of the company.

EAM Solar is committed to transparency in its management practices, and in particular in the relationship between EAM Solar and the manager.

The company has not established separate guidelines for corporate social responsibility (CSR) as recommended by the code. The company was listed on Oslo Axess in 2013 and aims to establish guidelines for CSR during 2015.

Business strategy

EAM Solar's strategy is to create value through a low risk acquisition strategy and an active ownership of the power plants in order to optimise operations and achieve the best possible electricity yield.

EAM Solar aims to differentiate its operational strategy from module producers project developers and EPC contractors by taking an active ownership role. The company will not take project development or construction risk, but will buy solar power plants that are grid connected. The company has a strong focus on active ownership and optimal operation of the power plants.

All free cash flow from operating assets is to be paid on a continuous basis to the company's shareholders through dividends and capital contributions, as regulated in the company's articles of association. A change to this strict dividend policy requires a vote by more than 90 per cent of the shareholders in the general meeting.

The rationale for listing the company's shares on the stock exchange is to separate the individual investor's decision to own shares from the company's long-term strategy to own and operate solar PV power plants. This listing secures a liquid marketplace for the sale and purchase of the company's shares without the need to dispose of assets should individual shareholders need to sell shares before the operating life of the power plants ends.

EAM Solar's acquisition strategy is to eliminate risks related to development, construction and commissioning of power plants by thorough business planning, valuation and due diligence before acquiring power plants.

The company's existing plants were all built, authorised, grid-connected, and generating and selling electricity under long-term sales contracts at the time of acquisition.

EAM Solar may acquire fully licensed power plants under construction subject to the elimination of construction risk through an EPC contract. The geographical scope of the company's investments is Europe, and the risk strategy is based on power plants with long-term fixed-price contracts.

The manager's business is to acquire, finance and operate solar PV power plants on behalf of the company under a long-term management agreement. The manager selects and proposes feasible investment targets to the board. EAM Solar has the first right of refusal to acquire any acquisition targets the manager may find in Europe.

The selection of feasible targets follows a set of pre-defined investment criteria seeking robust EPC and O&M contract designs, insurance where possible, and land purchases or leases covering long-term sales contracts. Furthermore, the company targets acquisition candidates offering an opportunity to enhance output through active management. EAM Solar's operational strategy thus differs from that of project developers, EPC contractors and module producers.

The board of EAM Solar makes all investment decisions and approves the annual budgets on the basis of the manager's recommendations.

Risk is further reduced through a plant ownership structure in which subsidiaries own power plants through single purpose vehicles. This isolates operational and financial risks and facilitates a high degree of flexibility for asset restructuring. Distributed profits generated in the single purpose vehicles are transferred to the parent company in Norway as dividends, interest and repayment of intercompany loans and group contributions.

The main investment criteria for individual acquisitions by the company are an equity return on capital above 10 per cent (IRR), with an average dividend yield above 12 per cent.

Operational review

EAM Solar owns and operates two solar power plants in the Friuli-Venezia Giulia region, two in the Piemonte region and nineteen in the Puglia region and two in the Basilicata region.

Actual solar irradiation for Italy in 2014 was below average for the year.

Commercial availability of the solar power plants was above 99 per cent in 2014. In addition half of the lost production was covered by insurance.

Power production varies throughout the year in line with seasonal solar irradiation. On average, about 19 per cent of annual power output will be generated in the first quarter of the year, increasing to 33 per cent in the second and 34 per cent in the third before declining to 14 per cent in the fourth.

Market overview

EAM Solar's strategic focus is ownership and operation of power plants under long-term fixed-price sales contracts in Europe.

Many countries in Europe have implemented government-backed incentive mechanisms for supporting investment in solar PV power plants since 2004.

Germany was the first country to provide a substantial long-term fixed-price contract structure in 2004, known as the feed-in tariff (FIT).

General market development for solar PV in Europe

The FIT basically provides that owners of a solar PV power plant can generate, feed into the grid and sell electricity under long-term contracts guaranteed by the state. Solar PV, along with other renewable energy sources such as wind, biomass, and so forth, receives preferential treatment for dispatch into the grid compared with fossil-fuel generation. This provision is essential for wind and solar power since they are intermittent source – electricity is only generated when the wind blows or the sun shines.

These regulations and structures permitted significant investment in solar PV power plants, especially in 2008-12 and in Germany and Italy in particular. During 2008-12, more than EUR 150 billion is estimated to have been invested in solar PV plants in Europe under long-term electricity sales contracts.

The regulatory regime differed slightly between European countries, with varying sources of financing and incentives, including pure price structures, tax holidays and receipt of green certificates with an anticipated sales value in carbon trading.

Looking ahead and looking at what happened, EAM sees that the price structures and FIT regulations prevailing in 2008-12 have been amended, reduced or wholly abandoned. This is partly a result of the success of the FITs, which prompted significant construction of wind and solar capacity. Germany experienced days in 2013 when wind and solar energy alone met more than 60 per

cent of its electricity supply, and Italy experienced days in July 2013 when wind and solar power provided all electricity supply during the daytime.

EAM believes that a volume expansion in the FIT market will be low for the next couple of years, and that market opportunities for EAM Solar will primarily be found in the secondary market for the purchase of existing power plants.

Solar PV market development in Italy

Italy's National Renewable Energy Action Plan of 2009 aimed for a total PV capacity of eight GW by 2020. This target was met by 2011 and, according to the Italian renewable energy organisation; Anie Energia, the total installed PV capacity reached 18.325 MW as of the end of December 2014. This means that Italy added no more than 385 MW in 2014. No new FIT regulations are likely to be introduced in Italy in the near future. Consequently, new business opportunities for EAM Solar in Italy will be based mainly on acquisitions in the secondary market.

During the year the Italian Government announced and implemented changes to the regulatory and financial regime of the electricity sector in Italy. The purpose is to reduce the overall electricity bill for households and small business by 10%, equivalent to approximately EUR 3bn.

The Government of Italy proposed measures that directly will affect the revenues received by solar PV power plants through the FIT contracts with GSE. The proposed measures were various models for a reduction in the annual FIT revenues. EAM opted for an 8% annual reduction in the FIT. The Government's proposal, has by many investors been seen as unconstitutional and is being challenged through court.

Power plants owned by EAM Solar have a two-tier price structure, consisting of a fixed FIT of EUR 191-318 (after FIT reduction) per MWh, and a variable market price component of about EUR 40-50 per MWh.

The average wholesale power price in Italy fell by 25-35 per cent from 2011 to 2013, from EUR 80 to EUR 55-60 per MWh. This drop is partly attributable to the increased supply of intermittent solar and wind power.

The regulator has decided that the previous arrangement of a minimum guaranteed market price for small power plants (with less than one MW of installed capacity) will be abandoned from 2014, effectively exposing these facilities as well to market price fluctuations.

Investment opportunities

EAM Solar is focusing on the German and Italian market as well as other markets in and outside Europe. EAM

Solar will search for acquisition targets with favourable regulatory regimes for contracts, and volume of available power plants permits an industrial approach. Italy stood out as the most attractive market from 2012 to 2014 due to the relatively large differences in capital yields seen between German and Italian acquisition targets.

A substantial number of power plants – both single and in portfolios – were available on Italy's secondary market during 2013. The manager received initial pitches during the year to start negotiations on more than 10 of the 20 biggest power-plant portfolios in Italy, in addition to a large number of smaller portfolios and single plants. The manager's acquisition pipeline overview at 31 December 2013 contained more than 1,000 MW of possible acquisition targets.

Negotiating for and acquiring a power plant or a portfolio is a time-consuming process. This is partly a reflection of the continued immaturity of the power plant industry as well as the large number of regulatory risk issues in an acquisition process. Dialogue with the sellers for several of the portfolios that the manager is considering as suitable targets for EAM Solar has effectively been ongoing for more than a year.

The process of negotiating for and acquiring solar power plants in Italy usually involves two main stages: the initial negotiating stage leading to the signing of a term sheet, and the due diligence and closing stage up to signing and executing a share purchase agreement.

Events after the balance sheet date

Filing to the administrative court and Council of State

In December 2014 EAM filed a petition to the administrative court in Rome in order to have the suspension of the payment of the feed in tariffs lifted. The filing of the petition was conducted following the preliminary results of the forensic fact finding work currently conducted by EAM. The administrative court in Rome did not rule in the Company's favour. The Company immediately appealed this decision to a higher court and received a ruling in its favour by the Council of State in January 2015. The Council of State has accepted the appeal as it deems that the claim filed with the administrative court appears to be grounded.

There will be scheduled new hearings in the administrative court where GSE must provide evidence of criminal activity to support their actions and the administrative court must resolve on the merits of the case, taking into consideration the ruling from the Council of State. There has been scheduled two new dates for hearing in the administrative court where GSE must

provide evidence and the administrative court resolve on the merits of the case, taking into consideration the ruling from the Council of State. One of the SPVs will have its hearing on the 9th of July and the rest will have its hearing on the 11th of November.

24 April 2015 the company received the documents related to the criminal investigation conducted by the court of Milan. In the received documentation the prosecutor of the court of Milan has identified EAM Solar ASA as well as the manager, EAM Solar Park Management AS, as civil victims of criminal contractual fraud. At the date of release of these financial statements the company has not yet concluded its evaluation of the material received.

Restructuring within the group

On 11 March 2015 the company held a shareholder's meeting. The purpose of the meeting was to give an update following the fourth quarter figures and the ongoing legal processes. Among the items presented is the intention of the company to separate the subsidiaries in two different structures. Please see the press release of 11 March 2015 for more details.

Criminal investigation material

24 April 2015 the company received the documents related to the criminal investigation conducted by the court of Milan. At the date of release of this financial statement the company has not yet concluded its evaluation of the material received.

Risk factors and management

Because of the investigation towards the employees of the seller and the negative impact this has had on EAM, there are considerable risk and uncertainties with regards to both the revenue, receivable and asset values reported in the financial statements. EAM has suffered suspension of FIT and RID payments and seized bank accounts.

Apart from the direct risk mentioned above, EAM Solar is exposed to a number of other risk factors. The most likely are changes in government subsidies, incentives and the regulatory framework, power prices and operations. The company seeks to mitigate these risks thorough due diligence processes during acquisitions, long-term electricity sales contracts with limited counterparty risk, hands-on operation and insurance.

Financial risk

For some of the external financing contracts with floating interest there are interest rate swaps for the full duration of the contract period and for the full amount; swapping the interest from floating to fixed.

Credit risk

Under normal circumstances the risk for losses is considered to be low, as the main counterparty is GSE, owned by the Ministry of Finance in Italy. The group has not made any set-off or other derivative agreements to reduce the credit risk in EAM Solar ASA.

With the current situation for EAM in Italy where the Italian state has suspended the FIT and the RID payments as a result of an ongoing criminal investigation against persons representing the seller of the P31 portfolio, the company has evaluated if there are grounds for writing down the value of the receivables. No such write down has been conducted based on the fact that the company has not been given any evidence to support that criminal activities have been exercised on the plants acquired by EAM. EAM is identified as victim in the investigation process having been a buyer in good faith. That does not exclude that such evidence can be provided in the near future or that the company obtains information that makes a write down necessary. There is considerable uncertainty whether the company will receive payment of the receivables presented in the balance sheet.

The company's gross credit risk exposure at 31 December 2014 was EUR 13.7 million. EAM Solar has made no financial arrangements to limit the credit risk further.

Asset value risk

EAM Solar's cash balance was EUR 8.4 million at 31 December 2014, of which EUR 6.4 was seized by the Italian authorities. The seized cash has limited the company from paying its obligations under the leasing and loan agreements and this financing has been reclassified as short term since the lack of payment can be viewed as a breach of contract.

During the annual impairment test, EAM has identified indicators for impairment as described in IAS 36. We have therefore done a full impairment test of all solar power plants owned by EAM. We would like to point out that the assumptions in the impairment test are made to indicate scenarios that management find explanatory at the reporting date. Actual outcome might be materially different, due to, but not limited to the inherent risk in the on-going legal processes.

The impairment test has been conducted under the assumption that all FIT for the P31 plants are reinstated and paid out, also the outstanding amounts for 2014. Based on this assumption it will not necessitate any adjustments to the book value of the power plants.

The impairment test does not evidence the need to conduct write down of the assets. That does not exclude that such evidence can be provided in the near future or

that the company obtains information that makes a write down necessary. There is considerable uncertainty whether the company can maintain the asset values of the solar power plants presented in the balance sheet.

Transactions with related parties

Energeia Asset Management AS and its subsidiary EAM Solar Park Management AS are related third parties providing management and consulting services for EAM Solar on a continuous basis under a long-term management agreement. All transactions are conducted as part of ordinary operations and in accordance with the management agreement.

Pursuant to the management agreement, the manager charges EAM Solar for direct costs related to providing management services and is also entitled to a royalty of 12.5 per cent of the company's pre-tax profits. The royalty structure aligns the interest of the manager with those of the shareholders in EAM Solar (see note 9).

At 31 December 2014, Sundt AS had an outstanding loan of EUR 9.8 million shareholder loan, secured by a first priority mortgage on the company's shares in EAM Solar Italy Holding srl. The loan was given in conjunction with the purchase of the P31 portfolio at arm length terms.

Outlook

EAM Solar's existing power plants are expected to generate 38.24 GWh of electricity in 2015. The future of the group is highly dependent on the outcome of the legal processes in Italy. The most negative outcome for the group is if the process drags out in time and not finding a solution. The group is constantly evaluating its options to restore cash flow and values. Should the legal processes be solved either through restoration of tariffs, through settlement or any other way the company will as soon as possible return to its previous path of dividend payments and further growth strategy.

EAM Solar is continuously evaluating growth opportunities in both the new-build market and the secondary market for operational solar power plants, and there are projects that can be pursued should the on-going legal process in Italy find its solution.

Presentation of the financial statements

Pursuant to Section 3-3 of the Norwegian Accounting Act, the board of directors of EAM Solar ASA confirms that the financial statements have been prepared under the assumption that the enterprise is a going concern, and that this assumption was appropriate at the date when the financial statements were approved.

The Board of Directors and Management has in the preparation of the annual accounts conducted a process together with the Auditor, and based on the uncertainty of the present situation we agree with the auditors conclusion that we have not received sufficient

information from Italian Authorities to judge the annual accounts in any other way than what is stated in the Director's and Auditor's reports.

Oslo, 30 April 2015



Ragnhild M Wiborg
Chair



Marthe Hoff
Non-executive
director



Pål Hvammen
Non-executive
director



Viktor E Jakobsen
Executive
director



Audun W Iversen
CEO

Financial review

EAM has suffered suspension of FIT and RID payments and seized bank accounts due to the investigation towards the employees of the seller of the P31 portfolio. The negative impact this has had on EAM is severe and there is considerable risk and uncertainty with regards to both the revenue, receivable and asset values reported in these financial statements.

Consolidated statement of comprehensive income

Revenue and production

Revenue for 2014 amounted to EUR 8.7 million, reflecting a reported generation and external sale of 22.869 MWh of electricity from the company's 21 solar power, see appendix for details.

Revenue and output from the P31 plants were consolidated in the income statement with effect from 1 July 2014.

All EAM Solar's electricity sales are made under 20-year sale agreements in the feed-in tariff (FIT) scheme, with the Italian renewable energy authority Gestore Servizi Energetici (GSE) as commercial counterparty. Fixed price sales contracts (FIT) account for about 80-85 per cent of revenues, with electricity sales at market prices accounting for the remaining 15-20 per cent. Market price contracts are renewed yearly. Market prices for electricity declined from about EUR 80 per MWh at 1 January 2012 to roughly EUR 45 per MWh at 31 December 2014.

In 2014 the plants have had FIT contracts of EUR 208-346 per MWh. With the retroactive cut in the tariffs the FIT contracts have been reduced to EUR 191-318 per MWh. See note 19 for more details.

Operational cost

The cost of operations amounted to EUR 1.2 million in 2014, and consisted mainly of land rent, operating and maintenance costs, and insurance. The increase from 2013 reflects the purchase of the P31 portfolio. SG&A expenses amounted to EUR 2.3 million for the year.

Cost related to acquisition and transactions amounted to EUR 3.0 million for 2014, with transaction costs related to due diligence and subsequent purchase of the P31 portfolio. Also costs incurred after the purchase that are related to the P31 portfolio are presented as acquisition and transaction cost.

Operational earnings

Earnings before interest, depreciation, amortisation and taxes (EBITDA) amounted to EUR 2.2 million for 2014, and EUR 5.2 million adjusted for non-recurring items related to acquisition and transaction costs.

Depreciation amounted to EUR 3.3 million for the year

Operating profit (EBIT) for 2014 was thereby EUR -1.1 million.

Net financial items

Net financial items amounted to EUR 0.6 million for the full year 2014, primarily owing to the weakening of the NOK against the EUR which resulted in a foreign exchange gain of EUR 4.8 million, and an expense of EUR 2.5 million.

Profit before tax and net income after tax

Profit before tax amounted to EUR -0.5 million for 2014. Net tax expense amounted to EUR -1.0 million.

Reported net income after tax was thus EUR -1.6 million for 2014, and reported earnings per share were EUR -0.33 on a diluted basis.

Cash flow and balance sheet statements

Consolidated statement of financial position

Total assets amounted to EUR 110.9 million at 31 December 2014. This was up by EUR 81.1 million over the year, mainly because of the purchase of the P31 portfolio.

Total equity amounted to EUR 48.2 million at 31 December 2014, up by EUR 18.9 million over the year. The equity ratio was 43.4 per cent at 31 December, down from 98 per cent at 31 December 2013 because of the purchase of the P31 portfolio. Net working capital amounted to EUR -22.5 million at 31 December 2014, excluding the cash balance. The decrease from 2013 relates to the debt of the P31 portfolio being classified as short term due to payments being halted.

Cash flow

Net cash flow from operating activities was EUR -3.6 million in 2014.

Net cash flow from operating activities in 2014 was significantly affected by the expensing of costs related to the acquisition of the P31 portfolio and costs incurred after the closing. Cost of EUR 3.0 million in 2014 related to expensed acquisition costs and transaction costs. When excluding non-recurring items such as acquisition costs, currency gain/loss, the company had a pre-tax cash flow from operations of about EUR -0.1 million in 2014.

Net cash flow from investing activities was negative at EUR 24.5 million in 2014, and related mainly to the acquisition of the P31 portfolio.

Net cash flow from financing activities amounted to EUR 31.6 million, which primarily reflected the private placement in January, proceeds from borrowing less dividends and repayments. Cash and cash equivalents amounted to EUR 10.9 million at 31 December 2014, of which 8.9 million was restricted at year-end (see note 17).

EAM Solar ASA (parent company)

Profit and loss statement

Revenues are management services provided to subsidiaries and presented net of purchased services (see note 3). Operational costs consist mainly of purchased

services. Net Financial income for 2014 was NOK 24.2 million.

Balance sheet

Total assets amounted to NOK 518.2 million, of which NOK 314.5 million is intercompany interest-bearing receivables and NOK 22.4 million is trade receivables mainly with group companies. Cash amounted to NOK 5.3 million at year-end. Total equity amounted to NOK 420.3 million, 81.1 per cent of total assets, compared with 99 per cent in 2013. This decrease primarily reflects the shareholder bridge loan borrowed in conjunction with the purchase of P31. Current liabilities amounted to NOK 97.9 million.

Cash flow

Net cash flow from operational activities was positive at NOK 22.7 million. Net cash flow from investing activities is negative at NOK 310.0 million owing to the purchase of the P31 portfolio. Net cash flow from financing activity came to NOK 280.3 million, reflecting the proceeds of the private placement, borrowings and dividend payments.

Allocation of net income

The board has proposed that the net income of NOK 8,364,840 for EAM Solar ASA be allocated to other equity.

Consolidated financial information

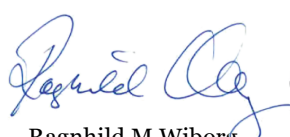
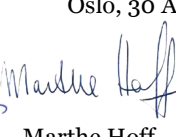
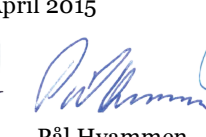
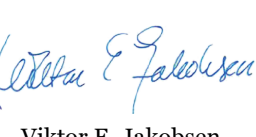
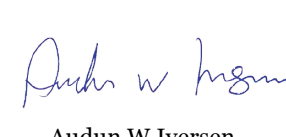
Statement of comprehensive income

(EUR)	Note	2014	2013
Revenue	5	8 715 437	3 109 548
Total revenue	5	8 715 437	3 109 548
Cost of operations	6,7,14	-1 157 952	-360 210
Sales, general and administration expenses	6,7,8,9,14	-2 355 590	-1 020 720
Acquisition and transaction costs	7,9	-2 988 966	-512 385
Operating profit before depreciation and amortisation		2 212 929	1 216 233
Depreciation, amortizations and write downs	13	-3 365 187	-1 240 020
Gain on bargain purchase		0	2 243 510
Operating profit		-1 152 258	2 219 723
Finance income	10	4 869 785	2 753 421
Finance costs	10	-4 308 783	-215 308
Profit before tax		-591 256	4 757 837
Income tax gain/(expense)	11	-1 034 211	-106 093
Profit after tax		-1 625 467	4 651 744
Other comprehensive income			
Translation differences		-2 216 185	-3 138 155
Cash flow hedges	20	-597 840	0
Other comprehensive income for the year, net of tax		-2 814 025	-3 138 155
Total comprehensive income for the year		-4 439 492	1 513 589
Profit for the year attributable to:			
Equity holders of the parent company		-1 625 467	4 651 744
Equity holders of the parent company		-1 625 467	4 651 744
Total comprehensive income attributable to:			
Equity holders of the parent company		-4 439 492	1 513 589
Non-controlling interests			0
Equity holders of the parent company		-4 439 492	1 513 589
Earnings per share:		2014	2013
Continued operation			
- Basic	12	-0,33	2,26
- Diluted	12	-0,33	2,01

Consolidated statement of financial position

(EUR)	Note	31.12.2014	31.12.2013
ASSETS			
Non-current assets			
Property, plant and equipment	2,13	85 620 879	23 721 735
Deferred tax asset	11	1 034 820	422 867
Intangible assets		962 427	0
Other long term assets	17	788 457	0
Total non-current assets		88 406 584	24 144 602
Current assets			
Receivable	16	13 735 899	802 046
Other current assets		452 703	77 723
Cash and cash equivalents	17	8 326 068	4 861 406
Total current assets		22 514 670	5 741 174
TOTAL ASSETS		110 921 254	29 885 776
EQUITY AND LIABILITIES			
Equity			
Paid in capital			
Issued capital	18	6 214 380	2 932 561
Share premium	18	24 606 370	2 683 821
Total paid in capital		30 820 750	5 616 382
Other equity			
Translation differences		-4 306 182	-2 089 997
Other equity		21 705 804	25 797 776
Total other equity		17 399 622	23 707 779
Total equity		48 220 372	29 324 161
Non-current liabilities			
Leasing	20	6 417 275	0
Total non-current liabilities		6 417 275	0
Current liabilities			
Trade payables	20	4 755 495	167 772
Income tax payable	11	1 109 122	174 311
Short term loan - interest bearing	9, 20	43 115 581	0
Other current liabilities	20	7 303 409	219 533
Total current liabilities		56 283 607	561 616
Total liabilities		62 700 882	561 616
TOTAL EQUITY AND LIABILITIES		110 921 253	29 885 776

Oslo, 30 April 2015

				
Ragnhild M Wiborg Chair	Marthe Hoff Non-executive director	Pål Hvammen Non-executive director	Viktor E Jakobsen Executive director	Audun W Iversen CEO

Consolidated cash flow statement

(EUR)	Note	2014	2013
Cash flow from operating activities			
Ordinary profit before tax		-591 256	4 757 837
Income taxes paid		-1 007 617	0
Depreciation	13	3 365 187	1 240 020
Gain on bargain purchase		0	-2 243 510
Changes in trade receivable and trade payable	16,20	-8 346 130	-761 292
Changes in other accruals		2 923 511	-1 725 101
Net cash flow from operating activities		-3 656 305	1 267 955
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired	2	-24 477 899	-3 368 989
Net cash flow used in investing activities		-24 477 899	-3 368 989
Cash flows from financing activities			
Proceeds from issue of share capital		25 204 368	13 828 508
Proceeds from borrowings	20	10 291 896	0
Repayment of loans		-2 028 732	-5 420 265
Dividends to shareholders	18	-1 868 665	-1 484 705
Net cash flow from financing activities		31 598 867	6 923 538
Net currency translation effect			-674 828
Seizure of cash	17	6 384 685	
Net increase/(decrease) in cash and cash equivalents		3 464 662	4 147 676
Cash and cash equivalents at beginning of period	17	4 861 406	713 730
Cash and cash equivalents held by the company at end of period	17	1 941 383	4 861 406

Consolidated statement of changes in equity

(EUR)	Share capital	Share premium fund	Other equity	Cash flow hedge	Currency translation reserve	Total equity
Equity at at 1.1.2013	1 523 423	13 400 695	-455 720		1 048 158	15 516 556
Share issue in conjunction with IPO	1 409 138	13 519 263	0		0	14 928 401
Costs related to capital increase		-1 026 588				-1 026 588
Conversion of share premium fund	0	-23 209 549	23 209 549		0	0
Distribution to shareholders	0	0	-1 607 797		0	-1 607 797
Profit (loss) after tax	0	0	4 651 744		0	4 651 744
Other comprehensive income	0	0	0		-3 138 155	-3 138 155
Equity as at 31.12.2013	2 932 561	2 683 821	25 797 776	0	-2 089 997	29 324 161
Equity at at 1.1.2014	2 932 561	2 683 821	25 797 776	0	-2 089 997	29 324 161
Capital increase 17 January 2014	3 281 819	22 972 731				26 254 550
Costs related to capital increase		-1 050 182				-1 050 182
Dividends or distribution to shareholders			-1 868 665			-1 868 665
Profit (loss) After tax			-1 625 467			-1 625 467
Other comprehensive income			0	-597 840	-2 216 185	-2 814 025
Equity as at 31.12.2014	6 214 380	24 606 370	22 303 644	-597 840	-4 306 182	48 220 371

Notes to the consolidated financial statements

Note 1: Summary of significant accounting policies

The consolidated financial statements of EAM Solar for the year ended 31 December 2014 were authorised for issuance by a board resolution of 30 April 2015. EAM Solar ASA is a public limited company, incorporated and domiciled in Norway. The registered office of EAM Solar ASA is Dronningen 1, NO-0287 Oslo, Norway. The company was founded on 5 January 2011. EAM Solar ASA owns and operates 25 photovoltaic power plants in Italy, and will invest in photovoltaic power plants in Europe. The company has 11 subsidiaries in Italy.

EAM Solar ASA reports its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. For more information, please refer to the notes on consolidated financial statements.

1.1 Basis for preparation of the financial statement

The EAM Solar group's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and mandatory for financial years beginning on or after 1 January 2014.

The consolidated financial statements are based on historical cost.

The consolidated financial statements have been prepared on the basis of uniform accounting principles for similar transactions and events under otherwise similar circumstances.

The group's presentation currency is the euro (EUR) and the parent company's functional currency is the NOK. Balance sheet items in the group companies with a functional currency other than EUR are converted to euros by applying the currency rate applicable on the balance sheet date. Currency translation differences are booked against other comprehensive income. Income statement items are converted by applying the average currency rate for the period.

The financial statements and figures presented in the director's report have been prepared under the assumption of going concern. However, due to the investigation of the P31 power plants (now only consisting of 21 power plants), there is uncertainty regarding the recognition of revenue, the value of receivables and the

value of property plant and equipment. New information that may be made available in the near future can make it necessary to change the assumption of going concern. In the current situation, with a strained liquidity situation, the group has prioritised to keep the assets running and producing electricity, but has suspended certain payments such as interest and leasing payments, land rent and tax for the affected subsidiaries.

The reason for preparing the financial statements as going concern is due to the board's opinion that the group has sufficient liquidity for the next twelve months subject to a de facto standstill with the financing banks. Given all the uncertainty, the board and the manager are putting all their effort into finding a solution, and finds it realistic that such a solution can be reached. It is in the interest of the shareholders, the financing banks, the employees of the manager and suppliers, the landowners and other stakeholders that the assets are intact. Upon keeping the assets running the group receives monthly payments for the market price contracts. First payment under the new market price contracts was received in late March. In order to improve the situation the group continues to seek financing on the fully equity financed and not affected assets purchased in 2011 and 2013 (EAM1, EAM2, EAM3). In addition the company pursues its legal rights in the administrative court to get the FIT re-instated. Should the situation not be resolved, the cash flow generated will only be sufficient to cover the direct costs of the power plants as described above.

1.2 Consolidation principles

The consolidated financial statements comprise the financial statements of the group and its subsidiaries at 31 December 2014.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

The acquisition method is applied when accounting for business combinations.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary
- derecognises the carrying amount of any non-controlling interest
- derecognises the cumulative transaction differences recorded in equity
- recognises the fair value of any investment retained
- recognises any surplus or deficit in profit or loss
- reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

1.3 The use of estimates when preparing the financial statements

The management has used estimates and assumptions that have affected assets, liabilities, incomes, expenses, deferred tax asset and information on potential liabilities. This particularly applies to the revenue recognised for the suspended plants, impairment tests and asset values, receivables and depreciation of tangible fixed assets and evaluations related to acquisitions. Future events may lead to these estimates being changed. Estimates and their underlying assumptions are reviewed on a regular basis. Changes in accounting estimates are recognised during the period when the changes take place. If the changes also apply to future periods, the effect is accounted for prospectively. See also note 4.

1.4 Foreign currency

The group's consolidated financial statements are presented in EUR. Each entity in the group determines its own functional currency, and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currency

Transactions in foreign currency are translated at the rate applicable on the transaction date. Monetary items in a foreign currency are translated into the functional currency using the exchange rate applicable at the end of the reporting period. Non-monetary items that are

measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchanges at the date when the fair value is determined. Changes in exchange rates are recognised in the statement of comprehensive income as they occur during the accounting period.

Foreign operations

On consolidation, the assets and liabilities of operations with a functional currency other than the EUR are translated to EUR at the rate of exchange prevailing at the reporting date and their statements of comprehensive income are translated at exchange rates prevailing at the dates of the transactions. The average exchange rates are used as an approximation of the transaction exchange rate. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the accumulated translation differences relating to the subsidiary are recognised in the statement of comprehensive income.

Translation differences arising from the translation of a net investment in foreign operations are specified as translation differences in the statement of equity.

1.5 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The group assesses its revenue arrangements against specific criteria to determine if it is acting as a principal or agent. The group has concluded that it is acting as a principal in all its revenue arrangements. The specific recognition criteria described below must also be met before revenue is recognised.

Sale of solar power

EAM Solar owns and operates twenty-five solar power plants in Italy, which generate electricity. Revenue from the sale of electricity is recognised in the statement of comprehensive income once delivery has taken place and the risk and return have been transferred.

Interest income

For all financial instruments measured at amortised cost, interest income or expense is recorded using the effective interest rate (EIR), which is the rate which exactly

discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the statement of comprehensive income.

1.6 Segments

The group's activities are uniform, where the business strategy is to operate solar power plants in different European countries. For management purposes, the group is organised into segments related to the individual solar power plants and when they were purchased. Financial information relating to segments is presented in note 5.

Internal gains on sales between the various segments are eliminated in the segment reporting.

1.7 Income tax

Income tax consists of tax payable and changes to deferred tax. Deferred tax liability/tax asset is calculated on all differences between the carrying and tax value of assets and liabilities, with the exception of:

- temporary differences related to investments in subsidiaries where the group controls when the temporary differences are to be reversed and this is not expected to take place in the foreseeable future.

Deferred tax assets are recognised when it is probable that the company will have a sufficient profit for tax purposes in subsequent periods to utilise the deferred tax asset. The companies recognise previously unrecognised deferred tax assets to the extent it has become probable that the company can utilise the deferred tax asset. Similarly, the company will reduce a deferred tax asset to the extent that the company no longer regards it as probable that it can utilise the deferred tax asset.

Deferred tax liability and deferred tax asset are measured on the basis of the expected future tax rates applicable to the companies in the group where temporary differences have arisen.

Deferred tax liability and deferred tax asset are recognised at their nominal value and classified as non-current asset investments (long-term liabilities) in the balance sheet. Tax payable and deferred tax are recognised directly in equity to the extent that they relate to equity transactions.

1.8 Property, plant and equipment

All property, plant and equipment (including solar power plants) are valued at their cost less accumulated

depreciation and impairment. When assets are sold or disposed of, the carrying amount is derecognised and any gain or loss is recognised in the statement of comprehensive income.

The cost of tangible non-current assets is the purchase price, including taxes/duties and costs directly linked to preparing the asset for its intended use. Costs incurred after the asset is in use, such as regular maintenance costs, are recognised in the statement of comprehensive income as incurred, while other costs expected to provide future financial benefits are capitalised.

Depreciation is calculated using the straight-line method over the following useful lives:

- movers, modules and cable connectors 20 years
- land lease rights 25 years

The depreciation period and method are assessed each year. A residual value is estimated at each year-end, and changes to the estimated residual value are recognised as a change in an estimate.

1.9 Leases

The group leases certain property, plant and equipment. Leases of property, plant and equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

1.10 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition-date fair value and at the amount of any non-controlling interest in the acquired company. For each business combination, the group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed.

When the group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit and loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of IAS 39, it is measured in accordance with the appropriate IFRS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised as profit or loss.

After initial recording, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the group's cash-generating units which are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Bargain purchase transactions

If the net of the acquisition-date fair values of identifiable assets acquired and the liabilities assumed exceeds the aggregate of the consideration transferred (measured at

acquisition-date fair value), the excess amount is recognised as a gain in the statement of comprehensive income on the acquisition date.

Having done so, the company has reviewed the procedures used to measure all of the following:

- the identifiable assets acquired and liabilities assumed
- the non-controlling interest in the acquiree, if any
- the consideration transferred.

1.11 Financial instruments

Financial instruments are classified in the following categories: at fair value with changes in value through profit or loss, held to maturity, loans and receivables, available for sale and other liabilities.

The group has financial instruments in the form of trade receivables and trade payables, recognised at amortised cost.

Trade receivables are initially recognised at fair value plus any transaction costs. Trade receivables are subsequently carried at amortised cost using the effective interest method, if the amortisation effect is material. The carrying amount is subsequently reduced by any impairment losses. Provisions for impairment are made when there are objective indicators that the group will not receive their contractual payments.

The carrying amount of trade receivables and trade payables is approximately equal to fair value, as they are agreed at "normal" conditions and normally have a short period to maturity.

1.12 Cash and cash equivalents

Cash includes cash in hand and at the bank. Cash equivalents are short-term liquid investments which can be immediately converted into a known amount of cash and have a maximum term to maturity of three months.

1.13 Equity

Equity and liabilities

Financial instruments are classified as liabilities or equity in accordance with the underlying economical realities.

Interest, dividend, gains and losses relating to a financial instrument classified as a liability will be presented as an expense or income. Amounts distributed to holders of financial instruments that are classified as equity will be recorded directly in equity.

Costs of equity transactions

Transaction costs directly related to an equity transaction are recognised directly in equity after deducting tax expenses.

Other equity

Translation differences

Translation differences arise in connection with exchange-rate differences for consolidated entities with a functional currency other than the EUR.

If an entity with a different functional currency than the EUR is sold, the accumulated translation difference linked to the entity is reversed and recognised in the statement of comprehensive income in the same period as the gain or loss on the sale is recognised.

1.14 Provisions

A provision is recognised when the group has an obligation (legal or constructive) as a result of a previous event, it is probable (more likely than not) that a financial settlement will take place as a result of this obligation, and the size of the amount can be measured reliably. If the effect is considerable, the provision is calculated by discounting estimated future cash flows using a discount rate before tax which reflects the market's pricing of the time value of money and, if relevant, risks specifically linked to the obligation.

Restructuring provisions are recognised when the group has approved a detailed, formal restructuring plan and the restructuring has either started or been publicly announced.

Provisions for loss-making contracts are recognised when the group's estimated revenues from a contract are lower than unavoidable costs which were incurred to meet the obligations pursuant to the contract.

1.15 Contingent liabilities and assets

Contingent liabilities are not recognised in the annual accounts. Significant contingent liabilities are disclosed, with the exception of contingent liabilities that are unlikely to be incurred.

Contingent assets are not recognised in the annual accounts but are disclosed if there is a certain probability that a benefit will be added to the group.

1.16 Current/non-current classification

All assets and liabilities related to the operating cycle are classified as current/short-term. For receivables and liabilities outside the operating cycle, the current/non-

current distinction is determined on the basis of a one-year maturity rule from the acquisition date.

1.17 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The group has derivatives classified as cash flow hedge.

The group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The group also documents its assessment, both at hedge inception and on an on-going basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The full fair value of a hedging derivative is classified

as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income.

1.18 Earnings per share

Earnings per share are calculated by dividing the majority shareholders' share of the profit/loss for the period by the weighted average number of ordinary shares outstanding over the course of the period. When calculating diluted earnings per share, the average number of shares outstanding is adjusted for all share options that have a potential dilutive effect. Options that have a dilutive effect are treated as shares from the date they are issued.

1.19 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment.

1.20 Events after the reporting period

New information on the company's financial position at the end of the reporting period, which becomes known after the reporting period, is recorded in the annual accounts. Events after the reporting period which do not

affect the company's financial position at the end of the reporting period but which will affect the company's financial position in the future are disclosed if significant. See note 24.

1.21 Newly adopted standards

Standards with effective date from 1 January 2014 are applicable to the group.

IAS 1 – Amendment - Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 require companies preparing financial statements in accordance with IFRS to group together items within OCI that may be reclassified to the profit or loss section of the income statement.

1.22 Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below but only to the extent they are expected to have an impact on the Group's financial position, performance, and/or disclosures. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The adoption of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable).

IFRS 8 Operating Segments

The amendments are applied retrospectively and clarifies that: An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'. The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset.

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

Note 2: Changes in the group's structure

Business combinations:

Acquisition of the P31 portfolio

On the 15th of July the company executed the transfer of the shares of 7 out of a total of 8 companies that comprises the P31 portfolio, effectively bringing the power plants owned by the SPVs under EAM's control. The 7 companies represent 21 of the total 31 power plants in the P31 Portfolio, equivalent to 20.5MW out of a total of 30.4MW.

Companies acquired:

Energetic Source Green Power s.r.l.
Energetic Source Green Investment s.r.l.
Energetic Source Solar Production s.r.l.
Aveleos Green Investment s.r.l.
Ens Solar One s.r.l.
Energia Fotovoltaica 14 s.r.l.
Energia Fotovoltaica 25 s.r.l.

The plants of the SPVs are located in the south of Italy. As a result of the acquisition, the group will increase its presence in the Italian market. The transaction is also expected to reduce costs through economies of scale.

A partial closing was decided and executed by EAM Solar and the seller due to matters remaining to be resolved concerning a bank waiver affecting the last SPV to be purchased (ENS 4), which comprise 10 solar power plants. Since these matters were not expected to be determined before October/November, the parties decided to conduct a partial transfer of the companies not affected by this bank waiver. The revised condition precedent agreed by the parties was not fulfilled by December 19, 2014 and consequently the second closing did not take place.

Fair value assessment

According to IFRS 3, the company has decided to have the opening balance of the purchase as of 30 June 2014. The combined book value of equity in the SPVs acquired as of 30 June 2014 was EUR 14.3 million, resulting in an excess value before purchase price allocation (PPA) of EUR 6.8 million (EUR 21.1 million purchase price ÷ EUR 14.3

million equity). The purchase price allocation was EUR 9.8m for property, plant and equipment, since the solar power plants are the main source of value for the target companies. The deferred tax liability associated with the excess value allocated to property, plant and equipment equals EUR 3.0m, based on a nominal Italian corporate tax rate of 31.4% of the total allocated amount. There is one contingent consideration arrangements: The first is an earn-in/earn-out agreement. If the adjusted power production performance of the power plants in 2014 are higher or lower than the normalized expected production, the Seller may receive an additional payment of up to maximum EUR 2.7m, or the purchase price may be reduced by maximum EUR 2.7m.

Recognised amounts of identifiable assets acquired and liabilities assumed

	EUR
Property, plant and equipment	55 287 184
Addition to property, plant and equipment	9 839 400
Other non-current assets	3 343 133
Current assets	12 997 548
Change in deferred tax liability	-3 089 572
Other non current liabilities	-42 641 526
Current liabilities	-14 671 419
Total identifiable net assets at fair value	21 064 747
Goodwill	0
Total net assets at fair value	21 064 747

Consideration

	EUR
Acquisition value	30 859 639
Shareholder loans	-6 569 760
Consideration FIT change in law	-3 078 000
Insurance claims	-147 132
Total consideration transferred	21 064 747

The standstill agreement between Aveleos and EAM entered into 11 October 2014 provides revised deadlines for settlement as agreed under the share purchase agreement. Meaning that the final calculation of earn in/out has not been settled at year-end.

Note 3: List of subsidiaries

The following subsidiaries are included in the interim consolidated financial statements.

Company	Country of incorporation	Main operation	Ownership	Voting power
EAM Solar Italy Holding Srl	Italy	Holding company	100%	100%
EAM Solar Italy 1 Srl	Italy	Solar power plant	100%	100%
EAM Solar Italy 2 Srl	Italy	Solar power plant	100%	100%
EAM Solar Italy 3 Srl	Italy	Solar power plant	100%	100%
Energetic Source Green Power s.r.l.	Italy	Solar power plant	100%	100%
Energetic Source Green Investment s.r.l.	Italy	Solar power plant	100%	100%
Energetic Source Solar Production s.r.l.	Italy	Solar power plant	100%	100%
Aveleos Green Investment s.r.l.	Italy	Solar power plant	100%	100%
Ens Solar One s.r.l.	Italy	Solar power plant	100%	100%
Energia Fotovoltaica 14 s.r.l.	Italy	Solar power plant	100%	100%
Energia Fotovoltaica 25 s.r.l.	Italy	Solar power plant	100%	100%

Note 4: Significant accounting judgements, estimates and assumptions

In the process of applying the Group's accounting policies in according to IFRS, management has made several judgements and estimates. All estimates are assessed to the most probable outcome based on the management's best knowledge. Changes in key assumptions may have significant effect and may cause material adjustments to the carrying amounts of assets and liabilities, equity and the profit for the year.

The company's most important accounting estimates are the following items:

Revenue and receivables

For 17 out of the 21 power plants that were acquired in July 2014, the revenue for RID (Ritiro Dedicato) and FIT (Feed in Tariff) have been estimated for the period September to December and May to December respectively. The reason for the estimation is that GSE has temporarily suspended the RID and FIT payments due to the ongoing criminal investigation of the individuals representing the seller of the P31 portfolio. The RID has been calculated using the energy measured on quarter-hourly basis, made available by the Grid Operator – Enel Distribuzione. The aggregated energy data on hourly basis has been multiplied with the hourly zonal prices for each needed month of 2014, as officially published by the GME “Gestore dei Mercati Elettrici”. The FIT has been calculated using the energy measured on the GSE meter for each month of 2014 and multiplied with the relevant incentive tariff. There is uncertainty related to when the company will receive the estimated revenue.

In the annual report EAM has recognised full revenues for the suspended plants, and thereby accumulated a substantial receivable towards GSE. The normal procedure of reporting the production in the GSE portal

has not been available for the suspended plants. Therefore, EAM has after the end of 2014 sent production reports and requested corresponding amounts to be paid from the date of suspension. The communication is done directly to the GSE using registered email.

At the time of reporting there is material uncertainty regarding the recognition of revenues and subsequently value of the receivable. This uncertainty is mainly including, but not limited to:

- The final outcome of the prosecutor's investigation and any subsequent rulings in the criminal court of Milano.
- The actions taken by GSE before and after the final verdict in the criminal case
- The outcome of processes between EAM and Aveleos

Income taxes

The group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the provision for income taxes. Deferred tax asset related to the companies with suspended revenue has not been recognised.

Depreciation of tangible fixed assets, see also note 13

Depreciation and amortisation expenses are based on management estimates of residual value, amortisation method and the future useful life of solar power plants. Estimates may change due to technological developments, competition, changes in market conditions and other factors and may result in changes in the estimated useful life and in the amortisation or depreciation charges. The estimated useful life of the company's solar power plants

is connected with the governmental guaranteed feed in tariff for electricity produced by solar power plants. These feed in tariffs give a guaranteed revenue from the government of 20 years from the time of the license was granted. Together with the fact that the technological lifetime a solar plant is at least 20 year we assume that the estimated useful life of these power plants are 20 years.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the remaining feed in tariff period. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows. The key assumptions used to determine the recoverable amount for the different CGUs, are disclosed and further explained in Note 19.

We would like to point out that the assumptions in the impairment test are made to indicate scenarios that management find explanatory at the reporting date. Actual outcome might be materially different, due to, but not limited to the inherent risk in the on-going legal processes.

The impairment test has been conducted under the assumption that all FIT for the P31 plants are reinstated and paid out, also the outstanding amounts for 2014. Based on this assumption it will not necessitate any adjustments to the book value of the power plants.

The fair value of assets and liabilities in business acquisitions, see also note 2

Management is required to allocate the cost of acquisition of acquired companies to the assets acquired and liabilities assumed based on their estimated fair values. Such valuations require management to make significant judgements in selecting valuation methods, estimates and assumptions. Critical estimates in the evaluations for such assets include, but are not limited to, remaining work to get all permits for the project and expected development in technology and markets. Management's estimates of fair value and useful lives are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates.

Note 5: Segment information

EAM Solar Group owns and operates twenty-five solar parks in Italy as of 31 December 2014, which include all of the groups revenue for 2014. The business is investing in and operating solar parks, which have similar economic characteristic. The management monitor the business based on geographical segments and portfolio of assets.

EUR 4.41m of the revenue from external customers on P31, is revenue from the 17 suspended plants.

EAM Solar Italy 1 s.r.l.	2014	2013
Revenues from external customers	899 202	957 440
EBITDA	600 216	581 294
EBIT	214 153	195 230
Net profit	-32 113	-7 708
Investments	0	0
Non-current assets	5 730 782	6 138 187

EAM Solar Italy 2 s.r.l.	2014	2013
Revenues from external customers	1 955 843	2 047 522
EBITDA	1 342 294	1 265 556
EBIT	555 529	478 791
Net profit	110 424	90 039
Investments	0	0
Non-current assets	11 856 631	12 640 276

EAM Solar Italy 3 s.r.l.	2014	2013
Revenues from external customers	820 166	104 586
EBITDA	506 734	-81 700
EBIT	233 720	2 094 618
Net profit	38 168	2 080 687
Investments	0	5 428 659
Non-current assets	5 197 344	5 399 659

P31	2014	2013
Revenues from external customers	5 153 385	0
EBITDA	2 645 704	0
EBIT	1 026 795	0
Net profit	-294 216	0
Investments	0	0
Non-current assets	56 673 991	0

Other & eliminations	2014	2013
Revenues from external customers	-113 159	0
EBITDA	-2 882 020	-548 916
EBIT	-3 182 455	-548 916
Net profit	-1 447 729	2 488 727
Investments	0	0
Non-current assets	8 947 836	-33 520

Total	2014	2013
Revenues from external customers	8 715 437	3 109 548
EBITDA	2 212 929	1 216 234
EBIT	-1 152 258	2 219 723
Net profit	-1 625 467	4 651 745
Investments	0	5 428 659
Non-current assets	88 406 584	24 144 602

Note 6: Other operating expenses

VAT is not included in the fees specified above. Other assurance services mainly consists of work related to the Initial Public Offering and work related to the prospectus of the private placement of 20.01.2014.

Specification of auditor's fee	2014	2013
Statutory audit	129 289	45 824
Other assurance services	35 076	32 400
Other non-assurance services	7 901	1 409
Tax consultant services	1 437	549
Total fee to auditor's	173 702	80 182

Note 7: Operational costs break-down 2014

(EUR)	EAM Solar ASA Group	EAM Solar Italy 1	EAM Solar Italy 2	EAM Solar Italy 3	P21	Other & Eliminations
Revenues	8 715 437	899 202	1 955 843	820 166	5 153 385	-113 159
Cost of operations	-1 157 952	-124 495	-317 817	-123 840	-580 240	-11 560
Land rent	-224 486	-35 623	-74 845	0	-114 017	0
Insurance	-163 120	-17 594	-60 674	-14 710	-59 077	-11 064
Operation & Maintenance	-589 482	-64 148	-166 736	-92 921	-265 676	0
Other operations costs	-180 865	-7 129	-15 562	-16 209	-141 469	-496
Sales, General & Administration	-2 355 590	-176 762	-312 342	-194 460	-1 318 567	-353 460
Commercial management	-50 431	-25 281	-25 150	0	0	0
Accounting, audit & legal fees	-331 135	-25 139	-22 487	-33 159	-132 644	-117 706
Financial & tax fees	-54 271	0	-483	-1 599	-10 505	-41 684
IMU tax	-413 949	-35 876	-64 364	-54 094	-259 615	0
EAM SPM direct costs	-1 213 407	-69 313	-150 762	-63 221	-790 400	-139 712
EAM SPM management service contract*	-138 473	-11 960	-33 068	-13 392	-80 053	0
Other administrative costs	-153 925	-9 193	-16 028	-28 994	-45 351	-54 358
Acquisition & financing cost	-2 988 966	2 271	16 610	4 868	-608 874	-2 403 841
Acquisition transaction costs	-1 560 318	0	0	0	-445 807	-1 114 510
Merger & repatriation costs	-1 289 331	0	0	0	0	-1 289 331
Funding & IPO costs	0	0	0	0	0	0
Other non-recurring items	-139 318	2 271	16 610	4 868	-163 066	0
EBITDA	2 212 929	600 216	1 342 294	506 734	2 645 704	-2 882 020

Note 8: Salary and personnel expense and management remuneration

Directors

Ragnhild Marte Wiborg (chairperson of the board from 19 December. Before that board member)

Marthe Hoff (board member)

Pål Hvammen (board member from 19 December)

Viktor Erik Jakobsen (executive board member)

The CEO is employed and remunerated by the manager. . See note 8 for a description of the management agreement.

Both the CEO and the executive director of the board of EAM Solar ASA owns directly or indirectly a part of EAM Solar Park Management AS. Paal Espen Johnsen, Ragnhild Marte Wiborg and Marthe Hoff have received in 2014 NOK 700,000, NOK 325,000 and NOK 237,500 respectively as compensation for their works as directors.

As of 31.12.2014

Shares held by group management and board members:	Shares	Warrants 1
Ragnhild Marte Wiborg (chairperson)	-	-
Marthe Hoff (board member)	-	-
Pål Hvammen (board member from 19 December)	-	-
Viktor Erik Jakobsen (executive director)	-	-
Audun Wickstrand Iversen, CEO 2	16 250	2 000
Paal Espen Johnsen (chairman of the board until 19 December) 3	-	-
Total	16 250	2 000

No member of the group management has received remuneration or financial benefits from other companies in the group other than those stated above. No additional remuneration has been paid for services outside the normal functions of a director.

No loans or guarantees have been given to any members of the group management, the board of directors or other company bodies.

All warrants expired at the 26 March 2015 without being exercised.

- 1) All warrants to subscribe for shares in EAM Solar ASA have a strike price of NOK 100 (adjusted for dividends paid).
- 2) Shares and warrants owned by Nabem AS, a company owned by Audun Wickstrand Iversen.
- 3) Until 2015 Paal Espen Johnsen was the CFO of, and a representative for, Alden AS which owns 146,875 shares in EAM Solar ASA. In addition, Alden AS holds 8,000 warrants.

Note 9: Transactions with related parties

Related parties	Transactions
Energeia Asset Management AS	Owner of EAM Solar Park Management AS
EAM Solar Park Management AS	Management and consulting services

Energeia Asset Management AS ownership

Company/owner	Ownership	Function
Jakobsen Energeia AS (Viktor Erik Jakobsen)	28,33%	Executive Director of EAM Solar ASA
Nabem AS (Audun Wickstrand Iversen)	28,33%	CEO of EAM Solar ASA
Sundt AS	28,33%	Shareholder of EAM Solar ASA
Canica AS	7,51%	Shareholder of EAM Solar ASA
Bjørgvin AS	7,51%	Shareholder of EAM Solar ASA

Transactions with related parties

All the transactions have been carried out as part of the ordinary operations and at arms -length prices..

EAM Solar Park Management AS is a fully owned company of Energeia Asset Management AS

EAM Solar Park Management AS delivers management services to EAM Solar ASA according to a management agreement between the parties. According to this agreement, EAM Solar Park Management AS can charge EAM Solar ASA for direct costs related to the

management services provided. If direct costs increases above NOK 5m, a revised budget shall be approved by the board of directors. In addition to full reimbursement of direct cost, EAM Solar Park Management AS will receive 12.5 % of the groups profit as a royalty from EAM Solar ASA. The royalty is based on the fact that EAM Solar ASA is developed, created and managed by EAM Solar Park Management AS. The royalty structure aligns the interests of EAM Solar Park Management AS with the interests of the shareholders in EAM Solar ASA.

In 2014 EAM SPM's direct costs of the management of EAM Solar ASA was NOK 10.1m (2013: NOK5m), and the royalty was NOK 5m (2013: NOK 0). The royalty calculation is divided between 2013 with 3.7m and 2014 with 1.3m. The delayed calculation of royalty for 2013 is subject to the close of the P31 portfolio that had financial takeover from 1 January 2013. However, due to the uncertainty of the invoiced but not yet received revenues related to the P31 portfolio, the manager has agreed to postpone the receipt of payment of the royalty until an acceptable solution has been reached. Even though the direct cost base of EAM SPM has increased in 2014 the cost base per kWh produced has been considerably reduced. For 2014 the direct cost per kWh was 0.3 euro cent based on full year figures. (2013: 8.6 euro cent per kWh)

Credit facility from shareholder

EAM SOLAR ASA entered on the 20th of June into a short term NOK 65m credit facility agreement with the largest shareholder in EAM Solar ASA, Sundt AS. The credit facility originally expired on the 10th of December, but has been extended twice thereafter. In March 2015 the parties agreed to convert the short-term facility to a long-term facility over 15 years, carrying an all-inclusive interest of 10%. This facility has an annual interest rate of six per cent. In addition comes a commitment fee of two per cent and renewal fees for two renewals of the loan. The facility is secured by pledge on the shares in EAM Solar Italy Holding srl.

Calculation of the manager's financial participation in 2014

As part of the Administrative, Technical and Commercial Management Agreement between EAM Solar ASA and EAM Solar Park Management AS (EAM SPM), EAM SPM has the right to receive an annual financial participation from the value creation in EAM Solar. The financial participation is equal to 12.5% of pre-tax profit in EAM Solar.

The calculation of the annual financial participation is based on the adjusted pre-tax profit of EAM Solar ASA and then determines the amount eligible for the 12.5% royalty to be received by EAM SPM.

The main principles behind the annual adjustments are:

- 1) Acquisition and transaction costs expensed in the year shall be capitalized and adjusted for during the lifetime of the project (in 2014 over 17 years).
- 2) Non-cash items in the accounts shall be adjusted for. Examples of such costs items may be asset write-ups/ write-downs, non-realized currency exchange gains or losses etc.
- 3) In the case of asset sales with capital gains, the remaining capitalized acquisition and transaction costs relating to the asset shall be expensed in the year of asset sale.
- 4) The P31 portfolio had financial takeover date as of 1 January 2013, entitling the manager to financial participation from this date. This is reflected in the valuation models prior to the purchase and expensed under acquisition and transaction costs.

	Note	2014	Based on P31 acquisition 2013	As reported 2013
Reported pre-tax profit before EAM SPM FPM		384 721	3 524 520	4 757 837
Adjustments to pre-tax profit				
<i>Acquisition & transaction cost adjustments</i>		3 310 446	0	5 719
Annual A&T cost	7	3 152 032	0	112 979
Annual A&T cost adjustment to pre-tax profit		158 414	0	-110 323
<i>Annual non-cash items in pre-tax profit</i>		-2 644 898	0	-4 911 751
Gain on bargain purchase	2	0	0	-2 243 510
Non-realized currency gain/(loss)	10	-2 313 828	0	-2 668 241
Other non-cash items in pre-tax profit		-331 070	0	0
Adjusted pre-tax profit		1 050 269	3 524 520	-148 194
Calculated pre-tax profit basis for EAM SPM FPM		1 050 269	3 524 520	-148 194
Financial participation - 12,5% of pre-tax adjusted profit	7	131 284	440 565	0
Annual EAM SPM financial participation		131 284	440 565	0

Account of annual A&T cost adjustment base

	Acc.	2014	2013
Opening balance A&T costs	0	1 875 492	1 872 836
A&T cost of the year (addition)	5 295 514	3 152 032	112 979
Used A&T costs (annualized cost)	-563 727	-295 737	-110 323
Closing balance for A&T cost for use in consecutive years	4 731 788	4 731 788	1 875 492

	Note	2014	Based on P31 acquisition 2013	As reported 2013
Reported pre-tax profit		384 721	3 524 520	4 757 837
Adjustments to pre-tax profit				
Annual A&T cost	7	3 152 032	0	112 979
Gain on bargain purchase	2	0	0	-2 243 510
Non-realized currency gain/(loss)	10	-2 313 828	0	-2 693 483
Other non-cash items in pre-tax profit		-331 070	0	0
Adjusted pre-tax profit		891 855	3 524 520	-66 177
Used A&T costs (annualized cost)		-295 737	0	-110 323
Adjusted pre-tax profit basis for FPM		596 119	3 524 520	-176 500
Annual financial participation	7	131 284	440 565	0

Note 10: Financial income and expenses

Financial income	2014	2013
Interest income	21 375	1 214
Foreign exchange gain	4 812 818	2 752 207
Other financial income	35 593	0
Total financial income	4 869 785	2 753 421
Financial expenses	2014	2013
Interest expense	-1 373 074	-156 583
Foreign exchange losses	-2 498 990	-58 724
Other financial expenses	-436 719	0
Total financial expenses	-4 308 783	-215 307
Net financial income (expenses)	561 002	2 538 114

The average exchange rate used for 2014 was EUR/NOK 8,3534, whereas the exchange rate used at 31.12.2014 was EUR/NOK 9,0365

Note 11: Income tax

Income tax expense:	2014	2013
Income tax payable	-230 019	-59 014
Changes in deferred tax	-804 192	36 474
Withholding tax on intercompany interests	0	-83 553
Adjustments for previous years income tax	0	0
Income tax expense	-1 034 211	-106 093
Income tax payable:	2014	2013
Income tax payable	1 109 122	0
Withholding tax on intercompany interests	0	-174 311
Property tax payable (expensed as an operating expense)	0	0
Total tax payable in the balance sheet	1 109 122	-174 311
Prepaid taxes (other current assets)	0	422 867
Net tax receivable / (payable)	1 109 122	248 556

A reconciliation of the effective rate of tax and the tax rate in EAM
Solar ASA's country of registration:

	2014	2013
Pre-tax profit	-591 256	4 757 837
Expected income taxes according to income tax rate in Norway (27%)	-159 639	-1 332 194
Adjustment in respect of current income tax of previous years	0	15 652
Non deductible expenses and other permanent differences	428 454	254 069
Non-taxable income	-6 182	628 183
Tax rate outside Norway other than 27%	25 816	-26 616
Withholding tax on intercompany interests	0	-83 553
Losses carried forward not recognised as an asset	-1 322 659	0
Use of previously unrecognised loss carried forward		437 968
Income tax gain / (expense)	-1 034 211	-106 491

The tax rate in Norway has changed from 28% to 27% from 2013 to 2014

Deferred tax and deferred tax assets:

	2014	2013
Deferred tax assets		
Tax losses carried forward	401 976	234 948
Other (transaction costs)	0	216 354
Other temporary differences	1 563 059	61 039
Losses carried forward not recognised as an asset	-1 322 659	-89 474
Deferred tax assets	642 376	422 867
	-0	
Deferred tax liabilities		
Property, plant and equipment	-3 000 605	0
Other	0	0
Deferred tax liabilities	-3 000 605	0
Net recognised deferred tax assets	-2 358 229	422 867

The basis for the recognition of the deferred tax asset is forecasted results in the operating segments. There are no expiry dates on any of the losses carried forward.

Note 12: Earnings per share

Basic earnings per share are calculated as the ratio of the profit for the year due to the shareholders of the parent company, divided by the weighted average number of ordinary shares outstanding.

The company has 179,000 warrants outstanding at a strike price of NOK 95 per share, which are valid until 26 March 2015.

After issuing 2,750,000 shares in January 2014, the company had 5,070,000 shares outstanding at 31 January 2014 and 179,000 warrants (one share per warrant).

The ordinary general meeting held on 28 May 2014 mandated the board to acquire own shares. When acquiring own shares the consideration per share may not be less than NOK 1 and may not exceed NOK 500. The board of directors determines the methods by which own shares can be acquired or disposed of. The authority shall remain in force until the annual general meeting in 2015, but in no event later than 30 June 2015.

	2014	2013
Profit for the year due to holders of ordinary shares	-1 625 467	4 651 744
Loss for the year due to the holders of ordinary shares		
Basis for calculating earnings per share	-1 625 467	4 651 744
Earnings per share:	2014	2013
- Basic	-0,33	2,26
- Diluted	-0,32	2,01
Earnings per share in NOK*:	2014	2013
Continued operation		
- Basic	-2,77	17,64
- Diluted	-2,68	15,66
Number of shares outstanding year end	5 070 000	2 320 000
Average shares outstanding during the year	4 904 247	2 059 178

Note 13: Property, plant and equipment

31 December 2014	Solar power plants
Accumulated cost 1 January	23 721 735
Additions property plant and equipment through business combination	65 264 331
Depreciation	-3 365 187
Carrying value 31 December 2014	85 620 879
31 December 2013	Solar power plants
Accumulated cost 1 January	19 533 095
Additions plant and equipment	5 428 659
Depreciation	-1 240 020
Carrying value 31 December 2013	23 721 735

Economic life 20- 25 years and straight-line depreciation.

Note 14: Contractual obligations

The group has the following contractual obligations relating to an operations and maintenance agreement, land leases and insurance.

(All amounts are in nominal 2014 values.)

Year	Amount
2015	1 124 000
2016	441 000
2017	441 000
2018	441 000
2019	441 000
After 2019	4 775 000
Total	7 663 000

Note 15: Financial risk management

Financial risk

The Group has different financial instruments; a) trade and other receivables and trade accounts payable, b) project finance (bank loan at amortised cost), c) leasing. In addition the group has derivative financial instruments in the form of interest rate swaps, swapping from floating to fixed interest.

Credit risk

Under normal circumstances the risk for losses is considered to be low, as the counterparties will be sovereign states in Western Europe. The group has not made any offsets or other derivative agreements to reduce the credit risk in EAM Solar ASA.

With the current situation for EAM in Italy where the state has suspended the FIT and the RID payments as a result of an on going criminal investigation against persons representing the seller of the P31 portfolio, the Company has evaluated if there is grounds for writing down the value of the receivables.

No such write down has been conducted based on the fact that the company has not been given clear evidence to support that criminal activities have been exercised on the plants acquired by EAM. That does not exclude that such evidence can be provided in the near future or that the Company obtains information that makes a write down necessary. There is considerable uncertainty whether the Company will receive payment of the receivables presented in the balance sheet.

Interest-rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The group's exposure to the risk of changes in market interest

rates relates primarily to the group's leasing debt with floating interest rates related to ten to the solar power plants equal to approximately.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Group's policy is to keep between 40% and 60% of its borrowings at fixed rates of interest, excluding borrowings that relate to discontinued operations. To manage this, the Group enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At 31 December 2014, after taking into account the effect of interest rate swaps, approximately 44% of the Group's borrowings are at a fixed rate of interest (2013: 51%).

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Groups approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Groups reputation.

Surplus liquidity is primarily placed on a bank deposit account.

Capital structure and equity

The primary focus of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholders value.

With the unresolved situation in Italy, the main focus is to secure liquidity for operating the power plants.

The group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.. The Group monitors capital using a gearing ratio, which is net debt divided by enterprise value. The Group's policy is to keep the gearing ratio between 60% and 75% The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents. Capital includes equity attributable to equity holders of the parent.

The reason for preparing the financial statements as going concern is due to the board's opinion that the group has sufficient liquidity for the next twelve months subject to a

de facto standstill with the financing banks. Given all the uncertainty, the board and the manager are putting all their effort into finding a solution, and finds it realistic that such a solution can be reached. It is in the interest of the shareholders, the financing banks, the employees of the manager and suppliers, the landowners and other stakeholders that the assets are intact. Upon keeping the assets running the group receives monthly payments for the market price contracts. First payment under the new market price contracts was received in late March. In order to improve the situation the group continues to seek financing on the fully equity financed and not affected assets purchased in 2011 and 2013 (EAM1, EAM2, EAM3). In addition the company pursues its legal rights in the administrative court to get the FIT re-instated. Should the situation not be resolved, the cash flow generated will only be sufficient to cover the direct costs of the power plants as described above.

Note 16: Trade receivables

Receivables (EUR)	2014	2013
Accounts receivables	1 905 700	498 536
Unbilled revenue towards GSE	6 084 460	0
Receivable from Aveleos	2 218 367	0
Other receivables	3 527 372	303 510
Accounts receivables	13 735 899	802 046

Provision for bad debt was EUR 0 for 2014. Bad debts are classified as other operating expenses in the income statement.

Changes in bad debt provision (EUR):	2014	2013
Provisions as of January 1	0	0
Provision for bad debt during the period	0	0
Realized losses for the year	0	0
Reversed provision during the period	0	0
Changes due to business combinations	0	0
December 31 2014	0	0

Credit risk related to accounts receivable is discussed in note 14. All receivables are in EUR except for a receivable of NOK 742,000 (about EUR 89,000).

Aging of accounts receivable at 31 December 2014 was as follows:

Aging structure of receivables	Total	Less than 90 days	90-180 days	More than 180 days
2014	1 905 700	286 550	0	1 619 149

The substantial amount of the receivable outstanding is towards GSE and the sellers of P31. GSE has 60 days payment terms from receiving an invoice, however, due to the situation regarding P31 payments have been temporarily stopped by the GSE. This creates uncertainty on the value of the receivable in the balance sheet.

Note 17: Cash and cash equivalents

(EUR)	2014	2013
Cash Norway	585 396	1 435 170
Cash Italy	12 964 039	3 176 028
Restricted cash Italy	1 161 319	250 208
Seized cash	-6 384 685	0
Unused credit facility	0	0
Cash and cash equivalents in Statement of financial position	8 326 068	4 861 406
Seized cash	-6 384 685	0
Cash and cash equivalents in Cash flow statement	1 941 383	4 861 406

The group had no credit facilities at 31 December 2014.

The financing institutions have paid to restricted accounts in total EUR 2.6m under the lending agreement that not has been released. This cash has also been seized, but is not included in the cash overview, but netted against the bank debt in the group accounts. This is because the final acceptance test has not been delivered.

The restricted cash is partly tied up in debt service reserve accounts related to the debt financing of the power plants, but also funds that have been seized in conjunction with

the preliminary investigations conducted by the Public Prosecutor in Milan.

In the third quarter this amount was accounted as cash, and the accounted financial liability also included the last unreleased tranche. However, since the relevant financing now can be viewed as breached, it is deemed unlikely that the last tranche will be released. In the fourth quarter and year-end report the receivable towards the bank and the liability due to the last tranche has been netted.

Note 18: Share capital, shareholder information and dividend

The 20 main shareholders as at 31.12.2014 are:

Shareholder	Number of shares	Ownership interest
SUNDT AS	840 000	16,6%
CANICA AS	725 000	14,3%
BJØRGVIN	312 500	6,2%
DNB LIVSFORSIKRING ASA	220 000	4,3%
HOLBERG NORGE	169 000	3,3%
MP PENSJON PK	160 000	3,2%
LUDVIG LORENTZEN AS	152 695	3,0%
VERDIPAPIRFONDET EIKA BALANSERT	149 146	2,9%
ALDEN AS	146 875	2,9%
SKANDINAVISKA ENSKILDA BANKEN AB	125 000	2,5%
TOLUMA INVEST AS	125 000	2,5%
MELLEM NES INVEST AS	125 000	2,5%
AKA AS	125 000	2,5%
EXTELLUS AS	105 000	2,1%
PENSJONSORDNINGEN	100 000	2,0%
AREPO AS	93 750	1,8%
SEB PRIVATE BANK S.A. (EXTENDED)	89 300	1,8%
PARK LANE FAMILY OFFICE AS	62 500	1,2%
AS FLU	62 500	1,2%
SANDEN A/S	50 000	1,0%
Total of the 20 main shareholders	3 938 266	77,7%

As at 31.12.2014 the Company had a total of 5 070 000 shares and 179 000 warrants outstanding.

All warrants issued have an current exercise price of NOK 92 (Adjusted for any paid out dividend) to subscribe for shares in EAM Solar ASA.

All warrants expired at the 26 March 2015 without being exercised. The latest published overview of shareholders is available at www.eamsolar.no.

In addition to performing good acquisitions and good operations, EAM's main focus is to secure continuous dividend distribution to the shareholders.

Dividend paid and proposed

In 2014 a dividend of 3 NOK per share have been paid, amounting to NOK 15 210 000 (About 1 868 665 at time of the payment).

Note 19: Debt

	At amortised cost	At amortised cost
	2014	2013
Financial liabilities:		
Obligations under finance leases	6 417 275	0
Trade and other payables	6 553 889	561 616
Current interest bearing loans and borrowings	9 834 828	0
Current project finance	10 329 431	0
Current leasing	22 951 649	0
Other current loans	7 303 409	0
Total current	56 973 205	561 616
Total non-current	6 417 275	0
Total	63 390 480	561 616

EAM has decided not to pay interest or instalments on the leasing and project financing related to the SPVs ESGI, ESGP and ESSP. Instead EAM has decided to use the free cash flow to maintain the assets by covering costs for O&M (Operation and Maintenance), security and utilities. Since the absent of payment on the financing can be seen as a breach of the payment terms, the relevant financing has been reclassified to current debt.

The financing institutions have not paid out the last tranche, in total EUR 2.6m, of the lending agreement.

This is because the final acceptance test has not been delivered.

In the third quarter this amount was accounted as cash, and the accounted financial liability also included the last unreleased tranche. However, since the relevant financing now can be viewed as breached, it is deemed unlikely that the last tranche will be released. In the fourth quarter and year end report the receivable towards the bank and the liability due to the last tranche has been netted.

Unicredit Project Finance providing finance to ESSP has a parent company guarantee from EAM Solar ASA.

Note 20: Hedging

Derivatives financial instruments

Current portion:

	Liabilities	
	<i>Fair value</i>	<i>Notional amount</i>
Interest rate swaps – cash flow hedges	1 538 274	15 228 610
Derivatives financial instruments at closing date	1 538 274	15 228 610
Total non-current	0	0
Current portion	1 538 274	15 228 610

ESSP

Purpose of the derivative: hedging of the variable interest rate on the bank senior loan. Risk coverage: 80% of the senior loan. Fixing rate (swap rate): 3,44% Duration: The interest swap covers the entire project finance duration.

ENS1

Purpose of the derivative: hedging of the variable interest rate on the bank senior loan. Risk coverage: 80% of the senior loan. Fixing rate (swap rate): 2,15% Duration: The interest swap will expire on 10 April 2021

Note 21: Impairment

EAM has identified indicators for impairment as described in IAS 36. We have therefore done a full impairment test of all solar power plants owned by EAM.

We would like to point out that the assumptions in the impairment test are made to indicate scenarios that management find explanatory at the reporting date. Actual outcome might be materially different, due to, but not limited to the inherent risk in the on-going legal processes.

The impairment test has been conducted under the assumption that all FIT for the P31 plants are reinstated and paid out, also the outstanding amounts for 2014. Based on this assumption it will not necessitate any adjustments to the book value of the power plants.

Key assumptions:

* Feed in tariff paid out every year for the remaining FIT period.

* Production in line with a P50* scenario

* RID is assumed to be EUR 0,05 pr kWh

* Cost are assumed to be in line with normalized budgets

* WACC is estimated to 6%

* Interest development in line with EURIBOR forward curve

The impairment test does not evidence the need to conduct write down of the assets. That does not exclude that such evidence can be provided in the near future or that the Company obtains information that makes a write down necessary. There is considerable uncertainty whether the Company can maintain the asset values of the solar power plants presented in the balance sheet.

*P50, is the average annual energy yield predicted for the power plants - the annual energy output that is most likely to be achieved.

Note 22: Events after the balance sheet date

In December 2014 EAM filed a petition to the administrative court in Rome in order to have the suspension of the payment of the feed in tariffs lifted. The filing of the petition was conducted following the preliminary results of the forensic fact finding work currently conducted by EAM. The administrative court in Rome did not rule in the Company's favour. The Company immediately appealed this decision to a higher court and received a ruling in its favour by the Council of State in January 2015. The Council of State has accepted the appeal as it deems that the claim filed with the administrative court appears to be grounded.

There has been scheduled two new dates for hearing in the administrative court where GSE must provide evidence and the administrative court resolve on the merits of the case, taking into consideration the ruling from the Council of State. One of the SPVs will have its hearing on the 9th of July and the rest will have its hearing on the 11th of November.

24 April 2015 the company received the documents related to the criminal investigation conducted by the court of Milan. At the date of release of this financial statement the company has not yet concluded its evaluation of the material received.

Parent company financial statements

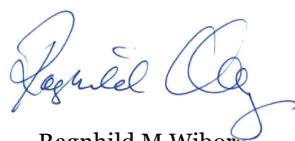
Profit and loss statement

(NOK)	Note	2014	2013
Revenue	3	1 294 085	74 200
Total revenue	3	1 294 085	74 200
Sales, general and administration expenses	4	-4 815 636	-1 172 670
Acquisition and transaction costs	4	-12 356 352	-3 013 610
Operating profit		-15 877 903	-4 112 080
Finance income	11	49 553 894	26 483 074
Finance costs	11	-25 311 151	-1 569 139
Profit before tax		8 364 840	20 801 855
Income tax gain/(expense)	7	0	-663 549
Profit after tax		8 364 840	20 138 306
Attributable to			
Share premium		0	0
Other equity		8 364 840	20 138 306

Balance sheet

(NOK)	Note	31-Dec-14	31-Dec-13
ASSETS			
Non-current assets			
Investment in subsidiaries	2	176 070 606	2 539 001
Deferred tax asset	7	0	0
Intercompany loan		314 459 943	178 014 945
Total non-current assets		490 530 549	180 553 946
Current assets			
Receivable	16	22 397 082	25 192 961
Other current assets	17	0	0
Cash and cash equivalents	18	5 288 688	12 158 670
Total current assets		27 685 770	37 351 630
TOTAL ASSETS		518 216 320	217 905 577
EQUITY AND LIABILITIES			
Equity			
Paid in capital			
Issued capital	19	50 700 000	23 200 000
Share premium	19	192 946 900	9 535 992
Total paid in capital		243 646 900	32 735 992
Other equity			
Other equity		176 693 146	183 538 306
Total other equity		176 693 146	183 538 306
Total equity		420 340 046	216 274 298
Current liabilities			
Trade payables		7 592 623	301 476
Tax payable	11	1 411 231	1 329 803
Short term loan - interest bearing	8	88 872 419	0
Other current liabilities		0	0
Total current liabilities		97 876 273	1 631 279
Total liabilities		97 876 273	1 631 279
TOTAL EQUITY AND LIABILITIES		518 216 320	217 905 577

Oslo, 30 April 2015


Ragnhild M Wiborg
Chair

Marthe Hoff
Non-executive
director

Pål Hvammen
Non-executive
director

Viktor E Jakobsen
Executive
director

Audun W Iversen
CEO

Statement of changes in equity

<i>(EUR)</i>	Share capital	Share premium fund	Other equity	Total equity
Equity at at 1.1.2013	12 000 000	91 680 755	0	103 680 755
Net proceeds IPO	11 200 000	92 855 237	0	104 055 237
Conversion of share premium fund		-163 400 000	163 400 000	0
Distribution to shareholders		-11 600 000	0	-11 600 000
Profit (loss) after tax	0	0	20 138 306	20 138 306
Equity as at 31.12.2013	23 200 000	9 535 992	183 538 306	216 274 298
Equity at at 1.1.2014	23 200 000	9 535 992	183 538 306	216 274 298
Net proceeds share issue	27 500 000	183 410 908	0	210 910 908
Distribution to shareholders		0	-15 210 000	-15 210 000
Profit (loss) after tax	0	0	8 364 840	8 364 840
Equity as at 31.12.2014	50 700 000	192 946 900	176 693 146	420 340 045

Cash flow statement

<i>(NOK)</i>	Note	2014	2013
Cash flow from operating activities			
Ordinary profit before tax		8 364 840	20 801 855
Changes in trade receivable and trade payable		10 087 026	-24 873 393
Changes in other accruals		4 308 848	418 618
Net cash flow from operating activities		22 760 714	-3 652 920
Cash flows from investing activities			
Loans to subsidiary		-136 444 998	-36 390 889
Investment in subsidiary	2	-173 531 605	-2 305 119
Net cash flow used in investing activities		-309 976 603	-38 696 008
Cash flows from financing activities			
Net proceeds from issue of share capital		211 130 908	104 055 237
Proceeds from borrowings		84 425 000	0
Repayment of loans		0	-39 790 166
Dividends to shareholders		-15 210 000	-11 600 000
Net cash flow from financing activities		280 345 908	52 665 071
Net increase/(decrease) in cash and cash equivalents		-6 869 981	10 316 143
Cash and cash equivalents at beginning of period		12 158 670	1 842 527
Cash and cash equivalents at end of period		5 288 688	12 158 670

Notes to the parent company financial statements

Note 1: Accounting principles

The financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway. The company was founded on 5 January 2011.

Use of estimates

The management has used estimates and assumptions which have affected assets, liabilities, income, expenses and information on potential liabilities in accordance with generally accepted accounting principles in Norway.

Foreign currency translation

Transactions in foreign currency are translated at the rate applicable on the transaction date. Monetary items in foreign currency are translated into NOK using an exchange rate applicable on the balance sheet date. Non-monetary items which are measured at their historical price expressed in a foreign currency are translated into NOK using the exchange rate applicable on the transaction date. Non-monetary items which are measured at their fair value expressed in a foreign currency are translated at the exchange rate applicable on the balance sheet date. Changes to exchange rates are recognised in the income statement as they occur during the accounting period.

Revenue recognition

The company's revenues consist of management services provided to the subsidiaries. Management services have been presented net in the profit and loss statement, and only the mark-up related to the services has been recognised as revenue. Revenue is recognised once delivery has taken place and most of the risk have been transferred.

Income tax

Tax expense consists of tax payable and changes to deferred tax. Deferred tax/tax asset are calculated on all differences between the book value and tax value of assets and liabilities. Deferred tax is calculated as 27 per cent of temporary differences and tax effect of tax losses carried forward. Deferred tax asset is recorded in the balance sheet when it is more likely than not that the tax asset will be utilised.

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

Balance sheet classification

Current assets and liabilities consist of receivables and payables falling due within one year. Other balance sheet items are classified as non-current assets.

Current assets are valued at the lower of cost and fair value. Current liabilities are recognised at nominal value.

Subsidiaries

Investments in subsidiaries are measured at cost in the company accounts, less any impairment. In accordance with generally accepted accounting principles, an impairment charge is recognised if impairment is not considered temporary. Impairment charges are reversed if the reason for the impairment disappears in a later period.

Dividends and other contributions from subsidiaries are recognised in the same year as they are recognised in the financial statement of the provider. If dividends exceed withheld profits after the acquisition date, the excess amount represents repayment of invested capital and the distribution will be deducted from the recorded value of the acquisition in the balance sheet.

Trade receivables and other receivables

Trade receivables and other receivables are recorded in the balance sheet at nominal value less provisions for doubtful accounts. Provision for doubtful accounts is based on an individual assessment of different receivables. For the remaining receivables, a general provision is estimated on the basis of expected loss.

Cash and cash equivalents

Cash includes cash in hand and bank deposits. Cash equivalents are short-term liquid investments that can be converted to a known amount of cash within three months.

Cash flow statement

The cash flow statement is presented using the indirect method.

Note 2: Investment in subsidiaries and associates

Company	Country of incorporation	Main operation	Ownership	Voting power	Net profit	Equity
EAM Solar Italy Holding Srl	Italy	Holding company	100%	100%	-874 137	19 795 093
EAM Solar Italy 1 Srl	Italy	Solar power plant	100%	100%	-32 113	-168 371
EAM Solar Italy 2 Srl	Italy	Solar power plant	100%	100%	110 424	2 103 016
EAM Solar Italy 3 Srl	Italy	Solar power plant	100%	100%	38 168	1 839 571
Energetic Source Green Power s.r.l.	Italy	Solar power plant	100%	100%	18 871	5 026 032
Energetic Source Green Investment s.r.l.	Italy	Solar power plant	100%	100%	-48 534	2 310 816
Energetic Source Solar Production s.r.l.	Italy	Solar power plant	100%	100%	-229 795	2 903 931
Aveleos Green Investment s.r.l.	Italy	Solar power plant	100%	100%	-5 235	811 520
Ens Solar One s.r.l.	Italy	Solar power plant	100%	100%	-93 775	2 514 455
Energia Fotovoltaica 14 s.r.l.	Italy	Solar power plant	100%	100%	25 829	237 803
Energia Fotovoltaica 25 s.r.l.	Italy	Solar power plant	100%	100%	38 422	271 710

*Ens Solar One s.r.l wholly owns Energeia Fotovoltaica 14 s.r.l and Energeia Fotovoltaica 25 s.r.l.

Note 3: Revenue

By business area	2014	2013
Management services provided to subsidiaries	1 294 085	1 258 757
Management service (expense)	1 000 000	1 184 557
Net revenue	294 085	74 200

Geographical distribution	2014	2013
Norway	0	0
Italy	294 085	74 200
Total	294 085	74 200

Note 4: Other operating expenses

Specification auditor`s fee (NOK)	2014	2013
Statutory audit	1 080 000	357 825
Other assurance services	293 000	253 000
Tax consultant services	66 000	4 290
Other assurance services	12 000	11 000
Total	1 451 000	626 115

VAT is not included in the fees specified above. Other assurance services consist mainly of work related to the initial public offering and to the prospectus for the private placement of 20 January 2014.

Note 5: Salary and personnel expense

Directors

Members of the Board

Ragnhild Marte Wiborg (chairperson of the board from 19 December. Before that board member)

Marthe Hoff (board member)

Pål Hvammen (board member from 19 December)

Viktor Erik Jakobsen (executive board member)

The CEO is employed by the manager, and is consequently remunerated by the manager. See note 8 for a description of the management agreement.

Both the CEO and the executive director of the board of EAM Solar ASA owns directly or indirectly a part of EAM Solar Park Management AS. Paal Espen Johnsen,

Ragnhild Marte Wiborg and Marthe Hoff have received in 2014 NOK 700,000, NOK 325,000 and NOK 237,500

respectively as compensation for their works as directors.

All warrants expired at the 26 March 2015 without being exercised.

As of 31.12.2014

Shares held by group management and board members:	Shares	Warrants 1
Ragnhild Marte Wiborg (chairperson)	-	-
Marthe Hoff(board member)	-	-
Pål Hvammen (board member from 19 December)	-	-
Viktor Erik Jakobsen (executive director)	-	-
Audun Wickstrand Iversen, CEO 2	16 250	2 000
Paal Espen Johnsen (chairman of the board until 19 December) 3	-	-
Total	16 250	2 000

No member of the group management has received remuneration or financial benefits from other companies in the group other than those stated above. No additional remuneration has been paid for services outside the normal functions of a director.

No loans or guarantees have been given to any members of the group management, the board of directors or other company bodies.

- 1) All warrants to subscribe for shares in EAM Solar ASA have a strike price of NOK 100 (adjusted for dividends paid).
- 2) Shares and warrants owned by Nabem AS, a company owned by Audun Wickstrand Iversen.
- 3) Until 2015 Paal Espen Johnsen was the CFO of, and a representative for, Alden AS which owns 146,875 shares in EAM Solar ASA . In addition, Alden AS holds 8,000 warrants

Note 6: Transactions with related parties

Related parties	Transactions
EAM Solar Park Management AS	Management and consulting services

Transactions with related parties

All the transactions have been carried out as part of the ordinary operations and at arms -length prices.

EAM Solar Park Management AS is a fully owned company of Energeia Asset Management AS

EAM Solar Park Management AS delivers management services to EAM Solar ASA according to a management agreement between the parties. According to this agreement, EAM Solar Park Management AS can charge EAM Solar ASA for direct costs related to the management services provided. If direct costs increases above NOK 5m, a revised budget shall be approved by the board of directors. In addition full reimbursement of direct cost, EAM Solar Park Management AS will receive 12.5 % of the groups profit as a royalty from EAM Solar ASA. The royalty is based on the fact that EAM Solar ASA is developed, created and managed by EAM Solar Park Management AS. The royalty structure aligns the interests

of EAM Solar Park Management AS with the interests of the shareholders in EAM Solar ASA.

In 2014 EAM SPM's direct costs of the management of EAM Solar ASA Group was NOK 10.1m, this is an incurred not invoiced amount (2013: NOK5m), and the royalty was NOK 5m (2013: NOK 0). Of which 1.0m was invoice to EAM Solar ASA for cost coverage. The royalty calculation is divided between 2013 with 3.7m and 2014 with 1.3m. The delayed calculation of royalty for 2013 is subject to the close of the P31 portfolio that had financial takeover from 1 January 2013. However, due to the uncertainty of the invoiced but not yet received revenues related to the P31 portfolio, the manager has agreed to postpone the receival of payment of the royalty until an acceptable solution has been reached. Even though the direct cost base of EAM SPM has increased in 2014 the cost base per kWh produced has been considerable reduced. For 2014 the direct cost per kWh was 0.3 euro cent based on full year figures. (2013: 8.6 euro cent per kWh)

EAM Solar Park Management has the following indirect owners:

Company/owner	Ownership	Function
Jakobsen Energeia AS (Viktor Erik Jakobsen)	28,33%	Executive Director of EAM Solar ASA
Naben AS (Audun Wickstrand Iversen)	28,33%	CEO of EAM Solar ASA
Sundt AS	28,33%	Shareholder of EAM Solar ASA
Canica AS	7,51%	Shareholder of EAM Solar ASA
Björgvin AS	7,51%	Shareholder of EAM Solar ASA

Credit facility from shareholder

EAM SOLAR ASA entered on the 20th of June into a short term NOK 65m credit facility agreement with the largest shareholder in EAM Solar ASA, Sundt AS. The credit facility originally expired on the 10th of December,

but has been extended twice thereafter and has now been prolonged to a long-term loan.

The facility is secured on the existing solar power plants in EAM Solar ASA.

Note 7 - Income taxes

Income tax expense:	2014	2013
Tax payable (withholding tax Italy)	0	0
Changes in deferred tax	0	0
Income tax expense	0	0

Tax base calculation:	2014	2013
Profit before income tax	8 364 840	21 465 405
Permanent differences(issuance cost private placement)	-8 800 000	-7 944 763
Tax loss carried forward	-2 114 273	-15 634 915
Tax base	-2 549 433	-2 114 273

Tax loss carried forward

EAM Solar ASA had a tax loss carried forward of NOK 2,549,433 at 31 December 2014, which expires as follows.

	2014	2013
No due date	-19 279 113	-2 114 273
Total tax loss carried forward	-19 279 113	-2 114 273

The deferred tax asset as at 27% tax rate; NOK 5 205 360 is not recognized in balance sheet

as it is currently not likely that the tax loss carried forward can be utilized.

Note 8: Liabilities and receivables

Receivables:	2014	2013
Trade receivables intercompany	22 397 082	21 861 283
Other receivables	0	3 331 678
Loan to Group Companies	314 459 943	178 014 945
Total receivables	336 857 025	203 207 906

Liabilities:	2014	2013
Trade payables	7 592 623	301 476
Short term loan - interest bearing	88 872 419	0
Other current liabilities	1 411 231	1 329 803
Total current liabilities	97 876 273	1 631 279

Note 9: Cash and cash equivalents

	2014	2013
Cash	5 288 688	12 158 670
Restricted cash	0	0
Cash and cash equivalents in the cash flow statement	5 288 688	12 158 670

The group had no credit facilities at 31 December 2014.

Note 10: Equity

Shareholder	Number of shares	Ownership interest
SUNDT AS	840 000	16,6%
CANICA AS	725 000	14,3%
BJØRGVIN	312 500	6,2%
DNB LIVSFORSIKRING ASA	220 000	4,3%
HOLBERG NORGE	169 000	3,3%
MP PENSJON PK	160 000	3,2%
LUDVIG LORENTZEN AS	152 695	3,0%
VERDIPAPIRFONDET EIKA BALANSERT	149 146	2,9%
ALDEN AS	146 875	2,9%
SKANDINAVISKA ENSKILDA BANKEN AB	125 000	2,5%
TOLUMA INVEST AS	125 000	2,5%
MELLEM NES INVEST AS	125 000	2,5%
AKA AS	125 000	2,5%
EXTELLUS AS	105 000	2,1%
PENSJONSORDNINGEN	100 000	2,0%
AREPO AS	93 750	1,8%
SEB PRIVATE BANK S.A. (EXTENDED)	89 300	1,8%
PARK LANE FAMILY OFFICE AS	62 500	1,2%
AS FLU	62 500	1,2%
SANDEN A/S	50 000	1,0%
Total of the 20 main shareholders	3 938 266	77,7%

As at 31.12.2014 the Company had a total of 5 070 000 shares and 179 000 warrants outstanding.

All warrants issued have a current exercise price of NOK 92 (Adjusted for any paid out dividend) to subscribe for shares in EAM Solar ASA.

All warrants expired the 26 March 2015, without any conversion.

The latest published overview of shareholders is available at www.eamsolar.no.

Dividend paid and proposed

In 2014 a dividend of 3 NOK per share have been paid, amounting to NOK 15 210 000 (About 1 868 665 at time of the payment).

In addition to performing good acquisitions and good operations, EAM's main focus is to secure continuous dividend distribution to the shareholders.

Note 11: Finance income and finance cost

Financial income	2014	2013
Interest income on intercompany loans	9 055 239	4 393 015
Agio	40 203 392	21 808 135
Other financial income	295 262	281 925
Total financial income	49 553 894	26 483 075

Financial expenses	2014	2013
Interest expense	2 902 937	1 172 785
Foreign exchange losses	20 875 064	396 354
Other financial expenses	1 533 151	0
Total financial expenses	25 311 151	1 569 139

Net financial income (expenses)	24 242 743	24 913 936
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Note 12: Subsequent events

See note 22 in the group financial statements.

Appendix: power production

Reported power production kWh	Q4 2014	Q3 2014*	Q2 2014*	Q1 2014*	Q1 2013	Q2 2013	Q3 2013	Q4 2013	FY2014	FY2013	
EAM Solar Italy 1 Srl	334	710	796	367	352	785	862	315	2 207	2 315	
EAM Solar Italy 2 Srl	693	1 502	1 605	749	750	1 550	1 798	707	4 548	4 806	
EAM Solar Italy 3 Srl	271	602	881	405	0	0	32	287	2 160	637	
Energetic Source Green Power	1703	2984	0	0	0	0	0	0	4 687	0	
Energetic Source Green Investments	735	1 271	0	0	0	0	0	0	2 005	0	
Energetic Source Solar Production	1161	2090	0	0	0	0	0	0	3 251	0	
Aveleos Green Investment	241	417	0	0	0	0	0	0	659	0	
Ens Solar One srl	743	1301	0	0	0	0	0	0	2 045	0	
Energia Fotovoltaica 14	248	396	0	0	0	0	0	0	645	0	
Energia Fotovoltaica 25	246	417	0	0	0	0	0	0	664	0	
Total	6 375	11 691	3 283	1 521	0	1 102	2 335	2 692	1 310	22 869	7 758

Actual power production	Q4 2014	Q3 2014*	Q2 2014*	Q1 2014*	Q1 2013	Q2 2013	Q3 2013	Q4 2013	FY2014	FY2013	
Varmo	334	710	796	367	352	785	862	315	2 207	2 315	
Codroipo	693	1 502	1 605	749	750	1 550	1 798	707	4 548	4 806	
Momo	127	214	451	198	0	0	460	287	990	747	
Caltignaga	144	389	430	208	0	0	439	144	1 171	583	
Selvaggi	245	431	420	277	199	436	457	255	1 373	1 347	
Di Mauro	250	433	413	274	167	421	454	280	1 371	1 322	
Ninivaggi	249	427	423	274	197	405	458	252	1 373	1 312	
Lomurno	238	419	410	270	204	444	453	256	1 337	1 356	
Giordano D.	243	434	419	280	197	420	445	267	1 376	1 330	
Gagnazzi	242	423	412	276	201	452	458	264	1 353	1 374	
Gentile	236	416	411	260	192	383	438	245	1 324	1 258	
Lorusso	224	393	403	267	169	433	441	235	1 287	1 278	
Cirasole	261	452	441	292	200	438	468	260	1 445	1 367	
Scaltrito	250	426	405	278	199	428	459	249	1 359	1 335	
Pasculli	252	441	412	283	272	464	417	242	1 388	1 395	
Pisicoli N.	245	442	424	275	270	483	469	247	1 385	1 469	
Pisicoli T.	241	433	414	272	244	397	441	245	1 359	1 327	
Marulli	180	325	312	197	141	273	338	182	1 014	934	
Antonacci	246	447	430	285	101	482	472	255	1 407	1 310	
Piangevino	241	417	415	273	202	387	358	235	1 347	1 183	
Lorusso	230	429	421	274	216	472	469	251	1 354	1 407	
Brundesini	258	439	419	286	218	469	454	253	1 402	1 393	
Scardino	253	436	426	286	204	428	440	280	1 400	1 352	
Enfo 14	248	396	415	280	205	418	424	265	1 339	1 313	
Enfo 25	246	417	413	267	195	430	456	258	1 343	1 339	
Total	6 375	11 691	11 940	7 246	0	5 296	11 297	12 829	6 729	37 252	36 150

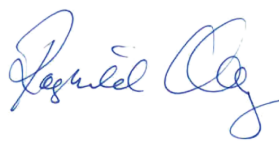
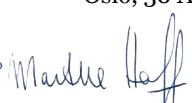
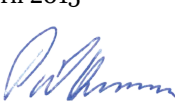

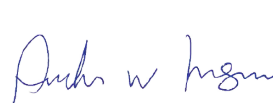
* For some power plants the figures have been adjusted based on revised production data

Responsibility statement

From the Board of Directors and the CEO

We confirm, to our best knowledge that the financial statements for the period 1 January to 31 December 2014 have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the assets, financial position and profit or loss of the entity and the group taken as a whole. We also confirm that the Board of Directors' Report includes a true and fair view of the development and performance of the business and the position of the entity and the group, together with a description of the principal risks and uncertainties.

Oslo, 30 April 2015

				
Ragnhild M Wiborg Chair	Marthe Hoff Non-executive director	Pål Hvammen Non-executive director	Viktor E Jakobsen Executive director	Audun W Iversen CEO

Auditor's report



Statsautoriserte revisorer
Ernst & Young AS

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Medlemmer av den norske revisorforening

To the Annual Shareholders' Meeting of
EAM Solar ASA

AUDITOR'S REPORT

Report on the financial statements

We are appointed to audit the accompanying financial statements of EAM Solar ASA, comprising the financial statements for the Parent Company and the Group. The financial statements of the Parent Company comprise the balance sheet as at 31 December 2014, the statements of income, cash flows and changes in equity for the year then ended and a summary of significant accounting policies and other explanatory information. The financial statements of the Group comprise the consolidated statement of financial position as at 31 December 2014, the statements of comprehensive income, cash flows and changes in equity for the year then ended as well as a summary of significant accounting policies and other explanatory information.

The Board of Directors' and Chief Executive Officer's responsibility for the financial statements

The Board of Directors and Chief Executive Officer are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the Parent Company and the International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal control as the Board of Directors and Chief Executive Officer determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Due to the matter described under "Basis for disclaimer of opinion on the financial statements" below, however, we have not been able to obtain sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Basis for disclaimer of opinion on the financial statements

EAM Solar ASA acquired 15 July 2014 solar power plant entities located in Italy (P31). A significant component of the revenues of the power plant entities are Feed in Tariffs (FiT) which are contingent on the solar plants meeting certain conditions. The FiT agreements were suspended 25 July 2014 awaiting the result of an ongoing public investigation of the seller of the solar power plants as to whether the conditions for receiving the FiT consideration are met for 17 of the 21 solar power plants entities acquired. Given the material uncertainty as to whether EAM Solar ASA is entitled to the FiT, we were unable to satisfy ourselves by alternative means the FiT revenues, value of property, plant and



equipment, receivables, deferred tax assets, investment in subsidiaries, intercompany loan and any contingent liabilities that could arise if EAM Solar ASA is not successful in the current legal proceedings taking place related to the acquisition of P31. We were also unable to satisfy ourselves by alternative means concerning the balances of lease agreements/project finance loans and seized cash at 31 December 2014 because we were not able to obtain confirmations of these balances from the banks.

As a result of these matters, we were unable to determine whether any adjustments might have been found necessary in respect of revenues, receivables, property, plant and equipment, cash and cash equivalents, short term loan – interest bearing and deferred tax assets and the elements making up the statement of financial position as at 31 December 2014 and the statements of comprehensive income, cash flows and changes in equity of the Group and investment in subsidiaries and intercompany loan and the elements making up the balance sheet as at 31 December 2014, the statements of income, cash flows and changes in equity for the year then ended of the Parent Company.

Disclaimer of opinion on the financial statements

Because of the significance of the matters described in the “Basis for disclaimer of opinion on the financial statements” paragraph, we have not been able to obtain sufficient and appropriate audit evidence to provide a basis for our audit opinion for the Group and Parent Company. Accordingly, we do not express an opinion on the financial statements.

Report on other legal and regulatory requirements

Disclaimer of opinion on the Directors’ report

Because of the significance of the matter described in the “Basis for disclaimer of opinion on the financial statements” paragraph, we do not express an opinion on the information in the Directors’ report.

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 the Board of Directors and Chief Executive Officer have fulfilled their duty to ensure that the Company's accounting information is properly recorded and documented as required by law and generally accepted bookkeeping practice in Norway.

Oslo, 30 April 2015
ERNST & YOUNG AS

Thomas Embretsen
State Authorised Public Accountant (Norway)

Annual report 2014

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