Financial report

eam

Q2

2015

EAM Solar ASA

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Highlights in the second quarter 2015

- The reported Q2 power production was 12.3 GWh, 4.1% above the seasonal average for the period, accumulated for the year the production was 19.3 GWh, 1.5% above the seasonal average for the period.
- Reported EBITDA in the quarter was EUR 3.1m, adjusted for acquisition and transaction costs, EBITDA was EUR 3.2m.
- In July the company received payments for RID revenue for the period June to September last year.
- The first hearing in the criminal proceedings was conducted on 3 June 2015. EAM Solar ASA and EAM Solar Italy Holding have maintained their status as victim of criminal contractual fraud.
- The new hearing in the administrative court was conducted on 9 July 2015. The court accepted that by 30 July 2015 GSE must present their decision on the suspension of FIT and the court also ruled that the merits will be evaluated in the hearing in November.
- In the beginning of May, the GSE conducted inspections on the 17 power plants affected by the suspension of tariffs. At the release of this report the inspection had not yet been concluded.

Key figures

(EUR 000')	Unaudited **Q2 2015**	Unaudited **Q2 2014**	Audited **2014**
Revenues	**4 248**	**1 380**	**8 715**
Cost of operations	-372	-204	-1 158
Sales, general and administration expenses	-702	-315	-2 356
Acquisition and transaction costs	-38	-393	-2 989
EBITDA	**3 136**	**468**	**2 213**
Depreciation, amortizations and write downs	-1 332	-360	-3 365
EBIT	**1 805**	**108**	**-1 152**
Net financial items	-634	124	561
Profit before tax	**1 170**	**232**	**-591**
Income tax gain/(expense)	-272	-25	-1 034
Net income	**898**	**206**	**-1 625**
Earnings per share (fully diluted)**:**	**0,18**	**0,04**	**-0,32**
Distribution to shareholders per share	0,00	0,00	0,36
Dividend yield	0,0 %	0,0 %	0,0 %
Million no. of shares (fully diluted)	5,07	5,07	5,07
EBITDA adjusted	**3 174**	**861**	**5 202**
EBIT adjusted	1 842	501	1 837
Net income adjusted	664	2 190	1 363

Adjusted EBITDA, EBIT and Net income are adjusted for non-recurring items such as cost of acquisition and financing, gains from bargain purchase and non-cash currency movements.

Interim report second quarter 2015

EAM Solar ASA is an investment company listed on the Oslo Stock Exchange under the ticker EAM. The Company's business is to own solar photovoltaic power plants and sell produced electricity under long-term fixed price sales contracts. The initial geographical focus is Italy, where the company owns twenty-five power plants of which four power plants are located in the Friuli and Piemonte regions in Northern Italy, and twenty-one power plants are located in the Puglia region in Southern Italy. Energeia Asset Management AS manages EAM Solar ASA under a long-term management agreement.

Operational review and outlook

The quarterly power production of 12.3 GWh was 4.1% above normal level due to better than normal solar irradiation in Italy during the quarter.

All 25 power plants produced and delivered electricity to the grid in accordance with their contracts as normal throughout the quarter.

Codroipo power plant experienced a lightning strike in June that resulted in a temporary shutdown of electricity production. The production shortfall and associated repair work is covered by the insurance contract of the power plant.

Market price development

13.5% of the total revenue in the second quarter of 2015 came from variable market price contracts (PPA/RiD).

In the second quarter, the price has reached an average of EUR 42.7 per MWh. Accumulated in 2015, the price has reached an average of EUR 45.2 per MWh. The market price in 2014 was on average EUR 52 per MWh; in 2013 it was between EUR 55 to 65 per MWh. In 2011 and 2012, the wholesale market price of electricity in Italy was between EUR 75 to 85 per MWh,

P31 portfolio

On 15 July 2014, EAM Solar ASA executed the transfer of the shares of 7 out of a total of 8 companies that comprise the P31 portfolio. On 25 July 2014, EAM discovered that 17 of the 21 purchased solar power plants changed its status in the GSE portal from active to suspended. The suspension notice from GSE refers to a preliminary investigation conducted by the prosecutor's office in Milan.

Standstill agreement

EAM Solar ASA entered into a standstill agreement on 11 October 2014, with Aveleos SA.

EAM and the seller have agreed to jointly clarify all relevant facts related to the power plants and the viability of the FIT contracts that have been affected by the preliminary investigations conducted by the public prosecutor in Milan. Furthermore, EAM received cash supporting liquidity for operation of the affected power plants and the SPVs in a normal manner. 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, and all actions regulated by the share purchase agreement is suspended until the end of the standstill agreement period.

At the end July 2015 EAM sent a termination notice of the standstill agreement. The grounds for the termination are based on repeated breaches of the standstill conditions.

Several on-going legal processes

EAM received the documents related to the criminal investigation conducted by the court of Milan 24 April 2015. 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. The first hearing of the criminal proceedings took place 3 June 2015. In the hearing EAM Solar ASA and EAM Solar Italy Holding srl maintained their status at victims of criminal contractual fraud. The court further decided to postpone the second and third hearing until the 15th and 17th of September 2015.

EAM has not been provided with any documentation that can justify the suspension of the RID and FIT payments by GSE. Accordingly, EAM has started a legal process against GSE to get the tariffs reinstated. 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. The hearing dates have been set for 9 July 2015 and 11 November 2015.

The first hearing in the administrative court took place on July 9th 2015. The court accepted that GSE has until 30 July 2015 to present their decision on the suspension of FIT and the court also ruled that the merits will be evaluated in the hearing in November. At the release of this report the company is not aware of any decision made by GSE.

On 31 October 2014 GSE unilaterally notified that they would cancel the RID agreements from 1 January 2015, for all plants where the RID was formerly suspended. EAM has therefore entered into PPAs (power purchase agreement) with a new third party from 1 January 2015. Payments under the new contracts have been received according to agreements

EAM has not paid interest or instalments on the leasing and project financing related to the SPVs ESGI, ESGP and ESSP. Instead, EAM has used the free cash flow to maintain the assets by covering costs for O&M (Operation and Maintenance), security and utilities. Since the absence of payment on the financing can be seen as a breach of the payment terms, the relevant financing was reclassified to current debt in the fourth quarter last year, and still remains classified in the same way this quarter.

Dividends

EAM will pay no dividend in conjunction with the second quarter.

Debt financing and restructuring

The company is pursuing external debt financing for the fully equity financed and non-affected power plants purchased in 2011 and 2013 (EAM1, EAM2, EAM3). In addition, the group has conducted corporate restructuring in order to separate between power plants in normal operations and power plants affected by GSE suspension measures.

In the first quarter, the company came to an agreement with Sundt AS to convert the short-term acquisition facility to a longer-term debt facility. The new debt facility has 15 years to maturity at acceptable conditions.

In Italy, EAM targets a gearing level of approximately 60% to 65%.

Subsequent Events

Cancellation of standstill

The grounds for the termination of the standstill agreement are based on repeated breaches of the standstill conditions.

RID payment received

In July the company received payment for RID revenue for the period June to September last year.

New hearing in the Administrative Court (TAR)

The first hearing in the Administrative Court in Lazio (TAR) took place on July 9th 2015. The court accepted that GSE has until 30 July 2015 to present their decision on the suspension of FIT and the court also ruled that the merits will be evaluated in the hearing in November. At the release of this report the company is not aware of any decision made by GSE.

Financial review

Income Statement

Going concern

The financial statements and figures presented in the director's report have been prepared under the assumption of going concern see note 15 for further details.

Revenues

Second quarter revenues came in at EUR 4.2m. Achieved average electricity price for the quarter was EUR 345 per MWh against EUR 339 per MWh in the fourth quarter last year.

Operational cost

Cost of operations came in at EUR 0.4m for the quarter. SG&A costs came in at EUR 0.7m for the quarter. Acquisition and financing costs in the period amounted to EUR 0.1 m.

Operational earnings

Second quarter EBITDA came in at EUR 3.1m, adjusted EBITDA from operations came in at EUR 3.2m.

Net financial items

Change in net financial items from the first to the second quarter is mainly affected by the payment and accumulation of interest.

Profit before tax and net income after tax

The result for the second quarter was a profit of EUR 0.9m and adjusted for acquisition costs and non-cash currency gain, a profit of EUR 0.7m in the quarter.

Cash Flow and Balance Sheet Statements

Cash Flow

Cash flow from operations for the first half-year came in at negative EUR -0.1m. Cash flow from investing activities was EUR 0.0m. Cash flow from financing activities was in total EUR -0.2m. Restricted and unrestricted cash by the end of the quarter was EUR 7.8m.

Balance Sheet

Total assets at the end of the period are EUR 112.9m, with an equity ratio of 42.2%. Net working capital (excluding non serviced interest bearing debt) was EUR 14.0m at end of June.

Oslo 30 July 2015

Marthe Hoff
Director

Ragnhild Wiborg
Chair

Pål Hvammen
Director

Viktor E Jakobsen
Executive Director

Audun Wickstrand Iversen
CEO

Condensed consolidated interim financial information

Interim condensed statement of comprehensive income

(EUR)	Note	Unaudited Q2 2015	Unaudited Q2 2014	Unaudited H1 2015	Unaudited H1 2014	Audited 2014
Revenues	1,8,13	**4 247 775**	**1 380 225**	**6 630 678**	**1 972 334**	**8 715 437**
Cost of operations	11	-372 283	-203 568	-750 790	-320 018	-1 157 952
Sales, general and administration expenses	11	-701 613	-315 262	-1 377 982	-575 226	-2 355 590
Acquisition and transaction costs	11	-37 687	-393 036	-348 695	-950 619	-2 988 966
EBITDA		**3 136 192**	**468 359**	**4 153 212**	**126 471**	**2 212 929**
Depreciation, amortizations and write downs	9	-1 331 604	-360 419	-2 644 598	-720 818	-3 365 187
EBIT		**1 804 587**	**107 940**	**1 508 614**	**-594 347**	**-1 152 258**
Finance income		290 485	1 300 159	332 880	1 343 000	4 869 785
Finance costs		-924 810	-1 176 446	-3 125 666	-1 434 488	-4 308 783
Profit before tax		**1 170 262**	**231 653**	**-1 284 172**	**-685 835**	**-591 256**
Income tax gain/(expense)		-271 923	-25 256	-323 823	251 958	-1 034 211
Profit after tax		**898 339**	**206 397**	**-1 607 995**	**-433 877**	**-1 625 467**
Other comprehensive income						
Translation differences		-1 435 675	-1 590 639	406 874	-305 796	-2 216 185
Cash flow hedges		460 372	0	623 283	0	-597 840
Other comprehensive income net of tax		**-975 303**	**-1 590 639**	**1 030 157**	**-305 796**	**-2 814 025**
Total comprehensive income		**-76 963**	**-1 384 242**	**-577 838**	**-739 673**	**-4 439 492**
Profit for the year attributable to:						
Equity holders of the parent company		898 339	206 397	-1 607 995	-433 877	-1 625 467
Equity holders of the parent company		**898 339**	**206 397**	**-1 607 995**	**-433 877**	**-1 625 467**
Total comprehensive income attributable to:						
Equity holders of the parent company		-76 963	-1 384 242	-577 838	-739 673	-4 439 492
Equity holders of the parent company		**-76 963**	**-1 384 242**	**-577 838**	**-739 673**	**-4 439 492**
Earnings per share:						
Continued operation						
- Basic		**0,18**	**0,04**	**-0,32**	**-0,10**	**-0,33**
- Diluted		**0,18**	**0,04**	**-0,32**	**-0,10**	**-0,33**
Basic shares		5 070 000	5 070 000	5 070 000	5 070 000	4 904 247
Average shares		5 070 000	5 070 000	5 070 000	4 544 719	4 904 247

The interim financial statement information has not been subject to audit or review. Diluted number of shares at the end of the second quarter 2015 is 5,070,000.

Consolidated condensed statement of financial position

(EUR)	Note	Unaudited **Q2 2015**	Audited **2014**	Audited **2013**
ASSETS				
Property, plant and equipment	4,9	83 006 091	85 620 879	23 721 735
Deferred tax asset		1 034 820	1 034 820	0
Intangible assets		962 427	962 427	0
Other long term assets		344 791	788 457	422 867
Non-current assets		**85 348 129**	**88 406 583**	**24 144 602**
Receivables		19 183 943	13 735 899	802 046
Other current assets		505 632	452 703	77 723
Cash and short term deposits	10	7 833 827	8 326 068	4 861 406
Current assets		**27 523 402**	**22 514 670**	**5 741 174**
TOTAL ASSETS		**112 871 532**	**110 921 253**	**29 885 776**
EQUITY AND LIABILITIES				
Issued capital		6 214 380	6 214 380	2 932 561
Share premium		24 606 370	24 606 370	2 683 821
Paid in capital		**30 820 750**	**30 820 750**	**5 616 382**
Other components of equity		-3 873 865	-4 306 182	-2 089 997
Other equity		20 695 649	21 705 804	25 797 776
Other equity		**16 821 785**	**17 399 622**	**23 707 779**
Total equity		**47 642 535**	**48 220 372**	**29 324 160**
Project finance		10 532 862	0	0
Leasing		6 278 152	6 417 275	0
Total non-current liabilities		**16 811 013**	**6 417 275**	**0**
Trade payables		6 974 578	4 755 495	167 772
Tax liabilities		341 355	1 109 122	174 311
Short term financing - interest bearing		34 914 949	43 115 581	0
Other current liabilities		6 187 101	7 303 408	219 533
Total current liabilities		**48 417 983**	**56 283 606**	**561 616**
Total liabilities		**65 228 997**	**62 700 881**	**561 616**
TOTAL EQUITY AND LIABILITIES		**112 871 532**	**110 921 253**	**29 885 776**

Oslo, 30 July 2015

Board of Directors

Consolidated condensed statement of changes in equity

(EUR)	Share capital	Share premium fund	Other equity	Foreign Currency translation reserve	Cash flow hedge reserve	Total equity
Equity as at 1 January 2013	**1 523 423**	**13 400 695**	**-455 720**	**1 048 158**		**15 516 556**
Capital increase 25 March 2013	1 409 138	13 519 263				14 928 401
Costs related to capital increase		-1 026 588				-1 026 588
Conversion of share premium fund		-23 209 549	23 209 549			
Dividends or distribution to shareholders			-1 607 797			-1 607 797
Profit (loss) After tax			4 651 744			4 651 744
Other comprehensive income				-3 138 155		-3 138 155
Equity as at 31 December 2013	**2 932 561**	**2 683 821**	**25 797 776**	**-2 089 997**	**0**	**29 324 161**
Equity as at 1 January 2014	**2 932 561**	**2 683 821**	**25 797 776**	**-2 089 997**	**0**	**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				-597 840	-2 216 185	-2 814 025
Equity as at 31 December 2014	**6 214 380**	**24 606 370**	**22 303 644**	**-2 687 837**	**-2 216 185**	**48 220 372**
Equity as at 1 January 2015	**6 214 380**	**24 606 370**	**22 303 644**	**-2 687 837**	**-2 216 185**	**48 220 372**
Profit (loss) After tax			-1 607 995			-1 607 995
Other comprehensive income				406 874	623 283	1 030 157
Equity as at 30 June 2015	**6 214 380**	**24 606 370**	**20 695 649**	**-2 280 963**	**-1 592 902**	**47 642 534**

Consolidated condensed cash flow statement

(EUR)	Note	Unaudited H1 2015	Unaudited H1 2014	Audited 2014
Ordinary profit before tax		-2 454 434	-433 877	-591 256
Paid income taxes				-1 007 617
Depreciation	9	2 644 598	720 818	3 365 187
Changes in trade receivables and trade payable		-4 345 268	643 469	-8 346 130
Changes in other accruals		4 013 120	-156 624	2 923 511
Cash flow from operations		**-141 985**	**773 786**	**-3 656 305**
Acquisition of subsidiary net of cash acquired		-29 810		-24 477 899
Acquisition of property, plant and equipement			-217845	
Cash flow from investments		**-29 810**	**-217 845**	**-24 477 899**
Proceeds from issue of share capital			25 259 554	25 204 368
Dividends or shareholder distributions			-1 868 665	-1 868 665
Proceeds from new loans		-183 523	7 580 175	10 291 896
Repayment of loans				-2 028 732
Cash flow from financing		**-183 523**	**30 971 064**	**31 598 867**
Free cash at beginning of period		**1 941 384**	**4 861 406**	**4 861 406**
Net currency translation effect		-136 923	-1 669 366	0
Seizure of cash	10	-114 762		-6 384 685
Net increase/(decrease) in cash and cash equivalents		-355 318	31 527 005	3 464 663
Free cash at end of period	10	**1 334 381**	**34 719 045**	**1 941 384**

EUR 6.5m is seized at the end of Q2 2015. See Note 10 for further detail.

Notes to the Interim Condensed Consolidated Financial Statements

Note 1 - Basis of preparation

General accounting principles

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 the 5 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 PV 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 (EAM SPM), 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.

This interim condensed consolidated financial statement for the second quarter 2015 has been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's Annual Report 2014

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014. Standards and interpretations as mentioned in the Group's Annual Report 2014 Note 1 and effective from the 1 January 2014 did not have a significant impact on the Group's consolidated interim financial statements.

Financial risk

For some of the external financing contracts with floating interest there are interest rate swaps for the full duration of the contact 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 derivate 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 30 June 2015 was EUR 19.1 million. EAM Solar has made no financial arrangements to limit the credit risk further.

Asset value risk

EAM Solar's cash balance was EUR 7.8 million at 30 June 2015 of which EUR 6.5 has been seized by the Italian authorities. The seized cash has limited the Company from paying its obligations under the leasing and loan agreements and the relevant financing has been reclassified as short-term debt since the lack of payment can be viewed as a breach of contact.

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.

Market and regulatory risk

In Italy, the main incentive program expired in 2013, which has reduced the volume of new built solar power plant. As the cost of Solar PV power plants has come down , Italian authorities expect 1 – 2 GW of new capacity to be installed annually without subsidies.

The secondary market is abundant, especially in Italy, with a steady availability of projects that have been in operation for 3 – 4 years.

During the last years, there have been changes in different taxes that impact the profitability of solar power plants. An increase in IMU (real estate taxes) and corporate tax has had a negative impact during the last years.

The Italian government made a retroactive cut of the Feed in-Tariff (FIT) during the 3rd quarter of 2014. This has resulted in a permanent 8% annual reduction in the FIT. In addition, the payments terms of the FIT have been changed; the Company receives each month 1/12 of the average production of the previous year , multiplied by 90%. The remaining 10% is received in June the following year.

With the transition from a subsidy-based industry to grid parity, with pure commercial considerations, off-take agreements and new valuation models to factor in new risk elements will have to be developed.

Credit risk

Under normal circumstances the risk for losses is considered to be low, as the counterparts will be sovereign states in Western Europe. The Group has not made any set-off or other derivate 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 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. 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.

Note 2 – Currency exposure

Most of EAM's activity is in EUR. Some of the cost base and financing are in NOK; the functional currency for the parent company is NOK.

Note 3 - Tax

Interest charged on loans from Norway to Italy is subject to a 15% withholding tax in Italy. The withholding tax is payable at the time of transfer of funds from Italy to Norway as payment for accrued interest. This tax can be offset against taxes paid in Norway. In Italy, interest payments in general are capped at 30% of EBITDA for tax purposes, meaning that the excess interest payment will not be deductible for tax purposes but can be carried forward for an indefinite period of time.

Note 4 – Acquisition accounting and impairment test

EAM Solar ASA's core business is to acquire and operate solar PV power plants (SPPs). Acquisitions are either conducted by acquiring companies that owns SPPs, or by acquiring the power plant directly (asset purchase). Choice of acquisition method has tax implications, and implications for the asset value used in the Company's accounts post acquisition.

Impairment test

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.

Note 5 - 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 Holding II 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 Soc. Agr. A r.l.	Italy	Solar power plant	100%	100%
Energia Fotovoltaica 25 Soc. Agr. A r.l.	Italy	Solar power plant	100%	100%

In the fourth quarter EAM Solar ASA owned, through ten 100% owned Italian subsidiaries, 25 solar power plants in Italy.

Single purpose vehicle (SPV)	Power plant	MWp	Ownership
EAM Solar Italy 1 Srl	Varmo	3,128	100%
EAM Solar Italy 2 Srl	Codroipo	1,522	100%
EAM Solar Italy 3 Srl	Momo	0,994	100%
EAM Solar Italy 3 Srl	Caltignaga	0,992	100%
Energetic Source Green Power srl (ESGP)	Selvaggi	0,989	100%
Energetic Source Green Power srl (ESGP)	Di Mauro	0,989	100%
Energetic Source Green Power srl (ESGP)	Ninivaggi	0,984	100%
Energetic Source Green Power srl (ESGP)	Lomurno	0,987	100%
Energetic Source Green Power srl (ESGP)	Giordano D.	0,989	100%
Energetic Source Green Power srl (ESGP)	Gagnazzi	0,989	100%
Energetic Source Green Power srl (ESGP)	Gentile	0,987	100%
Energetic Source Green Investments srl (ESGI)	Lorusso	0,989	100%
Energetic Source Green Investments srl (ESGI)	Cirasole	0,986	100%
Energetic Source Green Investments srl (ESGI)	Scaltrito	0,989	100%
Energetic Source Solar Production srl (ESSP)	Pasculli	0,987	100%
Energetic Source Solar Production srl (ESSP)	Pisicoli N.	0,987	100%
Energetic Source Solar Production srl (ESSP)	Pisicoli T.	0,987	100%
Energetic Source Solar Production srl (ESSP)	Marulli	0,742	100%
Energetic Source Solar Production srl (ESSP)	Antonacci	0,986	100%
Aveleos Green Investment srl (AGI)	Piangevino	0,989	100%
Ens Solar One srl (ENS1)	Lorusso	0,984	100%
Ens Solar One srl (ENS1)	Brundesini	0,994	100%
Ens Solar One srl (ENS1)	Scardino	0,993	100%
Energia Fotovaltaica 14 Soc. Agr. a r.l. (ENFO14)	Enfo 14	0,977	100%
Energia Fotovaltaica 25 Soc. Agr. a r.l. (ENFO25)	Enfo 25	0,983	100%

Note 6 - Segment information

EAM Solar Italy 1 s.r.l.	H1 2015	H1 2014
Revenues from external customers	481 854	144 963
EBITDA	348 285	83 858
EBIT	155 226	-12 658
Investments	0	0
Non-current assets	5 532 224	6 051 760

EAM Solar Italy 2 s.r.l.	H1 2015	H1 2014
Revenues from external customers	963 119	296 011
EBITDA	690 397	175 798
EBIT	296 988	-20 893
Investments	0	0
Non-current assets	11 470 496	12 463 129

EAM Solar Italy 3 s.r.l.	H1 2015	H1 2014
Revenues from external customers	359 095	151 135
EBITDA	247 724	67 873
EBIT	111 222	681
Investments	0	217 845
Non-current assets	5 070 841	5 324 717

P21	H1 2015	H1 2014
Revenues from external customers	4 826 611	0
EBITDA	3 243 554	0
EBIT	1 621 110	0
Investments	0	0
Non-current assets	55 165 806	0

Other & eliminations	H1 2015	H1 2014
Revenues from external customers	0	0
EBITDA	-376 748	-669 418
EBIT	-675 931	-669 418
Investments	0	0
Non-current assets	8 108 762	2 568 354

Total	H1 2015	H1 2014
Revenues from external customers	6 630 678	592 109
EBITDA	4 153 212	-341 889
EBIT	1 508 614	-702 288
Investments	0	217 845
Non-current assets	85 348 130	26 407 960

Non-current assets consist of the solar power plants in Italy, land, deferred tax asset and capitalized acquisition costs.

Note 7 - Transactions with related parties

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

Energeia Asset Management, and its daughter company EAM SPM, delivers management services to EAM Solar ASA according to the Management Agreement. EAM SPM is 100% owned by Energeia Asset Management AS.

According to the Management Agreement, the Energeia group charges EAM Solar ASA the direct operating costs, without any profit margin, related to the management services provided. At the moment any direct operating costs above NOK 5 million a year must be approved by the board of directors in EAM Solar ASA.

Furthermore, the Energeia group receives 12.5% of the Groups pre-tax profit as royalty from EAM Solar ASA, known as the financial participation mechanism. The royalty is based on the fact that EAM Solar is developed, created and managed by Energeia Asset Management AS. The royalty structure aligns the interests of the Energeia group with the interests of the shareholders of EAM Solar ASA.

Direct cost charged by the Energeia group according to the Management Agreement amounts can bee seen in note 11.

In the calculation of the royalty, any non-cash currency gain or non-cash gain on bargain purchase is subtracted from the royalty calculation base.

In the financing of the P31 acquisitions, EAM used a credit facility of EUR 8,1m provided by the largest shareholder in EAM Solar ASA, Sundt AS. For further information about the credit facility see Note – 15.

Note 8 – Information on major customers

Of the groups' revenues of EUR 4.2m in Q2 2015, all came from the sale of electrical power.

86.5% of electricity sale is conducted through long-term electricity sales contracts (the FIT contracts), and the remainder from sales at market price.

The Company's major customer is GSE for the FIT contracts. GSE is short for Gestore dei Servizi Energetici GSE S.p.A., a company owned by the Italian Ministry of Economy and Finance. For further information about GSE visit the following web page: www.gse.it.

Note 9 – Property, plant and equipment

The assets are depreciated based over an economic life of 11 to 20 years and linear depreciation.

In the fourth quarter 2013 the tax depreciation period for SPPs was changed from 20 to 25 years according to a regulatory change in Italy. This has not impacted our IFRS practise of depreciation over 20 years equivalent to the FIT electricity sales contract period.

(EUR)

2015	**Power plants**
Carrying value 1 January 2015	85 620 879
Additions	29 810
Depreciation	-2 644 598
Carrying value 31 December 2015	**83 006 091**

2014	**Power plants**
Carrying value 1 January 2014	23 721 735
Additions	65 264 331
Depreciation	-3 365 187
Carrying value 31 December 2014	**85 620 879**

2013	**Power plants**
Carrying value 1 January 2013	83 006 091
Additions	-58 044 336
Depreciation	-1 240 020
Carrying value 31 December 2013	**23 721 735**

Note 10 - Cash and cash equivalents

(EUR)	Q2 2013	Q3 2013	Q4 2013	Q1'2014	Q2'2014	Q3 2014	Q4 2014	Q1'2015	**Q2'2015**
Restricted/Unrestricted cash Norway	7 507 109	1 746 242	1 435 170	25 975 787	969 095	203 138	496 460	44 483	**50 702**
Restricted/Unrestricted cash Norway	659 126	2 105 870	3 176 028	3 365 968	33 499 741	1 150 985	1 480 609	1 473 296	**1 283 679**
Seized cash Italy	250 208	250 208	250 208	250 208	250 208	9 373 462	6 348 999	6 501 021	**6 499 446**
Cash	8 416 443	4 102 320	4 876 716	29 591 962	34 719 044	10 727 584	8 326 068	8 018 799	**7 833 827**

The group has no unused credit facilities at the end of the second quarter 2015. However the company is working on the release of the final tranche of the loan from Credit Agricole to ENS1, EUR 726,000. This is subject to the company obtaining a compliance certificate for the power plants. Such process is nearly finished.

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.

Note 11 – Detailed operational cost overview

(EUR)	EAM Solar ASA Group	EAM Solar Italy 1	EAM Solar Italy 2	EAM Solar Italy 3	P21	Other & Eliminations
Revenues	**6 630 678**	**481 854**	**963 119**	**359 095**	**4 826 611**	**0**
Cost of operations	**-750 790**	**-51 540**	**-118 734**	**-36 808**	**-543 708**	**0**
Land rent	-168 012	-17 594	-36 761	0	-113 657	0
Insurance	-110 459	-8 714	-31 938	-6 553	-63 254	0
Operation & Maintenance	-339 039	-22 072	-44 918	-24 368	-247 681	0
Other operations costs	-133 280	-3 160	-5 117	-5 887	-119 116	0
Sales, General & Administration	**-1 377 982**	**-82 029**	**-153 988**	**-74 563**	**-985 063**	**-82 339**
Commercial management	0	0	0	0	0	0
Accounting, audit & legal fees	-253 326	-10 000	-10 000	-15 000	-111 038	-107 288
IMU tax	-332 553	-17 881	-32 182	-27 045	-255 445	0
EAM SPM direct costs	-736 322	-52 000	-106 000	-31 000	-615 235	67 913
EAM SPM management service contract*	0	0	0	0	0	0
Other administrative costs	-55 781	-2 148	-5 806	-1 518	-3 345	-42 963
Acquisition & financing cost	**-348 695**	**0**	**0**	**0**	**-54 286**	**-294 409**
Acquisition transaction costs	-226 143	0	0	0	0	-226 143
Funding & IPO costs	0	0	0	0	0	0
Other non-recurring items	-122 552	0	0	0	-54 286	-68 266
EBITDA	**4 153 212**	**348 285**	**690 397**	**247 724**	**3 243 554**	**-376 748**

* This amount will first become payable upon a definite solution of outstanding issues on the P31 portfolio.

The costs under other & eliminations are costs of EUR 0.4m related to the due diligence and transaction costs of the P31 acquisition by EAM Solar Italy Holding Srl.

Note 12 – Quarterly P&L overview 2013 - 2015

(EURm)	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015
Production (GWh)	**2,335**	**2,692**	**1,629**	**1,521**	**3,283**	**11,691**	**6,375**	**7,026**	**12,325**
% of annual production	30%	35%	21%						
Revenues	**0,986**	**1,131**	**0,497**	**0,592**	**1,380**	**3,947**	**2,796**	**2,383**	**4,248**
Total operating costs	**-0,318**	**-0,431**	**-0,455**	**-0,934**	**-0,912**	**-1,251**	**-3,405**	**-1,366**	**-1,112**
Operations costs	-0,083	-0,068	-0,128	-0,116	-0,204	-0,366	-0,472	-0,379	-0,372
SG&A costs	-0,173	-0,234	-0,332	-0,260	-0,315	-0,704	-1,076	-0,676	-0,702
A&T costs	-0,062	-0,129	0,005	-0,558	-0,393	-0,181	-1,857	-0,311	-0,038
EBITDA	**0,667**	**0,700**	**0,042**	**-0,342**	**0,468**	**2,696**	**-0,609**	**1,017**	**3,136**
EBITDA margin	68%	62%	9%	-58%	34%	68%	-22%	43%	74%
Depreciation	-0,241	-0,295	-0,358	-0,360	-0,360	-1,112	-1,533	-1,313	-1,332
Gain on bargain purchase	0,000	2,422	-0,179	0,000	0,000	0,000	0,000	0,000	0,000
EBIT	**0,426**	**2,826**	**-0,494**	**-0,702**	**0,108**	**1,584**	**-2,142**	**-0,296**	**1,805**
Financial income	0,999	0,666	0,755	0,043	1,300	0,127	3,399	0,042	0,290
Financial costs	-0,003	-0,049	-0,006	-0,258	-1,176	-1,887	-0,988	-2,201	-0,925
Profit before tax	**1,422**	**3,444**	**0,254**	**-0,917**	**0,232**	**-0,176**	**0,270**	**-2,454**	**1,170**
Adjusted EBITDA	**0,729**	**0,828**	**0,037**	**0,216**	**0,861**	**2,877**	**1,248**	**1,328**	**3,174**

EBITDA adjusted is adjusted for acquisition, transaction and funding costs.

Note 13 – Power production

The following power plants are included in the consolidated financial statements:

Actual power production	**Q2 2015**	Q1 2015	Q4 2014	Q3 2014*	Q2 2014*	Q1 2014*		Q1 2013	Q2 2013	Q3 2013	Q4 2013		FY2014	FY2013
Varmo	**841**	460	334	710	796	367		352	785	862	315		2 207	2 315
Codroipo	**1 275**	933	693	1 502	1 605	749		750	1 550	1 798	707		4 548	4 806
Momo	**425**	213	127	214	451	198		0	0	460	287		990	747
Caltignaga	**433**	225	144	389	430	208		0	0	439	144		1 171	583
Selvaggi	**444**	174	245	431	420	277		199	436	457	255		1 373	1 347
Di Mauro	**464**	260	250	433	413	274		167	421	454	280		1 371	1 322
Ninivaggi	**444**	243	249	427	423	274		197	405	458	252		1 373	1 312
Lomurno	**453**	250	238	419	410	270		204	444	453	256		1 337	1 356
Giordano D.	**472**	239	243	434	419	280		197	420	445	267		1 376	1 330
Gagnazzi	**459**	259	242	423	412	276		201	452	458	264		1 353	1 374
Gentile	**438**	254	236	416	411	260		192	383	438	245		1 324	1 258
Lorusso	**435**	198	224	393	403	267		169	433	441	235		1 287	1 278
Cirasole	**369**	271	261	452	441	292		200	438	468	260		1 445	1 367
Scaltrito	**449**	262	250	426	405	278		199	428	459	249		1 359	1 335
Pasculli	**460**	252	252	441	412	283		272	464	417	242		1 388	1 395
Pisicoli N.	**467**	257	245	442	424	275		270	483	469	247		1 385	1 469
Pisicoli T.	**446**	249	241	433	414	272		244	397	441	245		1 359	1 327
Marulli	**348**	194	180	325	312	197		141	273	338	182		1 014	934
Antonacci	**471**	269	246	447	430	285		101	482	472	255		1 407	1 310
Piangevino	**457**	255	241	417	415	273		202	387	358	235		1 347	1 183
Lorusso	**470**	250	230	429	421	274		216	472	469	251		1 354	1 407
Brundesini	**472**	277	258	439	419	286		218	469	454	253		1 402	1 393
Scardino	**436**	270	253	436	426	286		204	428	440	280		1 400	1 352
Enfo 14	**456**	262	248	396	415	280		205	418	424	265		1 339	1 313
Enfo 25	**443**	251	246	417	413	267		195	430	456	258		1 343	1 339
Total	**12 325**	**7 026**	**6 375**	**11 691**	**11 940**	**7 246**	**0**	**5 296**	**11 297**	**12 829**	**6 729**	**0**	**37 252**	**36 150**

(*) Production is based on historical average solar irradiation

Note 15– Going concern

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.

Note 16 – Financial liabilities

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, this amount have been netted, see Note 10 for further detail.

Note 17 – Events after the interim period

Cancellation of standstill

At the end July 2015 EAM sent a termination notice of the standstill agreement. The grounds for the termination are based on repeated breaches of the standstill conditions.

RID payment received

In July the company received payment for RID revenue for the period June to September last year.

New hearing in the Administrative Court (TAR)

The first hearing in the Administrative Court in Lazio (TAR) took place on July 9th 2015. The court accepted that GSE has until 30 July 2015 to present their decision on the suspension of FIT and the court also ruled that the merits will be evaluated in the hearing in November. At the release of this report the company is not aware of any decision made by GSE.

Site inspection

In the beginning of May, the GSE conducted inspections on the 17 power plants affected by the suspension of tariffs. At the release of this report the result of the inspection had not yet been concluded.

Directors' responsibility statement

Today, the Board of Directors reviewed and approved the unaudited condensed interim consolidated financial statements and interim financial report as of 30 June 2015 and the first six months of 2015. The interim consolidated financial statement has been prepared and presented in accordance with IAS 34 Interim Financial Reporting as endorsed by the EU, and the additional requirements found in the Norwegian Securities Trading Act.

To the best of our knowledge:
·The interim consolidated financial statement for the first six months of 2015 has been prepared in accordance with applicable accounting standards. The information disclosed in the accounts provides a true and fair view of the Group's assets, liabilities, financial position, and profit as of 30 June 2015. The interim management report for the first six months of 2015 also includes a fair overview of key events during the reporting period and their effect on the financial statement for the first half-year of 2015. It also provides a true and fair description of the most important risks and uncertainties facing the business in the upcoming reporting period.

Oslo 30 July 2015

Marthe Hoff Director	Ragnhild Wiborg Chair	Pål Hvammen Director
Viktor E Jakobsen Executive Director	Audun Wickstrand Iversen CEO	

Second quarter 2015

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