

EAM SOLAR ASA **Q4 REPORT** 2017

Interim condensed consolidated financial statements for the period ended 31 December 2017

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HIGHLIGHTS

Q4 2017

■ EBITDA for the year 2017 came in at minus EUR 4.8 million. Normal operations, adjusted for legal costs and write down of receivable against Aveleos SA, yielded an EBITDA of EUR 1.8 million for the year 2017, equivalent to an EBITDA margin of 42 per cent.

■ Annual cost of operations and SG&A was reduced by 20% YOY.

■ Hearings were conducted in both criminal and arbitration proceedings in Milan during the quarter without any concluding rulings. The EAM CEO will appear as witness in the Criminal Court on 20 February 2018.

EUR 000'	Unaudited Q4 2017	Unaudited Q4 2016	Unaudited 2017	Audited 2016
Revenues	679	692	4 213	4 454
Cost of operations	(273)	(133)	(769)	(1 122)
Sales, general and administration expenses	(497)	(429)	(1 679)	(2 003)
Legal costs	1 348	(230)	(6 593)	(12 149)
EBITDA	1 256	(99)	(4 828)	(10 820)
Depreciation, amortizations and write downs	(627)	(417)	(1 909)	(6 677)
EBIT	628	(516)	(6 737)	(17 497)
Net financial items	735	36	18	(2 580)
Profit before tax	1 364	(480)	(6 719)	(20 077)
Income tax gain/(expense)	(507)	(566)	(504)	66
Net income	857	(1 046)	(7 223)	(20 011)
Earnings per share (fully diluted):	0.13	(0.21)	(1.27)	(3.95)
Distribution to shareholders per share	-	-	-	-
Dividend yield	0.0%	0.0%	0.0%	0.0%
Million no. of shares (fully diluted)	6.85	5.07	5.68	5.07
EBITDA adjusted	(92)	131	1 766	1 329

6.23% INCREASE

IN POWER PRODUCTION FROM 2016

MWh	2016	2017	Change
Q1	2 163	2 621	21.15%
Q2	3 852	4 354	13.02%
Q3	4 323	4 189	(3.11%)
Q4	2 157	2 110	(2.15%)
12M	12 495	13 274	6.23%

	12M 2016	12M 2017	Change
MWh	12 495	13 274	6.23%

INTERIM REPORT

EAM Solar ASA (“EAM”, “EAM ASA”, or “the Company”) is a company listed on the Oslo Stock Exchange under the ticker “EAM”. The Company’s primary business is to own solar photovoltaic power plants and sell produced electricity under long-term fixed price sales contracts, and to pursue legal proceedings in order to restore company values. The Company owns six power plants in Italy, of which two power plants are located in the Friuli region in Northern Italy, and four power plants are located in the Puglia region in Southern Italy. Energeia Asset Management AS manages EAM under a long-term Management Agreement.

This interim report should be read in conjunction with the Annual Report for 2016, published on 29 April 2017, the 1st, 2nd and 3rd quarter report for 2017, the equity issue prospectus published on 9 August 2017, and the stock exchange notices in the reporting period.

Operational review and outlook

Power plants in operation

EAM ASA operated 6 remaining power plants in the fourth quarter. EAM ASA’s own operation and maintenance team conducted normal operational inspections and maintenance work during the fourth quarter, 2017.

The 6 power plants have a combined installed capacity of 8.6 MW with an average annual power production of 12.7 GWh (P50 production).

Power production

Power production in the fourth quarter amounted to 2 110 MWh, and for the full year 13 274 MWh, 8 per cent above estimated production for the fourth quarter, and 7 per cent above estimated production for the full year.

FIT revenues

In the fourth quarter 2017, EAM FIT revenues amounted to EUR 557 thousand and for the full year to EUR 3 568 thousand. Average FIT contract price revenue achieved was EUR 264 for the quarter and EUR 269 for the full year per MWh. 2 power plants in the north of Italy and 4 power plants in the south of Italy receive FIT contract revenues.

Market price development

Market price revenues in the fourth quarter

amounted to EUR 122 thousand and for the full year to EUR 645 thousand. This represents an average market price for electricity of EUR 58 per MWh for the quarter and EUR 49 for the full year per MWh. The average electricity market price achieved in the northern part of Italy for the year was EUR 53 per MWh and in the southern part of Italy EUR 43 per MWh.

Legal processes

The P31 Acquisition has transformed EAM from an operational Solar PV YieldCo to a company where a significant part of the future value is decided by the outcome of various legal actions and litigation procedures.

The criminal proceeding in Milan has continued with hearings throughout the quarter where the Court continued with questioning of witnesses and presentation of evidence. A verdict in the first instance cannot be expected before end of 2018 at the earliest; most likely it will be issued in 2019.

The EAM CEO will testify in the Criminal Court on 20 February.

The arbitration proceedings in Milan has continued with hearings and filing of briefs.

Please also see the Annual Report 2016 for further information on the legal processes.

Dividends

EAM will pay no dividend in conjunction with the fourth quarter 2017.

Subsequent events

There are no subsequent events to be mentioned.

Financial review

Revenues

Fourth quarter revenues came in at EUR 679 thousand, of which EUR 557 thousand was received from FIT contracts, EUR 122 thousand from market sales of electricity. Revenues for the full year came in at EUR 4 213 thousand of which EUR 3 568 thousand was received from FIT contracts, EUR 645 thousand from market sales of electricity.

The fourth quarter 2017 revenues represent approximately 19 per cent of the expected annual revenues of EUR 4 116 thousand based on the current corporate structure with 6 power plants in operations.

Cost of operations

Cost of operations in the fourth quarter was EUR 274 thousand and EUR 769 thousand for the full year.

SG&A costs

SG&A costs in the fourth quarter were EUR 498 thousand and EUR 1 679 thousand for the full year.

Legal costs

The cost items consist more or less solely of legal costs, except for the two last quarters when it also includes:

- Provision for cost coverage from The-rium for 50 per cent of the legal costs incurred during the quarter of EUR 508 thousand, effectively reducing the legal costs with the same amount.
- Provision for doubtful debt against Aveleos SA of EUR 4 418 thousand, recognised in the third quarter, in order to

bring the net receivable against Aveleos SA to zero.

In the fourth quarter 2017 legal costs stemming from the P31 Acquisition were EUR 520 thousand and for the full year EUR 2 053 thousand.

The purchase of the financial participation mechanism in the Management Agreement of EUR 1 888 thousand, that in the third quarter was recognised in profit and loss has in the fourth quarter been recognised as an intangible financial asset and will be depreciated over the life-time of FIT contracts, until 2031. This has resulted in a positive legal cost in the quarter.

EBITDA

EBITDA in the fourth quarter came in at EUR 1 256 thousand and minus EUR 4 828 thousand for the full year.

EBITDA for the full year 2017, excluding legal costs and write downs, amounts to approximately EUR 1.8 million representing an EBITDA margin of approximately 42 per cent.

EBIT

Depreciation and write down in the fourth quarter 2017, was EUR 627 thousand and EUR 1 909 thousand for the full year, resulting in an operating profit of EUR 628 thousand in the fourth quarter 2017 and a loss of EUR 6 737 for the full year 2017.

Net financial items

Net financial items in the fourth quarter were positive with EUR 736 thousand and positive with EUR 18 thousand for the full year

Pre-tax loss, taxes and net loss

Pre-tax profit in the fourth quarter 2017 was EUR 1 364 thousand and a loss of EUR 6 719 thousand for the full year 2017.

Taxes in the fourth quarter amounted to a net tax cost of EUR 507 thousand and a net tax cost of EUR 504 thousand for the full year.

Reported net income was in the fourth quarter EUR 857 thousand and a net loss of EUR 7 223 thousand for the full year.

Cash Flow

Cash flow from operations for the full year came in at minus EUR 1 362 thousand. Investment activities amounted to EUR 132 thousand in the period. Financing activities was positive with EUR 1 026 thousand following the rights issue.

Restricted and unrestricted cash by the end of the quarter was EUR 1 138 thousand, of which EUR 62 thousand remains seized by the Prosecutors Office in Milan in companies not affected by the criminal proceedings.

Balance Sheet

Total assets at the end of the period amount to EUR 33.3 million, while book equity amounted to EUR 13.9 million representing an equity ratio of 41.6 per cent.

Shares and share capital

The Company's registered share capital at the end of the fourth quarter is NOK 68 522 100 divided into 6 852 210 shares, each with a nominal value of NOK 10.

Oslo, 13 February 2018

Pål Hvammen
Non-executive
director

Erling Christiansen
Non-executive
director

Ragnhild Wiborg
Chair

Viktor E Jakobsen
CEO



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR	Note	Unaudited Q4 2017	Unaudited Q4 2016	Unaudited 2017	Audited 2016
Revenues	5.12	678 946	692 254	4 213 335	4 453 648
Cost of operations	12	(273 490)	(132 658)	(769 196)	(1 121 753)
Sales, general and administration expenses	12	(497 491)	(428 696)	(1 678 629)	(2 003 236)
Legal costs	12	1 347 791	(230 280)	(6 593 481)	(12 148 595)
EBITDA	5	1 255 757	(99 380)	(4 827 971)	(10 819 936)
Depreciation, amortizations and write downs	9	(627 402)	(416 833)	(1 908 805)	(6 677 455)
EBIT	5	628 355	(516 213)	(6 736 775)	(17 497 391)
Finance income	6	1 150 087	358 072	2 799 890	1 222 427
Finance costs	6	(414 608)	(321 699)	(2 782 335)	(3 801 978)
Profit before tax		1 363 834	(479 840)	(6 719 221)	(20 076 942)
Income tax gain/(expense)		(506 632)	(566 193)	(504 127)	65 788
Profit after tax		857 202	(1 046 033)	(7 223 347)	(20 011 154)
Other comprehensive income					
Translation differences		(899 952)	(1 099 242)	340 425	2 606 326
Cash flow hedges		14 929	(96 869)	31 553	(129 880)
Other comprehensive income net of tax		(885 023)	(1 196 111)	371 978	2 476 446
Total comprehensive income		(27 821)	(2 242 144)	(6 851 370)	(17 534 708)
Profit for the year attributable to:					
Equity holders of the parent company		857 202	(1 046 033)	(7 223 347)	(20 011 154)
Equity holders of the parent company		857 202	(1 046 033)	(7 223 347)	(20 011 154)
Total comprehensive income attributable to:					
Equity holders of the parent company		(27 821)	(2 242 144)	(6 851 370)	(17 534 708)
Equity holders of the parent company		(27 821)	(2 242 144)	(6 851 370)	(17 534 708)
Earnings per share:					
Continued operation					
- Basic		0.13	(0.21)	(1.27)	(3.95)
- Diluted		0.13	(0.21)	(1.27)	(3.95)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR	Note	Unaudited 2017	Audited 2016
ASSETS			
Property, plant and equipment	9	21 409 192	23 077 581
Deferred tax asset		-	-
Intangible assets		1 989 219	321 012
Other long term assets		1 045 238	1 089 563
Non-current assets		24 443 649	24 488 156
Receivables	8	6 221 863	14 290 217
Other current assets		1 541 098	127 897
Cash and short term deposits	7	1 101 084	1 568 193
Current assets		8 864 044	15 986 307
TOTAL ASSETS		33 307 693	40 474 463
EQUITY AND LIABILITIES			
Issued capital		8 126 110	6 214 380
Share premium		27 603 876	24 606 370
Paid in capital		35 729 986	30 820 750
Translation differences		(5 922 931)	(6 263 356)
Other equity		(15 945 956)	(8 754 163)
Other equity		(21 868 887)	(15 017 519)
Total equity		13 861 098	15 803 231
Leasing	10	5 525 811	5 838 488
Long term loan - interest bearing	10	6 496 913	7 370 641
Other non current liabilities	10	-	-
Total non-current liabilities		12 022 724	13 209 129
Trade payables	10	2 926 647	2 552 747
Tax liabilities	10	1 244 405	829 367
Short term financing - interest bearing	10	-	-
Other current liabilities	10	3 252 818	8 079 989
Total current liabilities		7 423 870	11 462 103
Total liabilities		19 446 594	24 671 232
TOTAL EQUITY AND LIABILITIES		33 307 693	40 474 463

Oslo, 13 February 2018

Pål Hvammen
Non-executive
director

Erling Christiansen
Non-executive
director

Ragnhild Wiborg
Chair

Viktor E Jakobsen
CEO

CONSOLIDATED STATEMENT OF CASH FLOW

EUR	Note	Unaudited 2017	Audited 2016
Cash flow from operating activities			
Ordinary profit before tax		1 363 834	(20 076 943)
Loss on disposal of property, plant and equipment		-	1 137 653
Paid income taxes		(9 297)	-
Depreciation	9	1 697 212	1 891 558
Write down of fixed assets	9	103 220	4 785 897
Changes in trade receivables and trade payable	8	8 442 256	6 918 120
Changes in other accruals ¹		(12 958 727)	(5 839 666)
Net cash flow from operating activities		(1 361 502)	(11 183 381)
Cash flows from investing activities			
Acquisition of subsidiary net of cash acquired		-	(6 001)
Acquisition of property, plant and equipment		(132 043)	-
Net cash flow used in investing activities		(132 043)	(6 001)
Cash flows from financing activities			
Proceeds from sale of property, plant and equipment		-	3 550 000
Purchase of property, plant and equipment		-	-
Proceeds from issue of share capital		2 097 694	-
Dividends or shareholder distributions		-	-
Proceeds from new loans		-	-
Repayment of loans		(1 071 261)	(1 510 594)
Net cash flow from financing activities		1 026 433	2 039 406
Cash and cash equivalents at beginning of period		1 568 196	10 718 172
Net currency translation effect		-	-
Seizure of cash	7	-	-
Net increase/(decrease) in cash and cash equivalents		(467 112)	(9 149 976)
Cash and cash equivalents at end of period		1 101 084	1 568 196

¹ Includes effect of derecognition of SPVs in bankruptcy in 2016

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR	Share capital	Share premium fund	Other equity	Cash flow hedge reserve	Currency translation reserve	Total equity
Equity as at 1 January 2016	6 214 380	24 606 370	(47 559 913)	(544 032)	(8 869 682)	(26 152 877)
Profit (loss) After tax	-	-	(20 011 154)	-	-	(20 011 154)
Derecognition of SPVs in bankruptcy	-	-	59 490 817	-	-	59 490 817
Other comprehensive income	-	-	-	(129 880)	2 606 326	2 476 446
Equity as at 31 December 2016	6 214 380	24 606 370	(8 080 250)	(673 912)	(6 263 356)	15 803 232
Equity as at 1 January 2017	6 214 380	24 606 370	(8 080 250)	(673 912)	(6 263 356)	15 803 232
Profit (loss) After tax	-	-	(7 223 347)	-	-	(7 223 347)
Issue of new shares	1 911 730	2 997 506	-	-	-	4 909 236
Other comprehensive income	-	-	-	31 553	340 425	371 978
Equity as at 31 December 2017	8 126 110	27 603 876	(15 303 597)	(642 359)	(5 922 931)	13 861 098

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENT

NOTE 01 BASIS FOR PREPARATION

General accounting principles

EAM is a public limited liability company, incorporated and domiciled in Norway, with registered office at Dronningen 1, NO-0287 Oslo, Norway. The Company was founded on 5 January 2011 and listed on the Oslo Stock Exchange under the ticker "EAM" in 2013.

The primary business activity of EAM is both to own solar photovoltaic power plants and sell produced electricity under long-term fixed price sales contracts, and to pursue legal proceedings in order to restore company values. EAM was structured to create a steady long-term dividend yield for its shareholders. Following the P31 Acquisition, the main value of EAM is dependant on the future outcome of litigation activities.

EAM currently owns 6 photovoltaic power plants and 4 subsidiaries in Italy. The Company has no employees.

Energeia Asset Management AS manages the Company under a long-term Management Agreement. EAM Solar Park Management AS, a subsidiary of Energeia Asset Management AS, conducts most of the day-to-day operational tasks with own employees and through the use of subcontractors.

This interim condensed consolidated financial statement for the forth quarter 2017 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. The fourth quarter report should therefore be read in conjunction with the Group's Annual Report 2016 that was published on 29 April 2017, the first, second and third quarter reports for 2017, the equity issue prospectus published on 9 August 2017, and the stock exchange notices in the reporting period.

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 2016. Standards and interpretations as mentioned in the Group's Annual Report 2016 [Note 1](#) and effective from 1 January 2017 did not have a significant impact on the Group's consolidated interim financial statements.

Financial risk

For one of the external financing contracts with floating interest there is an interest rate swaps hedging fluctuations in floating interest..

Credit risk

Under normal circumstances the risk for losses is considered to be low, since the main commercial 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. For write down of receivables against Aveleos SA, see [note 08](#).

Asset value risk

EAM Group's cash balance was EUR 1.1 million on 31 December 2017, of which EUR 62 thousand are seized.

The subsidiaries affected by the criminal proceedings have gone into voluntary bankruptcy and have been derecognised from the Group accounts.

Market and regulatory risk

The main risk of operations in Italy is related to regulatory risk, whereby the contractual counterparty, the Government of Italy, has shown willingness to conduct unilateral and retroactive changes to the commercial

electricity sales contracts and also to the operational regulatory regime governing the power plants in Italy.

NOTE 02 SIGNIFICANT ACCOUNTING JUDGEMENTS

In the process of applying the Group's accounting policies 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 period. The Company's most important accounting estimates are the following:

Going concern

Given the Litigation Funding agreement with Therium and the subsequent Share Issue, the board and management considers the Company's ability to operate as a going concern for the next 12 months as secured. The going concern consideration is mainly related to the assessment of adequate liquidity to meet the Company's running operational financial obligations and legal costs.

NOTE 03 CURRENCY EXPOSURE

Most of EAM's economic activities (revenues and costs) are in EUR. Some of the cost base and financing are in NOK. The functional currency for the parent company is NOK.

NOTE 04 TRANSACTIONS WITH RELATED PARTIES**Related parties**

Energeia Asset Management AS is the manager of EAM. Energeia Asset Management AS owns EAM Solar Park Management AS 100 per cent. EAM Solar Park Management AS in Norway and Italy employs most of the personnel conducting the technical and administrative services for EAM.

Sundt AS, Canica AS and Pactum AS are large shareholders in EAM. They are also shareholders in Energeia Asset Management AS, but not involved in the day-to-day operations of Energeia Asset Management AS. They are represented on the board of directors of Energeia Asset Management AS. Certain key personnel managing the day-to-day operations of EAM are also investors in Energeia Asset Management AS.

Transactions with related parties

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

According to the Management Agreement between the parties, EAM Solar Park Management AS charges the Group for direct costs with a profit margin of 7 per cent related to the services provided.

In the fourth quarter 2017 EAM Solar Park Management AS' direct costs of the management of EAM was EUR 533 thousand, of which EUR 60 thousand is related to cost of operations, EUR 351 thousand is related to SG&A and EUR 122 thousand is cost related to legal and litigation work in conjunction with the P31 Acquisition fraud.

The purchase of the financial participation mechanism in the Management Agreement of EUR1 888 thousand, that in the third quarter was recognised in profit and loss has in the fourth quarter been recognised as an intangible financial asset and will be depreciated over the life-time of FIT contracts, until 2031.

Credit facility from shareholder

EAM entered on 20 June 2014 into a short-term acquisition credit facility agreement of NOK 65 million with the largest shareholder in EAM, Sundt AS. The credit facility originally expired on 10 December 2014, but has been extended twice thereafter. In March 2015 the parties agreed to convert the short-term facility to a long-term facility with 15 years duration, carrying an all-inclusive interest of 10 per cent. The lending facility is secured against EAM Solar Norway Holding AS and EAM Solar Italy Holding II Srl.

NOTE 05 SEGMENT INFORMATION

EAM owns and operates six solar PV power plants at the end of the fourth quarter 2017. Due to the criminal proceedings affecting 17 of the "P31 portfolio" power plants, that ultimately have lead to their bankruptcy, EAM derecognised the affected power plants and SPVs in 2016.

EAM Solar Italy 1 s.r.l.	2017	2016
Revenues from external customers	958 215	858 084
EBITDA	608 359	599 333
EBIT	192 117	213 025
Non-current assets	4 464 580	4 925 112
EAM Solar Italy 2 s.r.l.	2017	2016
Revenues from external customers	1 971 505	1 728 923
EBITDA	1 485 152	1 270 796
EBIT	681 694	483 296
Non-current assets	9 540 934	10 312 864
EAM Solar Italy 3 s.r.l.¹	2017	2016
Revenues from external customers	-	255 382
EBITDA	-	176 303
EBIT	-	62 354
Non-current assets	-	-
ENS1 & ENFO 25	2017	2016
Revenues from external customers	1 283 616	1 267 356
EBITDA	79 119	(1 663 380)
EBIT	(520 965)	(2 197 424)
Non-current assets	8 942 538	9 537 201
SPV's in criminal proceedings²	2017	2016
Revenues from external customers	-	354 204
EBITDA	-	(1 718 324)
EBIT	-	(6 572 917)
Non-current assets	-	-
Other & eliminations	2017	2016
Revenues from external customers	-	(10 301)
EBITDA	(7 000 600)	(7 265 066)
EBIT	(7 089 621)	(7 266 128)
Non-current assets	1 495 597	(1 932 802)
Total	2017	2016
Revenues from external customers	4 213 335	4 453 648
EBITDA	(4 827 971)	(8 600 338)
EBIT	(6 736 775)	(15 277 794)
Non-current assets	24 443 649	22 842 375

¹ Sold with financial takeover 1 June 2016

² Derecognised with effect from 28 September 2016

NOTE 06 FINANCIAL INCOME AND EXPENSES

The average exchange rate used for the full year is EUR/NOK 9.3271, whereas the exchange rate used on 31 December 2017 is EUR/NOK 9.8403.

NOTE 07 CASH AND CASH EQUIVALENTS

EUR	2017	2016
Cash Norway	140 966	39 916
Cash Italy	960 117	1 528 277
Cash and cash equivalents	1 101 084	1 568 193
Restricted cash Italy	620 623	920 515
Seized cash Italy	61 836	463 757

The Company had no unused credit facilities at 31 December 2017, except for the Litigation Funding Agreement with Therium.

Of the restricted cash, EUR 369 thousand is the debt service reserve account of ENS Solar One Srl. The EUR 62 thousand of the seized cash is taken from companies not included in the criminal proceedings. The rest are funds dedicated to dismantling and restoration costs.

NOTE 08 ACCOUNTS RECEIVABLES

Receivables	2017	2016
Accounts receivables	73 159	41 051
Deferred revenue towards GSE	1 205 218	1 126 360
Receivable from Aveleos	2 866 239	11 528 996
Other receivables	2 077 247	1 593 809
Accounts receivables	6 221 863	14 290 216

The substantial amount of the receivable outstanding is towards GSE. GSE normally has 60 days payment terms from receiving an invoice. In 2015, GSE introduced a 12 month delayed payment on 10 per cent of expected annual revenues, which accounts for the deferred revenue against GSE.

NOTE 09 PROPERTY, PLANT AND EQUIPMENT

2017	Solar power plants
Carrying value 1 January 2017	23 077 581
Additions	132 043
Write down	(103 220)
Depreciation	(1 697 212)
Disposals	-
Carrying value 31 December 2017	21 409 191

2016

	Solar power plants
Carrying value 1 January 2016	34 436 689
Additions	6 001
Write down	(4 785 897)
Depreciation	(1 891 558)
Disposals	(4 687 654)
Carrying value 31 December 2016	23 077 581

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

NOTE 10 SHORT- AND LONG-TERM DEBT

EUR	2017	2016
Interest bearing debt	6 496 913	7 370 641
Other non current liabilities	-	-
Obligations under finance leases	5 525 811	5 838 488
Total non-current liabilities	12 022 724	13 209 129
Trade and other payables	2 926 648	2 552 748
Current interest bearing loans	-	-
Current project finance	-	-
Current leasing	-	-
Other current debt	626 111	-
Deferred tax	-	707 636
Tax payable	1 244 405	121 731
Related to ordinary operations	4 797 164	3 382 115
AION Renewables	-	-
Aveleos S.A.	2 626 707	8 079 988
GSE repayment claim	-	-
Related to criminal proceedings	2 626 707	8 079 988
Total current liabilities	7 423 871	11 462 103
Total liabilities	19 446 595	24 671 232

Equity contribution agreement and patronage letter

EAM Solar Italy Holding Srl and EAM entered into an equity contribution agreement and patronage letter with UBI Leasing and UniCredit in conjunction with the acquisition of ESGP, ESGI and ESSP.

In the outset, the agreements require EAM Solar Italy Holding Srl to inject equity into the SPVs under certain circumstances of breach of the lending agreement.

In the legal proceedings EAM has alleged that the main motive behind the contractual fraud conducted was in order for Enovos and Avelar to achieve to be formally released by the financing banks from their debt guarantee obligations, thus avoiding the losses that would come as a consequence of a FIT contract termination decision by GSE.

Consequently, the equity contribution commitments of EAM and EAM Solar Italy Holding srl are considered void since this was brought about as a result of a criminal contractual fraud. It is the Company's opinion that there is a less than 50 per cent likelihood that EAM will have to honour the agreements, and consequently no liability has been recognised.

NOTE 11 LIST OF SUBSIDIARIES

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

Company	Country	Main operation	Ownership	Vote	EBITDA	EBIT	Equity	Shareholder loans
EAM Solar Norway Holding AS	Norway	Holding company	100%	100%	(24 521)	(24 521)	7 969 437	356 885
EAM Solar Italy Holding II s.r.l.	Italy	Holding company	100%	100%	(79 853)	(79 853)	6 973 539	5 480 823
EAM Solar Italy 1 s.r.l.	Italy	Solar power plant	100%	100%	608 359	192 117	(200 324)	5 165 035
EAM Solar Italy 2 s.r.l.	Italy	Solar power plant	100%	100%	1 485 152	681 694	2 414 436	8 208 081
EAM Solar Italy Holding s.r.l.	Italy	Holding company	100%	100%	(5 687 775)	(5 687 775)	(6 459 320)	20 332 745
Ens Solar One s.r.l.	Italy	Solar power plant	100%	100%	48 573	(383 858)	(348 346)	4 556 769
Energia Fotovoltaica 25 s.r.l.	Italy	Solar power plant	100%	100%	30 546	(137 107)	194 072	1 840 489

NOTE 12 OPERATIONAL COSTS BREAK-DOWN 2017

EUR	EAM Solar Group	EAM Solar Italy 1	EAM Solar Italy 2	ENS1 & ENFO25	Other & Eliminations
Revenues	4 213 335	958 215	1 971 505	1 283 616	-
Cost of operations	(769 196)	(143 290)	(243 203)	(353 346)	(29 357)
Land rent	(118 258)	(35 824)	(74 696)	(7 738)	-
Insurance	(143 979)	(17 595)	(64 298)	(32 729)	(29 357)
Operation & Maintenance	(197 165)	(28 674)	(36 662)	(131 829)	-
Other operations costs	(309 794)	(61 197)	(67 547)	(181 050)	-
Sales, General & Administration	(1 678 629)	(206 566)	(243 150)	(729 039)	(499 874)
Accounting, audit & legal fees	(185 561)	(18 543)	(22 466)	(21 629)	(122 923)
IMU tax	(36 745)	(12 146)	(11 405)	(13 194)	-
EAM SPM adm costs	(1 243 302)	(170 281)	(200 281)	(275 814)	(596 926)
Other administrative costs	(213 021)	(5 596)	(8 998)	(418 402)	219 975
Acquisition & financing cost	(6 593 481)	-	-	(122 112)	(6 471 369)
Legal costs	(1 582 408)	-	-	-	(1 582 408)
Other non-recurring items	(5 011 073)	-	-	(122 112)	(4 888 961)
EBITDA	(4 827 971)	608 359	1 485 152	79 119	(7 000 600)

NOTE 13 EVENTS AFTER THE REPORTING DATE

None.

EAM SOLAR ASA

Dronningen 1
NO-0287 Oslo
NORWAY

Phone: +47 2411 5716

E-mail: viktor@eam.no

Web: www.eam.no