

EAM SOLAR ASA **ANNUAL REPORT** 2017



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EAM SOLAR ASA IN BRIEF

EAM Solar ASA (EAM or the Company) is a public limited liability company, incorporated and domiciled in Norway, with registered address at Dronningen 1, Oslo, Norway.

Energeia Asset Management AS established EAM on 5 January 2011. The Company was established with the purpose of owning Solar PV power plants under long-term electricity sales contracts and distributing dividends on a regular basis to its shareholders. The Company was listed on the Oslo Stock Exchange under the ticker EAM in March 2013, becoming the worlds first publicly listed pure solar PV "YieldCo".

EAM has no employees and is managed by Energeia Asset Management AS. EAM Solar Park Management AS, a subsidiary of Energeia Asset Management AS, conducts all administrative and technical tasks with own employees and subcontractors. The annual general meeting of EAM elects the Company's board of directors, who make all material investments, divestments and contractual decisions.

EAM acquired the first power plant in Italy in 2011. At the end of 2017 EAM owned and operated 6 power plants with a combined capacity of 8.6 MW generating an average annual production of 12.7GWh annually (P50 production).

EAM entered into a Share Purchase Agreement with Aveleos S.A. in July 2014 to acquire 31 PV power plants in Italy, for a total consideration of EUR 115 million. One week after the transfer of 21 of the 31 power plants, it appeared that 27 of 31 power plants comprised by the Share Purchase Agreement, and two directors of the sellers, were already the targets of a criminal investigation conducted by the Prosecutors Office of Milan.

Based on the criminal investigation, the companies contractual counterparty for purchase of electricity under the FIT contracts, the state owned utility company Gestore dei Servizi Energetici (GSE), firstly suspended and then terminated the long-term electric-

ity sales contract for 17 of the 21 PV power plants transferred to EAM in July 2014. The Administrative Court of Lazio legalized GSE's termination decision in June 2016.

EAM's calculated loss of revenues due to terminated FIT contracts and permanent closure of power plants because of lacking technical certification, amounts to an amount in excess of EUR 300 million. This has resulted in the bankruptcy of the SPVs affected by the criminal proceedings in 2016.

The annual accounts of 2017 have identified a total loss of EUR 7.2 million, stemming mainly from extraordinary legal costs and write down of assets on a group level. Most of the economic loss was recognized in the 2015 annual accounts.

On the basis of the fundamental breach of contract and contractual guarantees in the Share Purchase Agreement, resulting in losses now suffered by EAM, and the lack of willingness from the sellers to remedy the flawed sale, EAM has been forced to initiate legal proceedings against the sellers to recover losses and damages in excess of EUR 300 million. This situation has changed EAM from a electricity producing YieldCo to a also becoming a litigation company.

As a consequence of the fraud, EAMs

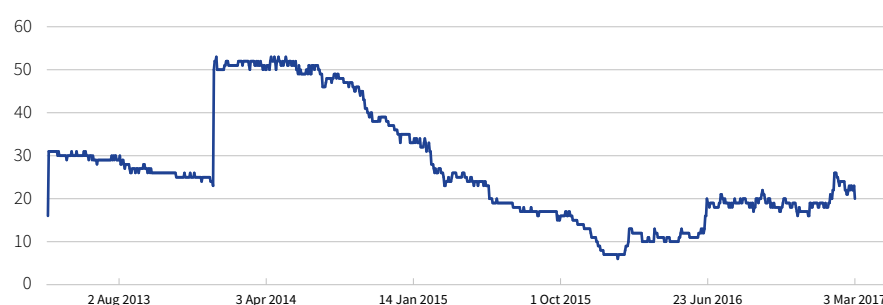
market valuation dropped to EUR 10 million in the beginning of 2016, 80 per cent below the invested equity capital of EUR 55 million. During 2016 and 2017 the market value has increased to EUR 22 million.

Throughout 2017 the Company has continued to fight for its rights in various legal venues. This is summarized below.

In the criminal proceedings the Company's status as victim is maintained and Enovos Luxembourg S.A., Avelar Energy Ltd and Aveleos S.A. are still financially liable for the actions of the former directors of Aveleos S.A., Marco Giorgi and Igor Akhmerov. In May 2017 the Criminal Court of Milan ordered a conservative seizure on all assets connected to Marco Giorgi and Igor Akhmerov, up to the total amount of Euro 33 062 632.62 in favour of EAM Solar ASA and EAM Solar Italy Holding S.r.l. Hearings have been conducted in February and March 2018 in the criminal proceedings in Milan where amongst others the Company's CEO has appeared as a witness. No conclusive rulings have been reached so far, and the Company does not expect any ruling in the first instance until the end of the year at the earliest.

The Company has summoned Aveleos S.A. before the arbitration court of Milan

Valuation (EUR million)





6.23%
INCREASE
IN POWER PRODUCTION FROM 2016

to have the Share Purchase Agreement entered into in July 2014 declared null and void. Hearings have been conducted throughout 2017 and continued in 2018 where, amongst others, the Company's CEO has appeared as a witness. No conclusive rulings have been reached so far, and the Company does not expect any ruling in the first instance until the end of the third quarter at the earliest.

The criminal complaint in Luxembourg is residing with prosecutor's office awaiting their evaluation.

The standstill proceeding in Luxembourg is put to a halt awaiting the outcome of the arbitration proceedings in Milan.

A summoning for allegedly false accusations filed by Enovos Luxembourg S.A., Encevo S.A. (formerly: Enovos International S.A.) and the directors Jean Lucius, Michel Schaus, Peter Hamacher and Martin Technau in 2016 against the Company has also been put to a halt awaiting the outcome of the prosecu-

tor's action on the criminal complaint filed in Luxembourg.

The Company received in February 2018 a new summons for allegedly false and misleading statements filed by Aveleos SA in Luxembourg in conjunction with the statements the Company made in its third quarter report 2017 where the Company made a provision for impairment on the receivables against Aveleos SA and explained the reasons for such impairment. A hearing will take place in May 2018.

On 26 June 2017 the Company entered into a Litigation Funding Agreement with the international specialist litigation fund Therium Litigation Funding IC and resolved to carry out a fully underwritten rights' issue with gross proceeds of NOK 30 million. The litigation funding agreement and equity issue secures EAM Solar ASA's capability to pursue legal actions in the foreseeable future.

In the third quarter the Company made

a share capital increase by the issuance of 532 210 shares in the Company to EAM Solar Park Management AS ("the Manager"). The shares were consideration for the financial participation mechanism in the Management Agreement, and were non-dilutive for the shareholders. As part of the transaction the Company recognised an intangible asset and debt of EUR 1 888 thousand, the debt was settled with the shares.

In the third quarter the Company also conducted a fully underwritten rights issue with gross proceeds of NOK 30 million, resulting in 1 250 000 shares being issued.

In the third quarter the Company made a provision for doubtful debt against Aveleos SA of EUR 4 418 thousand, given that Aveleos SA in the Company's opinion is de-facto bankrupt and is running the company at the creditors' expense.

DIRECTORS' REPORT

The 2017 annual report

EAM Solar ASA (EAM or the Company) is a public limited liability company, incorporated and domiciled in Norway, with registered address at Dronningen 1, Oslo, Norway. Energeia Asset Management AS established EAM on 5 January 2011.

The Company's activity is to own and operate Solar PV power plants under long-term electricity sales contracts and distribute dividends on a regular basis to its shareholders.

The geographical focus of EAM has since its inception been to acquire power plants under long-term contracts in Europe. EAM acquired its first power plant in Italy in 2011. Since then EAM has acquired in total 25 power plants with a combined capacity of 27.1MW generating 38.3 GWh annually, representing annual revenue of EUR 13.5 million.

At the beginning of 2015, EAM had EUR 110 million in capital employed, EUR 180 million in contractual revenue reserve, EUR 50 million in future market price sales and an expected EBITDA from the 17-year contract period of EUR 200 million.

However, the period from 2014–2016 became very challenging for EAM on the back of the flawed acquisition of 21 PV power plants from Enovos Luxembourg S.A. and Avelar Energy Ltd. through their jointly owned single purpose vehicle Aveleos S.A.

17 of the 21 PV power plants transferred to EAM in July 2014 did not have valid long-term feed-in-tariff contracts (FIT) according to the contractual counterparty Gestore dei Servizi Energetici GSE S.p.A, owned by the State of Italy, as warranted by Enovos Luxembourg S.A. and Avelar Energy Ltd under the Share Purchase Agreement.

In the 4th quarter 2015, GSE terminated the FIT contracts, which had been suspended since August 2014, and demanded a repayment of previously received FIT from 5 of the 7 companies acquired by EAM.

Due to Enovos Luxembourg S.A. and Avelar Energy Ltd lack of willingness to assume what the Company believes is their contractual obligation as owners of Aveleos S.A. and to remedy the situation, EAM has been forced to initiate legal proceedings in Italy, Luxembourg and Switzerland.

The events following the so-called "P31

acquisition" has changed EAM from a electricity producing YieldCo to a also becoming a litigation company. Consequently the share price of EAM Solar ASA on the Oslo Stock Exchange has dropped considerably.

The board of directors and the management are directing all their effort and attention to resolve this challenging situation in the appropriate legal venues as fast as possible in order to restore the value of the Company and return the outcome to the shareholders.

Operational review

Throughout 2017 EAM owned and operated 6 power plants having a combined installed capacity of 8.6MW with an average annual power production of 12.7 GWh (P50 production).

Power production for the full year amounted to 13 274 MWh, 7 per cent above estimated production for the year.

Corporate status and legal proceedings

Legal proceedings

In the opinion of the board of directors the Company has during 2017 further strengthened its legal position. The description of legal proceedings below also includes subsequent events.

Criminal proceedings

The Criminal Court of Milan has in 2016 ruled that Enovos Luxembourg SA, Avelar Energy Ltd and Aveleos S.A. are financially liable for the economic damages suffered by EAM and related parties due to the criminal actions conducted by their directors Marco Giorgi and Igor Akhmerov.

Should the directors be sentenced on the Milan Prosecutors indictment point "F", concerning fraud against the Company, Enovos Luxembourg SA, Avelar Energy Ltd and Aveleos S.A. will be responsible for paying the damages incurred by the Company.

To the extent the Company can provide adequate documentation, there is no limitation to the damages that can be claimed. It is also the sole decision of the Company how much damages it will seek from each party, in other words, the Company may seek at its own discretion the full compensation from only one party.

In May 2017 the Criminal Court of Milan ordered a conservative seizure on all assets connected to Marco Giorgi and Igor Akhmerov, up to the total amount of Euro 33 062 632.62 in favour of EAM Solar ASA and EAM Solar Italy Holding S.r.l. Hearings have been conducted in February and March 2018 in the criminal proceedings in Milan where amongst others the Company's CEO has appeared as a witness.

It is expected that the criminal case will continue with hearings, as scheduled for 2018.

The length of the criminal case is highly uncertain. The first instance of the criminal case can last for years, followed by a potential appeal which can be filed to the second instance and finally to the Supreme Court. No conclusive rulings have been reached so far, and the Company does not expect any ruling in the first instance until the end of the year at the earliest.

Arbitration proceedings

In the 3rd quarter 2016 the Company summoned Aveleos S.A. to the Milan Chamber of Arbitration in order to have the Share Purchase Agreement entered into in 2014 declared null and void based on the alleged fundamental breach of contract conducted by Aveleos SA and its directors.

Hearings have been conducted throughout 2017 and continued in 2018 where amongst others the Company's CEO has appeared as a witness. No conclusive rulings have been reached so far, and the Company does not expect any ruling in the first instance until the end of the third quarter at the earliest.

Criminal complaint with civil action in Luxembourg against Encevo S.A. Group (formerly known as Enovos International S.A. Group), and managing directors in Encevo S.A.

In February 2016, based on the evidence at hand, EAM and associated companies and individuals filed two criminal complaints with civil damages actions to the Court of Luxembourg. One criminal complaint was filed against Aveleos S.A., and one criminal complaint against Enovos Luxembourg SA, Encevo S.A. (formerly known as Enovos International S.A.), Avelar Energy Ltd and Aveleos

S.A., Jean Lucius, Michel Schaus, Peter Hamacher and Martin Technau (all employees in the Encevo Group), and the Aveleos S.A. board directors, Igor Akhmerov and Marco Giorgi (employees of Avelar Energy Ltd).

The Prosecutor's office in Luxembourg currently handles the criminal complaints. The timing is highly uncertain.

The civil action contains damages claims in excess of EUR 250 million stemming from the contractual fraud against EAM in conjunction with the P31 Acquisition.

Breach of standstill agreement proceedings against Aveleos S.A. in the Court of Luxembourg

In October 2014, EAM entered into a so-called standstill agreement with Aveleos S.A. that also encompassed Enovos Luxembourg SA, Avelar Energy Ltd and its directors. The purpose of the standstill agreement was to give the sellers time to resolve the payment suspension measures of GSE and to document the necessary facts confirming the validity of the FIT contracts and the technical feasibility of the power plants within a limited time frame of 6 months. In exchange for this the sellers pledged to finance the running costs of the criminally affected power plants with a minimum of EUR 5 million in liquidity until the above matters were resolved.

In exchange for this pledge and the promises given by the sellers, EAM lifted the injunction achieved on the bank accounts of Aveleos S.A. in Luxembourg in September 2014 in order to avoid the immediate bankruptcy of Aveleos S.A. in October 2014 as threatened by the Enovos Luxembourg SA, and Avelar Energy Ltd directors.

Aveleos S.A. and its directors had already breached the agreement by November 2014, as confirmed in the ruling by the Civil Court of Milan (Enterprise Matters Specialized Section) in September 2015 and by the Criminal Court of Milan in the ruling of 13 September 2016.

In the autumn of 2015 Aveleos summoned EAM again in Luxembourg court in order to misuse the standstill agreement to achieve exclusion from the criminal proceedings in Milan in order for Enovos Luxembourg S.A., and Avelar Energy Ltd to escape legal proceedings. On 20 September 2016 Aveleos S.A. asked the court of Luxembourg for a postponement of these proceedings, which was granted until January 2017.

The first hearing in the standstill agreement procedures in Luxembourg took place on 17 January 2017 where both parties filed their note of pleadings and presented to the judge.

In a ruling communicated in March 2017 the court decided that the Luxembourg civil proceedings regarding the standstill agreement shall be put to a halt until the award before the Arbitration Court of Milan is rendered i.e. all claims of Aveleos S.A. have been suspended until further.

Defamation case - allegations of false complaint to be tried in the Luxembourg District Court

The companies EAM and EAM Solar Italy Holding srl, as well as their CEO and Managing Director, Mr Viktor E. Jakobsen, received in January 2017 a subpoena to meet in court in Luxembourg on 13 March 2017. The plaintiffs are Encevo S.A. (formerly known as Enovos International S.A.), Enovos Luxembourg S.A. and their directors Jean Lucius, Michel Schaus, Peter Hamacher and Martin Technau. The plaintiffs claim that the criminal complaint filed by EAM in February 2016 is false and not merited. As the board of directors sees it, this is an attempt by the directors to evade the ongoing investigation by the criminal court of Luxembourg that followed after the criminal complaint was filed.

In a communication received in early March 2017 the Company has been informed that the case will not be heard until the Prosecutor's Office have decided on the criminal complaints filed in February 2016 that are still in their hands.

Therefore, the case was not pleaded on 13 March 2017 and will be rescheduled.

Defamation case - allegations of false complaint to be tried in the Luxembourg District Court

The Company received in February 2018 a new summons for allegedly false and misleading statements filed by Aveleos SA in Luxembourg in conjunction with the statements in the Company made in its third quarter report 2017 where the Company made a provision for impairment on the receivables against Aveleos SA and explained the reasons for such impairment. A hearing is expected to take place 26 March 2018.

The statements regards a provision for doubtful debt against Aveleos SA of EUR 4 418 thousand made in third quarter, given the fact that Aveleos SA in the Company's opinion is de-facto bankrupt and is running their company at the creditors' expense.

Financial restructuring and voluntary liquidation plan for the criminally indicted SPVs in the Bankruptcy Court of Milan

Following the FIT termination decision by

GSE in the 4th quarter of 2015, the 5 criminally affected SPVs filed for a financial restructuring procedure ("Concordato Preventivo") with creditor protection. This was granted by the bankruptcy Court of Milan until 8 July 2016, and then further extended to 6 September 2016.

EAM has been forced to act as a custodian for the SPVs affected by the criminal proceedings since July 2014. EAM has performed this task in order to protect the values of the SPVs and minimize any financial damage arising from the criminal proceedings and its legal and operational consequences.

Following legal and technical clarifications achieved during July and August 2016, the SPVs, in an understanding with the Bankruptcy Court of Milan, determined that a financial restructuring would be unachievable under the laws governing such procedures, mainly due to the fact that the SPVs are criminally indicted, but also due to technical administrative reasons. Therefore the companies filed for a voluntary liquidation and bankruptcy procedure with the Bankruptcy Court of Milan on 22 September 2016.

The bankruptcy proceedings continued with hearings in 2017. The Company has had its position as creditor recognised, and in the process also appealed the fact that Aveleos was recognised as a creditor.

Business operations in 2017

At the end of 2017 EAM owned 6 power plants operating under normal conditions and contracts, with a combined installed capacity of 8.6 MW with an average annual power production of 12.7 GWh (P50 production).

The financial statements and annual report are prepared under the assumption of going concern. It is the board's opinion that the Group has sufficient liquidity to support operations for the next twelve months.

Reported revenue in 2017 was EUR 4.2 million and EBITDA came to EUR -4.9 million and EBIT at EUR -6.8 million. The Group reduced total asset to EUR 30.1 million following the write down of receivables.

Accumulated extraordinary costs related to the fraudulent sale amounted to approximately EUR 6.7 million in 2017 including funds received from Therium.

At current EAM has engaged legal teams in 6 different law firms to assist the Company in all the various legal proceedings in Italy, Luxembourg and Switzerland.

Cash flow from operation was negative with EUR -1.3 million for the year. The working capital is positive with EUR 1.4 million.

Going concern

The financial statements and annual report is made under the assumption of going concern. The basis for this assumption is that the Company has annual revenues of EUR 4 million from fixed price contracts for the next 14 years from 6 power plants that are operating under normal conditions.

The EBITDA contribution from the 6 power plants in the fixed contract period to 2031 is sufficient to cover the long-term debt obligation relating to these assets.

In conjunction with the "P31 acquisition", EAM Solar Italy Holding Srl entered into a so-called patronage letter and an equity contribution agreement with UBI Leasing and UniCredit respectively. These agreements may under certain circumstances require EAM Solar Italy Holding Srl to inject additional equity into the debt financed SPVs to cover any shortfall or breach of the debt repayment obligations of the SPVs.

The FIT contracts of the SPVs have been terminated by GSE due to a criminal fraud against the State of Italy. EAM has been acknowledged as civil victim of contractual fraud. It is EAM's belief that an important motive behind the fraud conducted against EAM by the directors of Aveleos, was in order for Aveleos and their respective shareholders to escape their debt repayment responsibilities by transferring this to EAM through the sale of the companies. Consequently, EAM considers the patronage letter/equity contribution agreement as an integrated part of the criminal contractual fraud, thus being void.

If any of the financing banks should try to enforce the fraudulent debt repayment agreements it would for EAM constitute an addition to the criminal acts conducted against EAM, and EAM will respond accordingly.

During 2017 the Company has both conducted an equity issue raising NOK 30 million in proceeds and entered into a Litigation Funding Agreement with Therium to strengthen the financial position.

Finally, in order to ensure that EAM has the necessary buffer needed to meet future legal cost, the Company may consider to make funding available through sale of existing assets, share issue, litigation finance or loan.

Market overview

Power prices in Italy

The average wholesale power price in Italy for 2017 was EUR 54 per MWh. The price fluctuated between EUR 43 and EUR 72 during the year with peak prices at the beginning and end of the year and lower prices during the period from March to May.

Business strategy

EAM's strategy was in the outset to create value by acquiring operational power plants and through an active ownership to optimise operations and achieve the best possible electricity yield, lowest possible cost of operations, and highest possible dividend yield.

In light of the legal proceedings and their impact on the Company value, EAM has changed from a pure electricity producing YieldCo to a also becoming a litigation company. As previously stated; the directors and the management directs all their effort and attention to resolve the legal issues in order to restore the value of the Company.

Events after the balance sheet date

Events after the balance sheet date concerns the legal proceedings and updates are described in Corporate status and legal proceedings above.

Risk factors

Apart from the direct risk mentioned before, EAM is exposed to a number of risk factors.

The largest risk to our current operation is regulatory risk in Italy, i.e. retroactive changes in government incentives schemes, changes to regulatory framework for operation and changes in taxation of assets and renewable energy operations.

EAM is also exposed to risk related to market power price fluctuations and general technical operational risks. The Company mitigate these risks as far as possible through long-term electricity sales contracts with limited counterparty risk, hands-on operation and insurance.

Regulatory risk

In 2015 the Italian state conducted a unilateral and retroactive 8 per cent reduction of the long-term electricity price FIT contracts.

It is unfortunately impossible to hedge against this type of regulatory risk in Italy at this point in time. The international market for insurance against State Government risk is only possible to achieve for countries classified as "underdeveloped" or "developing" by the United Nations system through the World Bank Group insurance institute MIGA (MIGA underwrite insurance against state confiscation, unlawful punitive taxation etc.). Since Italy is classified as a developed country, insurance against regulatory risk in Italy is not possible to obtain.

EAM is informed of current lawsuits in international arbitration courts directed against the State of Italy for fundamental breach of the International Energy Charter

Treaty's (ECT) protection of International Infrastructure Investors. On 31 December 2014 Italy notified the Depository of its withdrawal from the Energy Charter Treaty (ECT). Therefore, the withdrawal from the ECT by the Italian Republic took effect on 1 January 2016, however, this means any new investments in the energy sector in Italy are not protected anymore by the ECT, while existing investments will remain protected until 2036.

The new regulatory environment of the operation of solar PV power plants in Italy, partially implemented in 2015, poses a significant risk to PV power plant owners since these rules may be exploited in order to reduce or revoke long-term FIT contracts for non-material or non-technical reasons. This creates significant risk for irregularities in conjunction with administrative processes since the legal treatment of administrative decisions takes several years, in breach of Italy's administrative law, exposing owners to financial default and bankruptcy without having administrative measures judged in a court of law.

Financial risk

For one of the external financing contracts with floating interest rate there is an interest rate swap agreement in place for the full duration of the contract period and the full lending amount.

Litigation risk

The Company is involved in several legal processes where the outcome is unknown. There is a risk that the Company might lose some or all of these processes and that it can result in a counter claim from the other party in such legal processes. It is also a risk that the counterpart is unable to settle an award in favour of the Company.

Credit risk

Under normal circumstances the risk of losses is considered low, since the main contractual counterparty is GSE, a state owned entity. The Group has not made any set-off or other derivative agreements to reduce the credit risk against GSE.

The Company's gross credit risk exposure against GSE on 31 December 2017 was EUR 1.2 million. EAM has made no financial arrangements to limit the credit risk further.

Asset value risk

EAM's cash balance was EUR 1.1 million at the 31st of December 2017, of which the Prosecutors Office of Milan has seized EUR 62 thousand.

During the annual impairment test, EAM has identified no further indicators for impairment as described in IAS 36 after write downs conducted in 2015 and the second quarter of 2016. The assumptions used in the impairment test represent business development scenarios EAM finds most likely at the reporting date, although the actual outcome may be materially different due to on-going legal processes.

Finally, on a positive note, equipment prices have continued to drop during 2017. Consequently, the replacement cost risk of equipment fault is reduced in 2017. EAM expects the replacement cost to continue being reduced going forward.

Transactions with related parties

Energeia Asset Management AS and its subsidiary EAM Solar Park Management AS ("SPM") are providing management and consulting services for EAM 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.

Under the original Management Agreement SPM was entitled to revenue equal to its directly attributable costs for providing the services to the Company, without margin. In addition SPM was entitled to 12.5 per cent of the annual pre-tax profit (the "Royalty") in the Company. In 2017 the Company and SPM were in agreement that the Management Agreement in its original form no longer works in the best interest of the Company, and therefore decided to amend the Management Agreement. The board of directors of the Company has taken the view that the Company is best served by having the upside interest which the Royalty constitutes converted into ordinary share ownership, so as to ensure full alignment of interests between EAM Solar ASA and SPM. The board of directors, with the assistance of an external financial adviser, carried out an assessment of the appropriate exchange rate at which the Royalty can be converted into shares without being dilutive to the shareholders. Based on

this process, the board of directors proposed that the Royalty was converted into 532.210 new shares in the Company.

Accordingly, in the third quarter the Company made a share capital increase by the issuance of 532 210 shares in the Company to EAM Solar Park Management AS ("the Manager"). The shares were consideration for the financial participation mechanism in the Management Agreement, and were non-dilutive for the shareholders. As part of the transaction the Company recognised an intangible asset and debt of EUR 1 888 thousand, the debt was settled with the shares.

The amendment was conducted to secure that SPM's interests are fully aligned with EAM in the pursuit of the claims against Aveleos, its directors, Enovos and Avelar.

EAM entered on 20 June 2014 into a short-term acquisition credit facility agreement of NOK 65 million with the largest shareholder in the Company, Sundt AS. The credit facility, which is secured against EAM Solar Norway Holding AS and EAM Solar Italy Holding II Srl, 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. In August 2016 the Company made an extra down payment of EUR 1 million and renegotiated the terms. At current the loan carries a running interest rate of 7 per cent with a balloon at the end of the term. The lender has given a waiver for payment of instalments and interest for the period from February to July 2017. At the end of 2017 the Company was in line with the original payment plan.

Health, safety and the environment

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

The board of directors comprised two male and one female director in 2017.

Energeia Asset Management AS 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 recruits employees 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's power plants are built with silicon-based solar panels, and the power 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

Honesty, transparency and trust are essential to the success of the Company. EAM is committed to transparency in its management practices, and in particular in the relationship between EAM and Energeia Asset Management AS. The board of directors have at all times access to all information and assistance from the employees of 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 when the Company has entered into a normal mode of operation.

Presentation of the financial statements

Pursuant to Section 4-5 of the Norwegian Accounting Act, the board of directors of EAM 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.

Oslo, 12 April 2018

Pål Hvammen
Non-executive
director

Erling Christiansen
Non-executive
director

Ragnhild Wiborg
Chair

Viktor E Jakobsen
CEO

CORPORATE GOVERNANCE

EAM Solar ASA is committed to pursuing corporate governance practices that supports the trust in the Company, its directors and management, and thereby contribute to value creation.

The objective of corporate governance is to regulate the roles and responsibilities of shareholders, directors and management in a more comprehensive manner than is required by legislation.

Implementation and reporting on corporate governance

Implementation

EAM Solar ASA's board of directors is responsible for executing best practice corporate governance, and has prepared and approved the Company's policy for corporate governance.

Through its board and 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 Stock 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 ASA will comply with the above-mentioned rules and regulations, and

the current code, issued on the 30th of October 2014 with the exception of the following:

1. Pursuant to the Company's articles of association, the manager has the right to suggest to the Company's nomination committee two of the directors in the board. The general meeting elects the Company's directors. The manager's right of suggestion is intended to ensure good communication between the Company's board and the manager based on the fact that the Company has no employees and that all day-to-day management activities are conducted by the Manager. At year-end 2017 the Manager had made no suggestion to the Company's nomination committee
2. The Company has not established separate guidelines for corporate social responsibility (CSR) as recommended by the code. The Company has decided not to prioritise this work given the challenging situation the Group is in. EAM aims to establish guidelines for CSR when the situation for the Group is normalised and the need for such guidelines again will materialise.

EAM Solar ASA 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 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. In addition, the Company's business is lawsuits in relation Solar power plants."

Equity and dividends

Equity

Total equity for the Group amounted to EUR 13.8 million at 31 December 2017, representing an equity ratio of 42 per cent.

The equity of the parent company amounted to EUR 24.1 million at 31 December 2017, representing an equity ratio of 74 per cent.

Dividend policy

The Company's primary objective is to generate capital return from the sale of electricity and distribute this to its shareholders through dividends.

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.

Based on the status of the Company no dividend will be declared for 2017.

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 has a long-term management agreement with the Energeia Asset Management AS. The latter provides all administrative, technical, and operational services required by the Company. EAM has no employees.

The transactions between EAM and the manager in 2017 have been conducted both as part of ordinary operations in accordance with the management agreement, and also conducted by the manager in pursuing legal objectives in the various processes of the fraud case against EAM.

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, unless such transaction would be in violation of Norwegian law and in conjunction with criminal activities.

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 2018 will be held on 14 May 2018 at the Company offices in Oslo, Norway.

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.

The board summons general meetings. 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 will be published no later than 31 December in the form of a stock exchange announcement, and will also be 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. One or more directors attend the AGM, together with at least one member of the nomination committee and the auditor. The CEO represents the management at the AGM.

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.

The board may propose a person independent of the Company and the board to chair general meetings.

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 will have a nomination committee consisting of three members. The Company's current nomination committee was re-elected for two years on 26 May 2016 and consists of:

- Leiv Askvig, chair (representing Sundt AS)
- Truls Tollefsen, member (representing DNB Livsforsikring AS)
- Nils Foldal, member (representing Lorientzen 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 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:

- To provide the general meeting with recommendations on directors to be elected by the shareholders, subject to the provision that the manager has the right to suggest up to two directors
- To provide the general meeting with recommendations on the remuneration of directors
- To provide the general meeting with recommendations on members of the nomination committee
- 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

The general meeting elects directors. 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 or resident in a EU/EEA country.

Composition of the board

On 31 December 2017, the board of EAM Solar ASA consisted of three directors, two men and one woman:

- Ragnhild M Wiborg, chair (2016–2018)
- Pål Hvammen, non-executive director (2016–2018)
- Erling Christiansen, non-executive director (2016–2018)

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, Pål Hvammen and Erling Christiansen are all independent of the Company's manager, material business contacts and largest shareholders.

Work of the board of directors

Board's duties and responsibility

The board has the 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 each year. Extraordinary board meetings are held when required to consider matters that cannot wait until the next regular meeting.

During 2017, 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. In 2017 the board of directors met on 10 occasions, either in person or by circulation.

Audit committee

EAM 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.

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 carries 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'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, pe-

riodic 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.

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 plus a margin of 7 per cent.

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 fee 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 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 publishes its fourth quarter results 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 published within eight 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. The Company will continue to publish quarterly reports in accordance with Oslo Børs Code of Practice for IR.

Other market information

EAM 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 situation.

Auditor

EAM is audited by RSM Norge AS, Norway.

The auditor presents a work summary 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 summary to the board in its capacity as audit committee, 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.

FINANCIAL REVIEW

In 2017 EAM Solar ASA has continued the legal processes to restore shareholder values. The legal processes are expensive and are heavily contributing to the loss in 2017.

Consolidated statement of comprehensive income

Revenue and production

All 6 power plants owned and controlled by EAM produced electricity and delivered this to the grid in 2017. Total electricity production in 2017 was 13 274 MWh, representing total revenue of EUR 4.2 million.

All EAM'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.

The fixed price sales contracts (FIT) accounts for 85 per cent of revenues, with electricity sales at market prices accounting for the remaining 15 per cent.

Market price contracts are renewed yearly. Market prices for electricity increased from a year average of EUR 37.8 per MWh in 2016 to EUR 49.0 per MWh in 2017. The falling trend turned in the last half of 2016 and the trend with increasing prices has continued into 2017. At year end 2017 the price per MWh was 50 Euro.

Operating costs

Total cost of operations in 2017 amounted to EUR 0.8 million. The cost of operations consisted mainly of land rent, operating and maintenance costs and insurance. SG&A expenses amounted to EUR 1.7 million for the year.

Operational earnings

Earnings before interest, depreciation, amortisation and taxes (EBIT-DA) amounted to EUR -4.9 million for 2017. Acquisition and transaction costs amounted to EUR 6.7 million.

Depreciation amounted to EUR 1.9 million for the year. Operating profit (EBIT) for 2017 was thereby EUR -6.8 million.

Net financial items

Net financial items amounted to EUR 0.02 million for the full year 2017.

Profit before tax and net income after tax

Profit before tax amounted to EUR -6.7 million for 2017. Net tax amounted to EUR -0.5 million.

Reported net income after tax was thus EUR -7.2 million for 2017, and reported loss per share were EUR -1.27 on a diluted basis.

Cash flow and balance sheet statements

Consolidated statement of financial position

Total assets amounted to EUR 30.1 million at 31 December 2017. This was down by EUR 10.3 million over the year, mainly because of the provision for doubtful debt against Aveleos SA.

Total equity amounted to EUR 13.9 million at 31 December 2017, a decrease by EUR 1.9 million over the year. The decrease is explained

by the loss incurred during the year, partly offset by the capital increase with the issue of new shares. The equity ratio was positive with 46.0 per cent at 31 December 2017, up from 39 per cent at 31 December 2016. Net working capital amounted to EUR 1.4 million at 31 December 2017. The decrease from 2016 relates to the provision for doubtful debt against Aveleos SA as described above.

Cash flow

Net cash flow from operating activities was EUR -1.4 million in 2017. Net cash flow from financing activities amounted to EUR 1.0 million. Cash and cash equivalents amounted to EUR 1.1 million at 31 December 2017, of which EUR 0.6 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 (see [note 3](#)). SG&A consist mainly of purchased services. Net Financial cost for 2017 was NOK -54.1 million.

Balance sheet

Total assets amounted to NOK 225.0 million, of which NOK 207.2 million is intercompany. Cash amounted to NOK 950 000 at year-end. Total equity amounted to NOK 172.3 million, 76.6 per cent of total assets, compared with 73.7 per cent in 2016. Current liabilities amounted to NOK 52.6 million.

Cash flow

Net cash flow from operational activities was negative at NOK 40.3 million and proceeds from share issue and borrowing from group companies were positive with NOK 41.3 million.

Allocation of net income

The board has proposed that the net income of NOK -69 573 149 to be allocated to other equity.

FINANCIAL STATEMENT

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR	Note	2017	2016
Revenue	9	4 213 335	4 453 648
Total revenue		4 213 335	4 453 648
Cost of operations	9, 1	(769 196)	(1 121 753)
Sales, general and administration expenses	5, 6, 7, 9, 10	(1 687 671)	(2 003 236)
Acquisition and transaction costs	9, 21, 22	(6 648 537)	(12 148 595)
Operating profit before depreciation and amortisation	10	(4 892 069)	(10 819 936)
Depreciation, amortizations and write downs	13	(1 908 805)	(6 677 455)
Operating profit		(6 800 873)	(17 497 391)
Finance income	8	2 879 014	1 222 427
Finance costs	8	(2 782 335)	(3 801 978)
Profit before tax		(6 704 194)	(20 076 942)
Income tax gain/(expense)	11	(510 198)	65 788
Profit after tax		(7 214 392)	(20 011 154)
Other comprehensive income ¹			
Translation differences		6 269	2 606 326
Cash flow hedges	20	354 184	(129 880)
Other comprehensive income for the year, net of tax		360 453	2 476 446
Total comprehensive income for the year		(6 853 939)	(17 534 708)
Profit for the year attributable to:			
Equity holders of the parent company		(7 214 392)	(20 011 154)
Equity holders of the parent company		(7 214 392)	(20 011 154)
Total comprehensive income attributable to:			
Equity holders of the parent company		(6 853 939)	(17 534 708)
Equity holders of the parent company		(6 853 939)	(17 534 708)
Earnings per share		2017	2015
Continued operation			
- Basic	12	(1.27)	(3.95)
- Diluted	12	(1.27)	(3.95)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR	Note	31 Dec 2017	31 Dec 2016
ASSETS			
Non-current assets			
Property, plant and equipment	1, 2, 3, 13, 21	21 409 192	23 077 581
Intangible assets	11, 13	1 989 219	321 012
Other long term assets		1 051 604	1 089 563
Total non-current assets		24 450 014	24 488 156
Current assets			
Receivables	16	3 269 672	14 290 216
Other current assets	11	1 356 375	127 897
Cash and cash equivalents	17	1 100 979	1 568 193
Total current assets		5 727 026	15 986 306
TOTAL ASSETS		30 177 040	40 474 462
EQUITY AND LIABILITIES			
Equity			
Paid in capital			
Issued capital	18	8 126 110	6 214 380
Share premium	18	27 603 876	24 606 370
Total paid in capital		35 729 986	30 820 750
Other equity			
Translation differences		(6 257 088)	(6 263 356)
Other equity		(15 614 370)	(8 754 163)
Total other equity	2	(21 871 458)	(15 017 519)
Total equity		13 858 528	15 803 231
Non-current liabilities			
Leasing	19	5 525 811	5 838 488
Long term loan - interest bearing	7, 19	6 496 913	7 370 641
Other non current liabilities	19	-	-
Total non-current liabilities		12 022 724	13 209 129
Current liabilities			
Trade payables	19	2 461 828	2 552 746
Tax liabilities	11, 19	1 083 474	829 367
Short term loan - interest bearing	19	-	-
Other current liabilities	19	750 486	8 079 989
Total current liabilities		4 295 788	11 462 102
Total liabilities		16 318 512	24 671 231
TOTAL EQUITY AND LIABILITIES		30 177 040	40 474 462

Oslo, 12 April 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	2017	2016
Cash flow from operating activities			
Ordinary profit before tax		(6 704 194)	(20 076 943)
Loss on disposal of property, plant and equipment		-	1 137 653
Income taxes paid		(9 297)	-
Depreciations and write downs	13	1 697 212	1 891 558
Write down of fixed assets		103 220	4 785 897
Currency translation effects		-	-
Changes in trade receivable and trade payable	16, 20	10 929 626	6 918 120
Changes in other accruals ¹		(7 378 171)	(5 839 669)
Net cash flow from operating activities		(1 361 604)	(11 183 384)
Cash flows from investing activities			
Acquisition of fixed assets		(132 043)	(6 001)
Acquisition of subsidiary, net of cash acquired		-	-
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
Proceeds from issue of share capital		2 097 694	-
Proceeds from borrowings	19, 20	-	-
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		1 568 193	10 718 172
Net currency translation effect			
Seizure of cash			
Net increase/(decrease) in cash and cash equivalents	17	(467 214)	(9 149 979)
Cash and cash equivalents at end of period	17	1 100 979	1 568 193

¹ Includes effect of derecognition of SPVs in bankruptcy.

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)	2 606 325	2 476 445
Equity as at 31 December 2016	6 214 380	24 606 370	(8 080 250)	(673 912)	(6 263 357)	15 803 231
Equity as at 1 January 2017	6 214 380	24 606 370	(8 080 250)	(673 912)	(6 263 357)	15 803 231
Profit (loss) After tax	-	-	(7 214 392)	-	-	(7 214 392)
Issue of new shares	1 911 730	2 997 506	-	-	-	4 909 236
Other comprehensive income	-	-	-	354 184	6 269	360 453
Equity as at 31 December 2017	8 126 110	27 603 876	(15 294 642)	(319 728)	(6 257 088)	13 858 528

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NOTE 01 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of EAM for the year ending 31 December 2017 were authorised for issuance by the board on 12 April 2017.

EAM is a public limited company, incorporated and domiciled in Norway. The registered office of EAM is Dronningen 1, NO-0287 Oslo, Norway. The Company was founded on 5 January 2011. EAM owns and operates 6 photovoltaic power plants in Italy, and has as its business to invest in photovoltaic power plants in Europe. The Company has 6 subsidiaries in Italy and 1 subsidiary in Norway.

01.01 Basis for preparation of the financial statement

The EAM 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 the 1st of January 2017.

The consolidated financial statements are based on historical cost. In addition, cash flow hedges are measured at actual value.

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

The Group's presentation currency is the Euro (EUR) and the parent company's functional currency is the Norwegian Krone (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 are prepared under the assumption of going concern. 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. The board and manager are placing all their effort into operating the Company in a prudent manner, pending the legal proceedings that is expected to ultimately solve the situation for EAM.

01.02 Consolidation principles

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries at 31 December 2017.

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.

01.03 Use of estimates in the financial statements

Management has used estimates and assumptions that have affected assets, liabilities, incomes, expenses, deferred tax asset and information on potential liabilities. Due to the termination of the FIT contracts, the accounts reflect fully loss of values, but not reduction of debt obligations, although these obligations are disputed due to the criminal fraud.

Future events may lead to estimates being changed, and 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](#).

01.04 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. Change 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.

01.05 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 owns and operates six 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.

01.06 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.

01.07 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.

01.08 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.

01.09 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 are depreciated over the shorter of the useful life of the asset and the lease term.

01.10 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 acquired company either at fair value or at the proportionate share of the acquired company'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 acquired company.

If the business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquired company is measured 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 measured. 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 acquired, if any
- the consideration transferred.

01.11 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.

01.12 Cash and cash equivalents

Cash includes cash in hand, at the bank or cash seized by the Prosecutors Office of Milan.

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.

01.13 Equity

Equity and liabilities

Financial instruments are classified as liabilities or equity in accordance with the underlying economic 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 is categorized 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.

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.

01.14 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 that were incurred to meet the obligations pursuant to the contract.

01.15 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.

01.16 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.

01.17 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 categorized 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.

01.18 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.

01.19 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered

to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

01.20 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 22](#).

01.21 Standards issued but not yet effective

The Group has not applied the following new or amended standards that have been issued by the IASB but are not yet effective for the financial year beginning 1 January 2017 (the list does not include information about new or amended requirements that affect interim financial reporting or first-time adopters of IFRS since they are not relevant to IFRS Statements Limited).

The Directors anticipate that the new standards and amendments will be adopted in the Group's consolidated financial statements when they become effective. The Group has assessed, where practicable, the potential effect of all these new standards and amendments that will be effective in future periods.

IFRS 9 Financial Instruments (effective from 1 January 2018): The Standard will replace IAS 39 (and the previous versions of IFRS 9). It contains requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting and derecognition.

IFRS 15 Revenue from Contracts with Customers (effective from 1 January 2018): The standard replaces IAS 11, IAS 18 and their interpretations. It establishes a single and comprehensive framework for revenue recognition to apply consistently across transactions, industries and capital markets, with a core principle (based on a five-step model to be applied to all contracts with customers), enhanced disclosures, and new or improved guidance (eg the point at which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract, etc).

IFRS 16 Leases (effective from 1 January 2019): The Standard replaces IAS 17 and its Interpretations. The biggest change introduced is that almost all leases will be brought onto lessees' balance sheets under a single model (except leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and finance leases is retained.

It is not expected that the above new standards and amendments with effect from 1 January 2018 will have significant impact on the financial statements for the Company.

NOTE 02 ALTERNATIVE PERFORMANCE MEASURES "APMS"

EAM uses financial performance measures not within the applicable financial reporting framework also referred to as Alternative performance measures or APMs. These are used to give the reader relevant figures for comparison, analysis and additional information. The Company uses the APMs in a consistent and transparent manner to make it understandable to users of the financial reports.

In order to provide a basis for analysis the Company presents EBITDA and EBIT, and for a better understanding of the Company's operational

financial performance the Company also presents an adjusted EBITDA.

Definitions:

EBITDA – Earnings Before Interest, Tax, Depreciation and Amortisation
Adjusted EBITDA – EBITDA adjusted for legal costs and write-downs made in conjunction with the ongoing legal proceedings.

EBIT - Earnings Before Interest and Tax

NOTE 03 LIST OF SUBSIDIARIES

The following subsidiaries are included in the consolidated financial statements. (All amounts in EUR)

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)	8 127 318	-
EAM Solar Italy Holding II Srl	Italy	Holding company	100%	100%	(79 854)	(79 854)	6 973 539	5 589 026
EAM Solar Italy 1 Srl	Italy	Solar power plant	100%	100%	608 276	192 034	(194 002)	5 165 503
EAM Solar Italy 2 Srl	Italy	Solar power plant	100%	100%	1 485 152	681 694	2 412 464	8 302 044
EAM Solar Italy Holding Srl	Italy	Holding company	100%	100%	(5 751 681)	(5 751 681)	(6 453 990)	17 520 433
Ens Solar One Srl	Italy	Solar power plant	100%	100%	48 573	(383 858)	(472 722)	4 556 769
Energia Fotovoltaica 25 Srl	Italy	Solar power plant	100%	100%	30 438	(137 215)	192 201	2 010 597

NOTE 04 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:

Going concern

Given the challenging situation of the Company, the board and management has had to consider the basis for the Company's ability to operate as a going concern for the next 12 months. The going concern consideration is mainly related to the assessment of having adequate liquidity to meet the Company's running operational financial obligations, hereunder the legal costs to run the different legal processes.

Given the special corporate status, having become a victim of a criminal contractual fraud, resulting in significant legal and operational challenges, the board and management is continuously reviewing running operations.

It is the judgment by the board and management, all factors considered, that the Company has adequate liquidity for the next 12 months, consequently, that the foundation for "going concern" is present at year-end 2017. See the directors report section on going concern and [note 19](#) in the accounts for further background information.

Revenue and receivables

The Group has receivables against various parties including the Italian state and companies involved in the criminal proceedings in Milano. It is uncertainty regarding the willingness or ability for these parties to pay. To the extent the Company or its subsidiary is aware of any doubt in the likelihood of collecting such receivable a provision has been made. Significant judgement is required in estimating the soundness of such receivable.

Income taxes

The Group is subject to income taxes in more than one jurisdictions. Significant judgement is required in determining the provision for income taxes. Deferred tax asset related to the companies with terminated revenue has not been recognised.

Depreciation of tangible fixed assets

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 gives 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 (see also [note 13](#)).

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 21](#).

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.

NOTE 05 OTHER OPERATING EXPENSES

VAT is not included in the fees specified below.

Specification of auditor's fee (EUR)	2017	2016
Statutory audit	34 788	109 868
Other non-assurance services	123	4 178
Tax consultant services	23 267	3 110
Total fee to auditor's	58 179	117 156

NOTE 06 SALARY AND PERSONNEL EXPENSE AND MANAGEMENT REMUNERATION

Board of Directors year-end 2017:

- Ragnhild M Wiborg (chair)
- Erling Christiansen (non-executive director)
- Pål Hvammen (non-executive director)

The CEO in 2017, Viktor Erik Jakobsen, is hired and remunerated by the manager (see [note 7](#) for description of management agreement).

Ragnhild M Wiborg, has received in 2017 NOK 400 000 in remuneration for her work as Chair. Erling Christiansen and Pål Hvammen, have received in 2017 NOK 250 000 as remuneration for their works as direc-

tors. At year end 2017 Ragnhild Wiborg held directly or through companies she controls 3 765 shares in EAM Solar ASA, no shares were held by other directors or CEO.

No member of the management receives 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.

NOTE 07 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 among the 4 largest shareholders in EAM. They are also shareholders in Energeia Asset Management, but not involved in the day-to-day operations of 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.

EAM Solar Park Management AS is 100 per cent owned by Energeia Asset Management AS. EAM Solar Park Management AS delivers management services to EAM according to a management agreement between the parties. According to this agreement, EAM Solar Park Management AS can charge EAM for direct costs including a profit margin of 7 per cent related to the management services provided. The board of directors must approve the budget for the operation of EAM.

EAM Solar Park Management AS is the third largest shareholder in EAM, holding 9.5 per cent of the shares outstanding. This secures the common interest of the manager and the Company.

In 2017 EAM Solar Park Management's direct costs of the management of EAM was EUR 1.9 m (2016: EUR 1.7 m). For 2017 the direct cost was EUR 0.14 per kWh based on full year figures. (against EUR 0.07 per kWh in 2016).

Approximately EUR 0.5 million of the direct costs charged in 2016 was related to extraordinary costs incurred due to the legal processes in conjunction with the P31 fraud.

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. In August 2016 the Company made an extra down payment of EUR 1 million and renegotiated the terms. At current the loan carries a running interest rate of 7 per cent with a balloon at the end of the term.

The credit facility has been secured against the shares in EAM Solar Norway Holding AS, EAM Solar Italy Holding II Srl and the subsidiaries EAM Solar Italy 1 Srl, EAM Solar Italy 2 Srl and EAM Solar Italy 3 Srl since 2014.

Energeia Asset Management AS ownership

Company/owner	Ownership	Person	Position year-end 2017
Jakobsen Energia AS	28.33%	Viktor E Jakobsen	CEO of EAM Solar ASA
Sundt AS	28.33%	Family office	Shareholder of EAM Solar ASA
Naben AS	15.57%	Audun W Iversen	Shareholder of EAM Solar ASA
Canica AS	7.51%	Family office	Shareholder of EAM Solar ASA
Pactum AS	7.51%	Family office	Shareholder of EAM Solar ASA
Chold AS	9.77%	Christian Hagemann	COO - Energeia Asset Management AS
Jemma Invest AS	2.97%	Jarl Egil Markussen	CAO - Energeia Asset Management AS

NOTE 08 FINANCIAL INCOME AND EXPENSES

Financial income (EUR)	2017	2016
Interest income	71 966	616 897
Foreign exchange gain	2 807 048	126 287
Other financial income	-	479 242
Total financial income	2 879 014	1 222 426

Financial expenses (EUR)	2017	2016
Interest expense	(946 386)	(1 481 633)
Foreign exchange losses	(720 288)	(2 140 012)
Other financial expenses	(1 115 662)	(180 333)
Total financial expenses	(2 782 335)	(3 801 978)

Net financial income (expenses)	96 679	(2 579 552)
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The average exchange rate used for 12M 2017 is EUR/NOK 9.3271 (12M 2016: EUR/NOK 9.2928), whereas the exchange rate used on 31 December 2017 is EUR/NOK 9.8403 (31 December 2016: EUR/NOK 9.0863)

NOTE 09 SEGMENT INFORMATION

The Group owns and operates six solar PV power plants in Italy as of year-end 2017. The business is investing in and operating power plants that have similar economic characteristics. The management monitor the business based on both geographical segments and portfolio of assets.

Due to the criminal proceedings affecting 17 of the "P31 portfolio" power plants, EAM has separated the affected power plants and SPVs in a separate segment.

EAM Solar Italy 1 s.r.l. (EUR)	2017	2016
Revenues	958 215	858 084
EBITDA	608 276	563 680
EBIT	192 034	177 372
Non-current assets	4 470 946	4 900 792

EAM Solar Italy 2 s.r.l. (EUR)	2017	2016
Revenues	1 971 505	1 728 923
EBITDA	1 485 152	1 221 901
EBIT	681 694	434 401
Non-current assets	9 540 934	10 312 864

EAM Solar Italy 3 s.r.l. ¹ (EUR)	2017	2016
Revenues	-	255 382
EBITDA	-	176 303
EBIT	-	62 354
Non-current assets	-	-

ENS1 & ENFO 25 (EUR)	2017	2016
Revenues	1 283 616	1 267 356
EBITDA	79 011	(2 204 245)
EBIT	(521 073)	(2 738 289)
Non-current assets	8 942 538	9 485 037

SPV's in criminal proceedings ² (EUR)	2017	2016
Revenues	-	354 204
EBITDA	-	(1 718 324)
EBIT	-	(6 572 917)
Non-current assets	-	-

Other & eliminations (EUR)	2017	2016
Revenues	-	10 301
EBITDA	7 064 507	8 859 251
EBIT	7 153 528	8 860 312
Non-current assets	(1 495 597)	210 537

Total	2017	2016
Revenues	4 213 335	4 453 648
EBITDA	(4 892 069)	(10 819 936)
EBIT	(6 800 873)	(17 497 391)
Non-current assets	24 450 014	24 488 156

¹ Sold with financial takeover 1 June 2016

² Derecognised with effect from 28 September 2016

NOTE 10 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	(1 687 671)	(206 649)	(243 150)	(729 095)	(508 777)
Accounting, audit & legal fees	(62 639)	(18 544)	(22 466)	(21 629)	-
IMU tax	(36 827)	(12 228)	(11 405)	(13 194)	-
EAM SPM adm costs	(1 243 302)	(170 281)	(200 281)	(275 814)	(596 926)
Other administrative costs	(344 902)	(5 596)	(8 998)	(418 458)	88 150
Acquisition & financing cost	(6 648 537)	-	-	(122 164)	(6 526 373)
Legal costs	(2 051 626)	-	-	-	(2 051 626)
Other non-recurring items	(4 596 911)	-	-	(122 164)	(4 474 747)
EBITDA	(4 892 069)	608 276	1 485 152	79 011	(7 064 507)

NOTE 11 INCOME TAX

The basis for the recognition a deferred tax asset is forecasted results in the operating segments. There are no expiry dates on any of the losses carried forward. Property tax payable is expensed as an operating expense under SG&A.

Income tax expense (EUR)	2017	2016
Income tax payable	421 279	94 187
Changes in deferred tax	198 367	(395 265)
Withholding tax on intercompany interests	-	179 081
Adjustments for previous years income tax	(109 448)	56 209
Income tax expense / (income)	510 198	(65 788)
Income tax payable (EUR)	2017	2016
Income tax payable	197 408	121 731
Withholding tax on intercompany interests	-	-
Total tax payable in the balance sheet	197 408	121 731
Prepaid taxes (other current assets)	(376 105)	(205 667)
Net tax payable / (receivable)	(178 697)	(83 937)
Reconciliation of tax effective by country of registration (EUR)	2017	2016
Pre-tax profit	(6 704 194)	20 076 943
Expected income taxes according to income tax rate in Norway (25%)	(1 609 007)	(5 019 236)
Adjustment in respect of current income tax of previous years	6 544	56 209
Non deductible expenses and non-taxable income	1 521 369	4 620 977
Tax rate outside Norway other than 25% IRES (27.5%)	55 645	2 795
Tax rate outside Norway other than 25% IRAP (3.9%)	-	35 705
Withholding tax on intercompany interests	586 289	179 081
Losses carried forward not recognised as an asset	-	34 361
Use of previously unrecognised loss carried forward	(50 643)	24 320
Income tax expense / (income)	510 198	(65 788)
Deferred tax and deferred tax assets (EUR)	2017	2016
Deferred tax assets		
Tax losses carried forward	66 889	-
Other (transaction costs)	-	-
Other temporary differences	68 829	(56 439)
Losses carried forward not recognised as an asset	1 322 995	13 242
Deferred tax assets	1 458 713	(43 197)
Deferred tax liabilities (EUR)	2017	2016
Property, plant and equipment	-	-
Other	886 065	750 833
Deferred tax liabilities	886 065	750 833
Net recognised deferred tax liabilities / (assets)	750 347	807 272

Deferred tax assets (EUR 135 718) are included in intangible assets in the balance sheet. Net tax payable (EUR 197 408) and deferred tax liabilities (EUR 886 065) are presented as tax liabilities in the balance sheet, resulting in total tax liabilities of EUR 1 083 474.

NOTE 12 EARNINGS PER SHARE

Basic earnings per share is 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 had a weighted average number of 5 680 790 shares outstanding on 31 December 2017. There are no dilutive potential on the ordinary shares, so the earnings will be the same for both basic and diluted basis.

Earnings per share (EUR)	2017	2016
Profit for holders of ordinary shares	(7 214 392)	(20 011 155)
Basis for earnings per share	(7 214 392)	(20 011 155)
Earnings per share (EUR)	2017	2016
- Basic	(1.27)	(3.95)
- Diluted	(1.27)	(3.95)
Earnings per share in NOK¹	2017	2016
Continued operation		
- Basic	(11.85)	(36.68)
- Diluted	(11.85)	(36.68)
Total shares outstanding at period end	6 852 210	5 070 000
Weighted average number of ordinary shares outstanding	5 680 790	5 070 000
Weighted average number of shares adjusted for dilutive shares	5 680 790	5 070 000
¹ Average NOK/EUR exchange rate	9.327	9.293

NOTE 13 PROPERTY, PLANT AND EQUIPMENT

2017 (EUR)	Solar power plants
Accumulated cost 1 January 2017	23 077 581
Additions	132 043
Write downs	(103 220)
Depreciation	(1 697 212)
Disposals	-
Carrying value 31 December 2017	21 409 192
2016 (EUR)	Solar power plants
Accumulated cost 1 January 2016	34 436 689
Additions	6 001
Write downs	(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.

2017 (EUR)	Intangible assets
Accumulated cost 1 January 2017	321 012
Additions	1 776 579
Write downs	-
Depreciation	(108 373)
Disposals	-
Carrying value 31 December 2017	1 989 218

2016 (EUR)	Intangible assets
Accumulated cost 1 January 2016	277 089
Additions	64 413
Write downs	-
Depreciation	(20 490)
Disposals	-
Carrying value 31 December 2016	321 012

Intangible assets are depreciated linear over the FIT contract period. The 2017 addition in intangible assets is the royalty acquired as a result of the amended management agreement.

NOTE 14 CONTRACTUAL OBLIGATIONS

Year (EUR)	Amount
2018	922 000
2019	922 000
2020	922 000
2021	922 000
2022	922 000
After 2022	7 902 000
Total	12 512 000

The Group has the following contractual obligations relating to an operations and maintenance agreement, land leases and insurance. (All amounts are in nominal 2017 values.)

NOTE 15 FINANCIAL RISK MANAGEMENT**Regulatory risk**

The largest risk to the Company's operations and profitability are regulatory risk relating to changes in agreements, taxation or operational regulations made by the State of Italy. This risk is difficult to hedge against apart from securing that operations at all times are in compliance with the prevailing rules and regulations.

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 counterparts 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.

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 relate primarily to the Group's debt with floating interest rates.

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 an acceptable capital ratio in order to support its business operations and the ongoing legal proceedings.

The financial statement is prepared on the basis of going concern. It is the board's opinion that the Group has sufficient liquidity for the next twelve months.

NOTE 16 TRADE RECEIVABLES

Receivables (EUR)	2017	2016
Accounts receivables	73 159	41 051
Deferred revenue towards GSE	1 205 218	1 126 360
Receivable from Aveleos	-	11 528 996
Other receivables	1 991 295	1 593 809
Accounts receivables	3 269 672	14 290 216

Aging of accounts receivable at 31 December 2017 was as follows:

Days	Total	0 - 90	90 - 180	> 180
2017	3 269 672	73 159	1 205 218	1 991 295

The substantial amount of the receivable outstanding is towards GSE (90d-180d) and the sellers of P31 (>180d). GSE normally 60 days payment terms from receiving an invoice. In 2015, GSE introduced a 12 month delayed payment on 10 per cent of the expected annual revenues, thereby being paid in June the following year.

NOTE 17 CASH AND CASH EQUIVALENTS

EUR	2017	2016
Cash Norway	140 966	39 916
Cash Italy	960 013	1 528 277
Seized cash in the period	-	-
Cash and cash equivalents	1 100 979	1 568 193
Restricted cash Italy	620 623	920 515
Seized cash Italy	61 836	463 757

The Group had no undrawn credit facilities at 31 December 2017, other than the litigation funding agreement with Therium.

NOTE 18 SHARE CAPITAL, SHAREHOLDER INFORMATION AND DIVIDEND

The 20 main shareholders as at 31 December 2017 are:

Shareholder	Shares	Ownership
SUNDT AS	1 054 580	15.4%
CANICA AS	886 762	12.9%
EAM SOLAR PARK MANAGEMENT AS	650 956	9.5%
PACTUM AS	382 225	5.6%
MP PENSJON PK	286 365	4.2%
DNB LIVSFORSIKRING ASA	269 086	3.9%
TOLUMA INVEST AS	219 701	3.2%
PARK LANE FAMILY OFFICE AS	210 000	3.1%
ALDEN AS	175 000	2.6%
MELLEM NES INVEST AS	156 928	2.3%
EIKA BALANSERT	151 435	2.2%
AKA AS	125 000	1.8%
AREPO AS	114 667	1.7%
LUDVIG LORENTZEN AS	110 277	1.6%
FLU AS	78 463	1.1%
KARSTEN ELLINGSEN AS	74 514	1.1%
NORDNET LIVSFORSIKRING AS	70 749	1.0%
T10 INVEST AS	69 730	1.0%
OJN INVEST AS	61 156	0.9%
VERPENTANGEN AS	52 950	0.8%
Total of the 20 main shareholders	5 200 544	75.9%

As at 31 December 2017 the Company had a total of 6 852 210 shares outstanding.

Due to the financial situation of the Company the board of directors propose no dividend payments for 2017.

NOTE 19 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	2 461 829	2 552 748
Current interest bearing loans	-	-
Current project finance	-	-
Current leasing	-	-
Other current debt	750 485	-
Deferred tax	886 066	707 636
Tax payable	197 408	121 731
<i>Related to ordinary operations</i>	<i>4 295 788</i>	<i>3 382 115</i>
AION Renewables		
Aveleos S.A.	-	8 079 988
GSE repayment claim	-	-
<i>Related to criminal proceedings</i>	<i>-</i>	<i>8 079 988</i>
Total current liabilities	4 295 788	11 462 103
Total liabilities	16 318 512	24 671 232

Equity contribution agreement and patronage letter

EAM Solar Italy Holding Srl and EAM entered into a 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 current situation, whereby the transfer of the companies came about as a deliberate fraud conducted by the previous owners, Enovos Luxembourg SA and Avelar Energy Ltd, the transfer also released Enovos and Avelar from their equity contribution obligations against UBI Leasing and UniCredit.

EAM is of the opinion that the main motive behind the contractual fraud conducted was in order for Enovos and Avelar to be formally released by the financing banks from their debt guarantee obligations, thus avoiding the inevitable losses that would come about as a consequence of the then anticipated FIT contract termination decision by GSE.

Consequently, the equity contribution commitments of EAM companies are considered void since this was brought about as a result of a criminal contractual fraud.

Receivable and payable against Aveleos S.A. and its two shareholders Enovos Luxembourg S.A. and Avelar Energy Ltd.

The Criminal Court of Milan has made it clear that that Enovos Luxembourg S.A., Avelar Energy Ltd and Aveleos S.A. cannot be excluded as financially liable parties despite their efforts to do so. Should the former directors of Aveleos, Igor Akhmerov and Marco Giorgi, be sentenced on indictment point "F", concerning fraud against the Company, will Enovos Luxembourg SA, Avelar Energy Ltd and Aveleos S.A. be responsible for paying the damages incurred by the Company. The Company estimates the claim to be in excess of EUR 300 million. The claim is a contingent asset that will not be recognised in the balance sheet.

Based on the Share Purchase Agreement and the addendums is the Company entitled to a payment of EUR 11.5 million from Aveleos due to the overpayment for ENS4 and the post closing adjustments including interest. This amount has been confirmed by EY in a separate audit on the issue.

In addition the Company has recognised a loan of EUR 2.5 million given by Aveleos in 2014.

In the third quarter this year the Company made a provision for doubtful debt against Aveleos SA of EUR 4 418 thousand, given the fact that Aveleos SA in the Company's opinion is de-facto bankrupt and is running their company at the creditors' expense. The net payable against Aveleos is zero after the provision.

Litigation funding agreement with Therium

The funding being received from Therium is a contribution to lower the legal costs incurred in pursuing the claim, and legal costs are reduced with the contribution from Therium, and any subsequent repayment to Therium is conditional on EAM receiving a claim award. Therefore, there is no liability to recognise a payment to Therium at this stage in the financial statements. EAM will recognise a claim award after having reimbursed Therium of their amount.

Legal costs are covered in a 50/50 split between the Company and Therium. Therium has committed to invest a maximum amount of up to EUR 2.3 million divided into three tranches of EUR 0.775 million for the three years from 2017 to 2019. Therium may choose not to invest more than the first tranche. The LFA entitles Therium to receive the invested amount plus a contingency fee of 3X the committed funds under any incepted tranche of funding as a first priority payment from any litigation claim awarded to the Company. At year end the Company had incurred EUR 508 thousand to be funded from Therium, which was received in February 2018.

NOTE 20 HEDGING

Derivatives	Liabilities	
	Fair value	Notional amount
Current portion (EUR)		
Interest rate swap	319 728	4 531 930
Derivatives year-end	319 728	4 531 930
Total non-current	-	-
Current portion	319 728	4 531 930

ENS1

Purpose of the derivative: hedging of the variable interest rate on the bank senior loan. Risk coverage: 80 per cent of the senior loan. Fixing rate (swap rate): 2.34 per cent Duration: The interest swap will expire on 10 April 2021.

NOTE 21 IMPAIRMENT

EAM has not identified indicators for impairment as described in IAS 36 at year end. 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.

Cost of capital: Average WACC after tax used in DCF calculation of cash flow from power plant assets equals approximately 5.031 per cent.

Main assumptions for valuation:

- Internal interest costs not included
- Cost penalty for legal proceedings not included – cost basis for the period 2018 – 2031 is as “under normal conditions” and reflects actual normal operating costs and SG&A for period 2016 – 2017
- Power production profile as experienced past 6 years (i.e. budget representing a P50 scenario)
- No residual value beyond FIT contract period (i.e. 2031)
- Market price of electricity going forward as experienced in 2017 with starting point in the North of EUR 0.0525 per kWh and in the South of EUR 0.0425 kWh with annual inflation adjustment of 1.5 per cent.

Cost of capital (WACC)

Risk free interest rate - 15yrs (Rf)	0.855%
Corporate tax rate (Tc)	27.9%
Market risk premium Oslo Stock Exchange (MRP)	5.00%
Equity ratio (EQ%)	41.7%
Total asset beta in market (BA)	0.222
Equity beta in market (BE)	0.545
Implied equity beta EAM (BEam)	0.893
Implied debt beta EAM (BD)	0.779

Capital cost of debt

Debt financing proposal MedioCredito (Dr)	4.750%
Debt financing spread to risk free interest (Dr - Rf)	3.895%
Debt cost of capital after tax (Dcc)	3.425%

Capital cost of equity

Country risk premium (Italy) - Crp	2.190%
Additional EAM risk premium - Corp	2.500%
Equity cost of capital after tax - EQcc	7.274%

WACC	5.031%
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NOTE 22 EVENTS AFTER THE BALANCE SHEET DATE

Updates on legal proceedings are described in Corporate Status above.

PROFIT AND LOSS STATEMENT

NOK	Note	2017	2016
Revenue	3	5 808 221	2 160 995
Total revenue	3	5 808 221	2 160 995
Sales, general and administration expenses	4	(6 962 667)	(6 187 779)
Acquisition and transaction costs	4	(9 938 707)	(7 775 695)
Operating profit before depreciation and amortisation		(11 093 153)	(11 802 479)
Depreciation, amortizations and write downs		(830 304)	-
Operating profit		(11 923 457)	(11 802 479)
Finance income	11	27 654 368	14 581 633
Finance costs	11	(82 553 713)	(84 377 337)
Profit before tax		(66 822 802)	(81 598 183)
Income tax gain/(expense)	7	(2 750 347)	1 178 942
Profit after tax		(69 573 149)	(80 419 241)
Attributable to			
Share premium		-	-
Other equity		(69 573 149)	(80 419 241)

BALANCE SHEET

NOK	Note	31 Dec 2017	31 Dec 2016
ASSETS			
Non-current assets			
Investment in subsidiaries	2	84 909 823	84 909 823
Inter company loan	13	35 877 883	125 811 189
Intangible assets		16 606 081	-
Total non-current assets		137 393 787	210 721 012
Current assets			
Other current assets		138 332	-
Receivable	8	86 466 038	55 412 263
Cash and cash equivalents	9	958 244	20 061
Total current assets		87 562 614	55 432 324
TOTAL ASSETS		224 956 401	266 153 336
EQUITY AND LIABILITIES			
Equity			
Paid in capital			
Issued capital	10	68 522 100	50 700 000
Share premium	10	220 826 195	192 946 900
Total paid in capital		289 348 295	243 646 900
Other equity			
Other equity		(117 030 775)	(47 457 625)
Total other equity		(117 030 775)	(47 457 625)
Total equity		172 317 520	196 189 275
Current liabilities			
Trade payables		8 705 832	10 588 355
Tax liabilities	7	8 183 632	5 433 285
Short term loan - interest bearing		-	25 369 742
Inter company loan		35 749 417	28 572 679
Total current liabilities		52 638 881	69 964 061
Total liabilities		52 638 881	69 964 061
TOTAL EQUITY AND LIABILITIES		224 956 401	266 153 336

Oslo, 12 April 2018

Pål Hvammen
Non-executive
director

Erling Christiansen
Non-executive
director

Ragnhild Wiborg
Chair

Viktor E Jakobsen
CEO

CASH FLOW STATEMENT

NOK	Note	2017	2016
Cash flow from operating activities			
Ordinary profit before tax		(66 822 802)	(81 598 183)
Paid income taxes		(86 714)	-
Currency translation effects		(3 941 391)	-
Changes in trade receivable and trade payable	8	(15 817 100)	(9 582 206)
Changes in other accruals		46 338 533	64 229 335
Net cash flow from operating activities		(40 329 474)	(26 951 054)
Cash flows from investing activities			
Loans to subsidiary		-	-
Investment in subsidiary		-	-
Net cash flow used in investing activities		-	-
Cash flows from financing activities			
Net proceeds from issue of share capital		45 701 397	-
Proceeds from borrowings	8	12 685 458	26 695 510
Repayment of loans		(17 119 198)	-
Dividends to shareholders		-	-
Net cash flow from financing activities		41 267 657	26 695 510
Net increase/(decrease) in cash and cash equivalents		938 183	(255 544)
Cash and cash equivalents at beginning of period	9	20 061	275 605
Cash and cash equivalents at end of period		958 244	20 061

STATEMENT OF CHANGES IN EQUITY

NOK	Share capital	Share premium fund	Other equity	Total equity
Equity at at 1 January 2016	50 700 000	192 946 900	32 961 615	276 608 515
Profit (loss) after tax	-	-	(80 419 241)	(80 419 241)
Equity as at 31 December 2016	50 700 000	192 946 900	(47 457 626)	196 189 274
Equity at at 1 January 2017	50 700 000	192 946 900	(47 457 626)	196 189 274
Profit (loss) after tax	-	-	(69 573 149)	(69 573 149)
Issue of new shares	17 822 100	27 879 295	-	45 701 395
Equity as at 31 December 2017	68 522 100	220 826 195	(117 030 775)	172 317 520

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENT

NOTE 01 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 that 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 that 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 that 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 23 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 02 INVESTMENT IN SUBSIDIARIES AND ASSOCIATES

See [note 3](#) in the consolidated accounts.

NOTE 03 REVENUE

By business area (NOK)	2017	2016
Management services to subsidiaries	5 808 221	2 256 720
Net revenue	5 808 221	2 256 720
Geographical distribution	2017	2016
Norway	-	-
Italy	5 808 221	2 256 720
Net revenue	(5 808 221)	(2 256 720)

NOTE 04 OTHER OPERATING EXPENSES

Specification auditor's fee (NOK)	2017	2016
Statutory audit	342 329	1 019 895
Tax consultant services	1 213	38 780
Other assurance services	228 958	28 868
Total	572 500	1 087 543

VAT is not included in the fees specified above.

NOTE 05 SALARY AND PERSONNEL EXPENSE

See [note 6](#) in the consolidated accounts.

NOTE 06 TRANSACTIONS WITH RELATED PARTIES

See [note 7](#) in the consolidated accounts.

NOTE 07 INCOME TAXES

Income tax expense (NOK)	2017	2016
Tax payable	1 280 441	500 484
Changes in deferred tax	1 469 906	(1 679 425)
Income tax expense	2 750 347	(1 178 941)
Tax base calculation	2017	2016
Profit before income tax	(66 822 802)	(81 598 183)
Permanent differences	72 157 974	72 035 139
Tax loss carried forward	-	11 564 977
Tax base	5 335 172	2 001 933
Tax loss carried forward	2017	2016
No due date	-	-
Total tax loss carried forward	-	-

NOTE 08 RECEIVABLES

Receivables (NOK)	2017	2016
Intercompany receivables	76 513 479	49 181 131
Other receivables	9 952 559	6 231 132
Loan to Group Companies	-	-
Total receivables	86 466 038	55 412 263

NOTE 09 CASH AND CASH EQUIVALENTS

NOK	2017	2016
Cash	958 244	20 061
Restricted cash	-	-
Cash and cash equivalents	958 244	20 061

The Company had no credit facilities at 31 December 2017, other than the litigation funding agreement with Therium.

NOTE 10 EQUITY

See [note 18](#) in consolidated accounts.

NOTE 11 FINANCE INCOME AND FINANCE COST

Financial income (NOK)	2017	2016
Intercompany interest income	6 834 662	10 166 726
Agio	20 797 703	-
Other financial income	22 003	4 414 907
Total financial income	27 654 368	14 581 633
Financial expenses	2017	2016
Intercompany interest expense	1 470 086	1 226 811
Interest expense	1 476 456	1 244 530
Disagio	5 713 809	13 978 472
Other financial expenses	73 893 362	67 927 524
Total financial expenses	82 553 713	84 377 337
Net financial income (expenses)	(54 899 345)	(69 795 704)

Other financial expenses includes write down of investment in subsidiary and write down on loan to subsidiary.

NOTE 12 SUBSEQUENT EVENTS

See [note 22](#) in the consolidated accounts.

NOTE 13 IMPAIRMENT

NOK

Total assets to be supported by cash flow in ENS1 and ENFO25	166 547 528
Cash flow from ENS1 & ENFO 25	
Net cash flow to total assets	168 135 956
Leasing debt	(54 375 638)
Leasing interest	(22 878 363)
Net working capital YE'2017	13 940 443
Net cash flow to EAM Solar Italy Holding Srl	104 822 398
Total debt to be serviced in EAM Solar Italy Holding Srl	
Debt to EAM Solar ASA	166 547 528
Debt to EAMSIH2	1 144 880
Net working capital	1 158 724
Debt to be serviced	168 851 131
Net debt coverage deficit	(64 028 733)

Based on the above calculation EAM Solar ASA will preform a write down of receivables against EAM Solar Italy Holding srl in the amount of EUR 6.6 million (NOK 65 million) in order to align the receivable with the expected future cash flow.

The write down comes as a result of the legal costs incurred that are exceeding the free cash flow, together with the write down of receivables against Aveleos SA.

POWER PRODUCTION

Reported production (MWh)	2012	2013	2014	2015	YTD'16	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17	Q4'17
EAM Solar Italy 1 Srl	2 571	2 315	2 219	2 488	376	374	801	710	334	460	841	832	355	376	745	871	376	500	868	848	370
EAM Solar Italy 2 Srl	5 237	4 806	4 565	4 138	742	754	1 616	1 502	693	933	1 275	1 195	735	742	1 449	1 770	760	995	1 803	1 733	791
Ens Solar One srl			1 882	4 305	749			1 115	767	797	1 377	1 349	781	749	1 234	1 242	754	860	1 249	1 177	674
Energia Fotovoltaica 25			611	1 395	268			357	254	251	443	417	284	268	428	442	266	266	434	431	275
MWh	7 808	7 447	11 436	14 808	2 566	1 533	3 298	4 287	2 318	2 879	4 794	4 610	2 526	2 566	4 363	4 325	2 157	2 621	4 354	4 189	2 110

Actual production	2012	2013	2014	2015	YTD'16	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17	Q4'17
Varmo	2 571	2 315	2 219	2 488	376	374	801	710	334	460	841	832	355	376	745	871	376	500	868	848	370
Codroipo	5 237	4 806	4 565	4 138	742	754	1 616	1 502	693	933	1 275	1 195	735	742	1 449	1 770	760	995	1 803	1 733	791
Momo ¹		1 219	990	1 234	226	198	451	214	127	213	425	410	186	226	258						
Caltignaga ¹		1 160	1 170	1 248	205	207	430	389	144	225	433	406	184	205	249						
Lorusso		1 407	1 378	1 420	234	274	421	444	238	250	470	443	258	234	380	396	225	282	390	375	201
Brundesini		1 393	1 427	1 461	255	286	419	455	267	277	472	456	256	255	416	403	261	291	434	412	209
Scardino		1 352	1 424	1 424	259	286	426	451	261	270	436	450	268	259	437	443	268	286	425	390	265
Enfo 25		1 339	1 367	1 395	268	267	413	432	254	251	443	417	284	268	428	442	266	266	434	431	275
MWh	7 808	14 992	14 537	14 808	2 566	2 646	4 977	4 597	2 318	2 879	4 794	4 610	2 526	2 566	4 363	4 325	2 157	2 621	4 354	4 189	2 110

Power plants affected by criminal proceedings and permanently shut down as of the 18th of June 2016

Selvaggi ²	1 347	1 384	1 303	261	277	420	438	249	174	444	417	269	261	325							
Di Mauro ²	1 322	1 382	1 417	255	274	413	440	254	260	464	423	270	255	354							
Ninivaggi ²	1 312	1 384	1 400	256	274	423	434	253	243	444	440	273	256	358							
Lomurno ²	1 356	1 348	1 382	259	270	410	426	242	250	453	421	258	259	341							
Giordano D. ²	1 330	1 387	1 412	242	280	419	441	247	239	472	436	265	242	350							
Gagnazzi ²	1 374	1 364	1 416	244	276	412	430	246	259	459	430	267	244	177							
Gentile ²	1 258	1 334	1 361	265	260	411	423	240	254	438	400	269	265	354							
Lorusso ²	1 278	1 300	1 264	241	267	403	401	229	198	434	427	204	241	331							
Cirasole ²	1 367	1 461	1 217	253	292	441	462	267	271	369	320	258	253	323							
Scaltrito ²	1 335	1 373	1 411	267	278	405	435	256	262	449	436	263	267	338							
Pasculi ²	1 395	1 398	1 375	244	283	412	448	255	252	459	415	249	244	305							
Pisicoli N. ²	1 469	1 396	1 427	266	275	424	449	248	257	467	437	266	266	363							
Pisicoli T. ²	1 327	1 369	1 318	143	272	414	439	244	248	446	433	191	143	310							
Marulli ²	934	1 022	1 045	203	197	312	330	183	194	348	326	177	203	268							
Antonacci ²	1 310	1 418	1 419	124	285	430	454	249	269	471	410	269	124	273							
Piangevino ²	1 183	1 358	1 380	142	273	415	425	246	255	457	443	225	142	291							
Enfo 14 ²	1 313	1 377	1 417	243	280	415	417	265	262	456	430	269	243	228							
MWh	-	22 207	23 055	22 964	3 908	4 613	6 978	7 290	4 174	4 147	7 531	7 045	4 241	3 908	5 289	-	-	-	-	-	-
Total produced MWh	7 808	37 199	37 593	37 772	6 474	7 258	11 955	11 886	6 493	7 026	12 325	11 655	6 766	6 474	9 652	4 325	2 157	2 621	4 354	4 189	2 110

¹ Sold with financial takeover 1 June 2016

² Derecognised with effect from 28 September 2016

POWER PLANT CAPACITY

Power plant	Capacity kW	Annual production MWh	Location Province	Power plant design	Ownership company
Varmo	1 521	2 298	Udine	Dual axis tracker	EAM Solar Italy 1 Srl
Codroipo	3 128	4 623	Udine	Dual axis tracker	EAM Solar Italy 2 Srl
Lorusso	984	1 403	Puglia	Fixed tilt	Ens Solar One srl
Brundesini	994	1 477	Puglia	Fixed tilt	Ens Solar One srl
Scardino	993	1 483	Puglia	Fixed tilt	Ens Solar One srl
Enfo 25	983	1 430	Puglia	Fixed tilt	Energia Fotovoltaica 25

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 2017 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, 12 April 2018

Pål Hvammen
*Non-executive
director*

Erling Christiansen
*Non-executive
director*

Ragnhild Wiborg
Chair

Viktor E Jakobsen
CEO

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To the General Meeting of EAM Solar ASA

Independent Auditor's Report**Report on the Audit of the Financial Statements***Opinion*

We have audited the financial statements of EAM Solar ASA. The financial statements comprise:

- The financial statements of the parent company, which comprise the balance sheet as at 31 December 2017, and the income statement showing a loss of NOK 69 573 149, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The financial statements of the group, which comprise the balance sheet as at 31 December 2017 and income statement showing a loss of EUR 7 214 392, statement of changes in equity, cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the parent company as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying financial statements present fairly, in all material respects, the financial position of the group as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

THE POWER OF BEING UNDERSTOOD

AUDIT | TAX | CONSULTING

RSM Norge AS is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Norge AS er medlem av / is a member of Den norske Revisorforening.



Auditor's Report 2017 for EAM Solar ASA

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Ongoing lawsuits and going concern

Due to the ongoing criminal proceedings regarding the company's purchase of 31 solar power plants in 2014, our focus has been on the transactions in the consolidated financial statements affected by this matter.

Our audit have focused on risk related to future cash flow and going concern. We have evaluated the company's liquidity situation and the actions the company has taken to ensure going concern and sufficient funding for the ongoing lawsuits. In addition to an equity issue from existing shareholders, the company has entered into a litigation funding agreement.

We have also focused on the presentation of the litigation funding in the financial statements.

Amendment of the Management Agreement and recognition of Intangible Asset

As part of the amendment of the Management Agreement with EAM Solar Park Management AS the company recognized an intangible asset ("Royalty right") and debt, settled with shares, as consideration for the financial participation mechanism.

We have evaluated the transactions related to the amendment and focused on whether the presentation as an intangible asset is in accordance with the International Financial Reporting Standards.

Cash flow and valuation of solar power plants

The company's revenues are primarily long-term electricity contracts with the Italian renewable energy authority Gestore Servizi Energetici (GSE) as commercial counterparty. The cash flow from these revenues creates the basis for the valuation of the power plants. We have therefore focused on the risk related to future cash flows. We have also:

- Reviewed a selection of the power plants subsidies contracts.
- Verified that the contracts lifetime are the same as those applied in the valuation of the power plants.
- Evaluated the company's evaluation of the risk related to the cash flow over the contracts lifetime, both concerning the subsidies and to the production of electricity in the years to come.

The company has applied discounted cash flow method for the valuation of the power plants. We have through our audit reviewed the applied assumptions regarding the discount rate and the future cash flows. For additional information regarding impairment we refer to note 13 to the parent company financial statement.

Other information

Management is responsible for the other information. The other information comprises the Board of Directors' report, EAM Solar ASA in brief, Corporate Governance and Financial Review, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.



Auditor's Report 2017 for EAM Solar ASA

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements of the parent company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the financial statements of the group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the parent company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The financial statements of the group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company or the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company or the Group to cease to continue as a going concern.



Auditor's Report 2017 for EAM Solar ASA

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company and the Group's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 12 April 2018
RSM Norge AS

A handwritten signature in blue ink, appearing to read 'Lars Løyning', is written over a horizontal line.

Lars Løyning
State Authorised Public Accountant

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