

EAM SOLAR ASA **Q2 REPORT 2018**

Interim condensed consolidated financial statements for the period ended 30 June 2018

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HIGHLIGHTS

Q2 2018

- EBITDA for the quarter was EUR 0.3 thousand and accumulated for the year minus EUR 263 thousand. Normal operations, adjusted for legal costs resulted in an EBITDA of EUR 822 thousand for the quarter and EUR 982 thousand accumulated for the year, equivalent to an EBITDA margin of 58 percent and 48 percent, respectively.
- Cost of operations and SG&A were EUR 209 thousand and EUR 378 thousand for the quarter and EUR 358 thousand and EUR 724 thousand accumulated for the year respectively.
- Legal costs were EUR 822 thousand in the quarter and EUR 1 245 thousand accumulated for the year.
- Hearings were conducted in both the criminal and the arbitration proceedings in Milan during the quarter. No decisions have been reached in any of the venues.

EUR 000'	Unaudited Q2 2018	Unaudited Q2 2017	Unaudited H1 2018	Unaudited H1 2017	Audited 2017
Revenues	1 410	1 365	2 064	2 199	4 213
Cost of operations	(209)	(154)	(358)	(278)	(769)
Sales, general and administration expenses	(378)	(362)	(724)	(645)	(1 688)
Legal costs	(822)	(426)	(1 245)	(803)	(6 649)
EBITDA	-	424	(263)	472	(4 892)
Depreciation, amortizations and write downs	(466)	(427)	(932)	(854)	(1 909)
EBIT	(466)	(3)	(1 195)	(382)	(6 801)
Net financial items	(241)	19	(810)	(52)	97
Profit before tax	(707)	15	(2 005)	(434)	(6 704)
Income tax gain/(expense)	(45)	(44)	(89)	(34)	(510)
Net income	(752)	(29)	(2 095)	(468)	(7 214)
Earnings per share (fully diluted):	(0.11)	(0.01)	(0.31)	(0.09)	(1.05)
Distribution to shareholders per share	-	-	-	-	-
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%
Million no. of shares (fully diluted)	6.85	5.07	6.85	5.07	6.85
EBITDA adjusted	822	849	982	1 275	1 756



INTERIM REPORT

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

This interim report should be read in conjunction with the Annual Report for 2017, published on 12 April 2018, the equity issue prospectus published on 9 August 2017, and the stock exchange notices in the reporting period.

Operational review and outlook

Power plants in operation

EAM ASA operated 6 power plants in the quarter. EAM ASA’s own operation and maintenance team conducted normal operational inspections and maintenance work during the quarter 2018.

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

Power production

Power production in the in the quarter was 4 103 MWh, 1.5 per cent below estimated production. Accumulated for the year the power production was 6 133 MWh, 8 per cent below estimated production. The main reason for lower power production for the first half year was related to lower solar irradiation in the first quarter.

FIT revenues

FIT revenues in the quarter were EUR 1 152 thousand and the average FIT contract price revenue for the quarter per MWh was EUR 281. Accumulated for the year FIT revenues were EUR 1 697 thousand and the average FIT contract price revenue was EUR 277 per MWh.

Market price development

Market price revenues in the quarter were EUR 215 thousand. This represents an average market price for electricity of EUR 52 per MWh. The average electricity market price in the northern part of Italy for the quarter was EUR 54 per MWh and in the southern part of Italy EUR 50 per MWh.

Accumulated for the year, market price revenues were EUR 324 thousand. This represents an average market price for electricity of EUR 53 per MWh for the period. The average electricity market price in the northern part of Italy accumulated for the year was EUR 55 per MWh and in the southern part of Italy EUR 49 per MWh.

Legal processes

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

The criminal proceedings in Milan have continued with hearings throughout the quarter. The proceedings were mainly focused on questioning of witnesses and presentation of evidence. A verdict in the first instance cannot be expected before end of 2018 at the earliest, most likely it will be issued in 2019.

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

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 EAM 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. The counterparty has twice asked for postponement and the hearing has been rescheduled to take place on 11 October 2018.

Please also see the Annual Report 2017 for further information on the legal processes.

Dividends

EAM will pay no dividend in conjunction with the second quarter 2018.

Subsequent events

There are no subsequent events to be mentioned.

Financial review

Revenues

Revenues in the quarter were EUR 1 410 thousand, of which EUR 1 152 thousand was received from FIT contracts and EUR 215 thousand from market sales of electricity.

The quarterly revenues represent approximately 29 percent of the expected annual revenues of EUR 4 940 thousand based on the current corporate structure with 6 power plants in operations.

Accumulated for the year revenues were EUR 2 064 thousand, of which EUR 1 697 thousand was received from FIT contracts and EUR 324 thousand from market sales of electricity.

Cost of operations

Cost of operations in the quarter was EUR 209 thousand, and accumulated for the year cost of operations was EUR 358 thousand.

SG&A costs

SG&A costs in the quarter were EUR 378 thousand, and accumulated for the year SG&A costs were EUR 724 thousand.

Legal costs

The cost item consist more or less solely of legal costs. In the quarter legal costs stemming from the P31 Acquisition were EUR 822 thousand and accumulated for the year EUR 1 245 thousand. Legal costs are presented net of funds received from Therium. For the first half year Therium has provided EUR 484 thousand in litigation finance.

EBITDA

EBITDA in the quarter was EUR 0.3 thousand, representing an EBITDA margin of 0 percent, accumulated for the year EBITDA was minus EUR 263 thousand, representing a margin of minus 13 percent.

EBIT

Depreciations and write downs in the quarter, were EUR 466 thousand, resulting in an

operating profit of minus EUR 466 thousand. Accumulated for the year depreciations and write downs were EUR 932 thousand, resulting in an operating profit of minus EUR 1 195 thousand in the period.

Net financial items

Net financial items in the quarter were negative with EUR 241 thousand. Accumulated for the year net financial items were negative with EUR 810 thousand.

Pre-tax loss, taxes and net loss

Pre-tax profit in the quarter was minus EUR 707 thousand and accumulated for the year pre-tax profit was negative with EUR 2 005 thousand.

Taxes in the quarter were EUR 45 thousand. Accumulated for the year the tax cost was EUR 89 thousand.

Reported net income in the quarter was minus EUR 752 thousand and accumulated for the year net income was minus EUR 2 095 thousand.

Cash Flow

Cash flow from operations in the year was EUR 396 thousand. Investment activities were EUR 131 thousand in the period. Financing activities were negative with EUR 308 thousand.

Restricted and unrestricted cash at the end of the quarter was EUR 1 058 thousand, of which EUR 62 thousand remains seized by the Prosecutors Office in Milan in companies not included in the criminal proceedings.

Balance Sheet

Total assets at the end of the period were EUR 28.8 million, while book equity was EUR 12 million representing an equity ratio of 41.5 percent.

Shares and share capital

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

Oslo, 14 August 2018

Stephan L. Jervell
Non-executive
director

Erling Christiansen
Non-executive
director

Ragnhild Wiborg
Chair

Viktor E Jakobsen
CEO



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR	Note	Unaudited Q2 2018	Unaudited Q2 2017	Unaudited H1 2018	Unaudited H1 2017	Audited 2017
Revenues	5, 12	1 409 556	1 365 411	2 064 215	2 198 610	4 213 335
Cost of operations	12	(209 146)	(153 774)	(357 894)	(278 064)	(769 196)
Sales, general and administration expenses	12	(378 279)	(362 277)	(724 487)	(645 462)	(1 687 671)
Legal costs	12	(821 816)	(425 676)	(1 245 317)	(803 143)	(6 648 537)
EBITDA	5	316	423 684	(263 483)	471 942	(4 892 069)
Depreciation, amortizations and write downs	9	(466 066)	(427 026)	(931 934)	(853 970)	(1 908 805)
EBIT	5	(465 750)	(3 342)	(1 195 417)	(382 028)	(6 800 874)
Finance income	6	227 040	1 398 498	374 587	1 624 758	2 879 014
Finance costs	6	(468 130)	(1 379 900)	(1 184 565)	(1 676 411)	(2 782 335)
Profit before tax		(706 841)	15 255	(2 005 395)	(433 682)	(6 704 195)
Income tax gain/(expense)		(45 216)	(44 403)	(89 172)	(34 060)	(510 198)
Profit after tax		(752 057)	(29 148)	(2 094 566)	(467 742)	(7 214 393)
Other comprehensive income						
Translation differences		(59 136)	823 542	161 603	(966 079)	6 269
Cash flow hedges		15 933	(9 095)	38 174	33 551	354 184
Other comprehensive income net of tax		(43 203)	814 447	199 777	(932 528)	360 453
Total comprehensive income		(795 261)	785 299	(1 894 789)	(1 400 270)	(6 853 940)
Profit for the year attributable to:						
Equity holders of the parent company		(752 057)	(29 148)	(2 094 566)	(467 742)	(7 214 393)
Equity holders of the parent company		(752 057)	(29 148)	(2 094 566)	(467 742)	(7 214 393)
Total comprehensive income attributable to:						
Equity holders of the parent company		(795 261)	785 299	(1 894 789)	(1 400 270)	(6 853 940)
Equity holders of the parent company		(795 261)	785 299	(1 894 789)	(1 400 270)	(6 853 940)
Earnings per share:						
Continued operation						
- Basic		(0.11)	(0.01)	(0.31)	(0.09)	(1.27)
- Diluted		(0.11)	(0.01)	(0.31)	(0.09)	(1.27)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR	Note	Unaudited H1 2018	Audited 2017
ASSETS			
Property, plant and equipment	9	20 683 112	21 409 192
Deferred tax asset		-	-
Intangible assets		1 973 431	1 989 219
Other long term assets		1 084 492	1 051 604
Non-current assets		23 741 034	24 450 015
Receivables	8	2 576 853	3 269 671
Other current assets		1 452 273	1 356 375
Cash and short term deposits	7	1 057 958	1 100 979
Current assets		5 087 083	5 727 025
TOTAL ASSETS		28 828 117	30 177 040
EQUITY AND LIABILITIES			
Issued capital		8 126 110	8 126 110
Share premium		27 603 876	27 603 876
Paid in capital		35 729 986	35 729 986
Translation differences		(6 095 485)	(6 257 088)
Other equity		(17 670 761)	(15 614 370)
Other equity		(23 766 246)	(21 871 458)
Total equity		11 963 740	13 858 528
Leasing	10	5 363 290	5 525 811
Long term loan - interest bearing	10	6 619 984	6 496 913
Other non current liabilities	10	-	-
Total non-current liabilities		11 983 274	12 022 724
Trade payables	10	2 934 915	2 461 828
Tax liabilities	10	1 233 874	1 083 474
Short term financing - interest bearing	10	-	-
Other current liabilities	10	712 313	750 486
Total current liabilities		4 881 102	4 295 788
Total liabilities		16 864 376	16 318 512
TOTAL EQUITY AND LIABILITIES		28 828 117	30 177 040

Oslo, 14 August 2018

Stephan L. Jervell
Non-executive
director

Erling Christiansen
Non-executive
director

Ragnhild Wiborg
Chair

Viktor E Jakobsen
CEO

CONSOLIDATED STATEMENT OF CASH FLOW

EUR	Note	Unaudited H1 2018	Audited 2017
Cash flow from operating activities			
Ordinary profit before tax		(2 005 395)	(6 704 194)
Loss on disposal of property, plant and equipment		-	-
Paid income taxes		-	(9 297)
Depreciation	9	857 308	1 697 212
Write down of fixed assets	9		103 220
Changes in trade receivables and trade payable	8	1 127 734	10 929 626
Changes in other accruals		416 068	(7 378 171)
Net cash flow from operating activities		395 715	(1 361 604)
Cash flows from investing activities			
Acquisition of subsidiary net of cash acquired		-	-
Acquisition of property, plant and equipment		(131 228)	(132 043)
Net cash flow used in investing activities		(131 228)	(132 043)
Cash flows from financing activities			
Proceeds from sale of property, plant and equipment		-	-
Purchase of property, plant and equipment		-	-
Proceeds from issue of share capital		-	2 097 694
Dividends or shareholder distributions		-	-
Proceeds from new loans		-	-
Repayment of loans		(307 511)	(1 071 261)
Net cash flow from financing activities		(307 511)	1 026 433
Cash and cash equivalents at beginning of period		1 100 982	1 568 196
Net currency translation effect		-	-
Seizure of cash	7	-	-
Net increase/(decrease) in cash and cash equivalents		(43 024)	(467 214)
Cash and cash equivalents at end of period		1 057 958	1 100 982

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 2017	6 214 380	24 606 370	(8 080 250)	(673 912)	(6 263 357)	15 803 232
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)	13 858 529
Equity as at 1 January 2018	8 126 110	27 603 876	(15 294 642)	(319 728)	(6 257 088)	13 858 529
Profit (loss) After tax	-	-	(2 094 566)	-	-	(2 094 566)
Other comprehensive income	-	-	-	38 174	161 603	199 777
Equity as at 30 June 2018	8 126 110	27 603 876	(17 389 208)	(281 554)	(6 095 485)	11 963 740

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENT

NOTE 01 BASIS FOR PREPARATION

General accounting principles

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

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

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

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

This interim condensed consolidated financial statement for the quarter has been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements. The quarterly report should therefore be read in conjunction with the Group's Annual Report 2017 that was published on 12 April 2018, the equity issue prospectus published on 9 August 2017, and the stock exchange notices in the reporting period.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2017. Standards and interpretations as mentioned in the Group's Annual Report 2017 Note 1 and effective from 1 January 2018 did not have a significant impact on the Group's consolidated interim financial statements.

Financial risk

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

Credit risk

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

Asset value risk

EAM Group's cash balance was EUR 1.1 million on 30 June 2018, of which EUR 62 thousand are seized.

Market and regulatory risk

The main risk of operations in Italy is related to regulatory risk, whereby the contractual counterparty, the Government of Italy, has conducted unilateral and retroactive changes to the commercial electricity sales contracts to the detriment of the suppliers and they have also made changes to the operational regulatory regime governing the power plants in Italy.

NOTE 02 SIGNIFICANT ACCOUNTING JUDGEMENTS

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

Going concern

Given the Litigation Funding agreement with Therium and the subsequent Share Issue conducted in 2017, the board and management considers the Company's ability to operate as a going concern for the next 12 months as secured. The going concern consideration is mainly related to the assessment of adequate liquidity to meet the Company's running operational financial obligations and legal costs.

NOTE 03 CURRENCY EXPOSURE

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

NOTE 04 TRANSACTIONS WITH RELATED PARTIES

Related parties

Energeia Asset Management AS is the manager of EAM. Energeia Asset Management AS owns EAM Solar Park Management AS 100 percent. EAM Solar Park Management AS in Norway and Italy employs most of the personnel conducting the technical and administrative services for EAM. EAM Solar Park Management owns 9.5 percent of the shares in EAM.

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

Transactions with related parties

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

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

In the quarter EAM Solar Park Management AS' direct costs of the management of EAM was EUR 397 thousand, of which EUR 21 thousand is related to cost of operations, EUR 244 thousand is related to SG&A and EUR 132 thousand is cost related to legal and litigation work in conjunction with the P31 Acquisition 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. The lending facility is secured against the shares in EAM Solar Norway Holding AS and EAM Solar Italy Holding II Srl.

NOTE 05 SEGMENT INFORMATION

EAM owns and operates six solar PV power plants at the end of the quarter 2018.

EAM Solar Italy 1 s.r.l.	H1 2018	H1 2017
Revenues from external customers	463 847	501 703
EBITDA	335 025	365 744
EBIT	141 351	172 468
Non-current assets	4 290 576	4 668 550
EAM Solar Italy 2 s.r.l.	H1 2018	H1 2017
Revenues from external customers	957 279	1 025 329
EBITDA	766 789	797 842
EBIT	372 991	404 043
Non-current assets	9 162 899	9 937 391
ENS1 & ENFO 25	H1 2018	H1 2017
Revenues from external customers	643 090	667 579
EBITDA	73 842	463 264
EBIT	(205 707)	196 369
Non-current assets	8 797 441	9 170 757
Other & eliminations	H1 2018	H1 2017
Revenues from external customers	-	4 000
EBITDA	(1 439 140)	(1 154 908)
EBIT	(1 504 052)	(1 154 908)
Non-current assets	1 490 117	(191 369)
Total	H1 2018	H1 2017
Revenues from external customers	2 064 215	2 198 610
EBITDA	(263 483)	471 942
EBIT	(1 195 417)	(382 028)
Non-current assets	23 741 034	23 585 329

NOTE 06 FINANCIAL INCOME AND EXPENSES

	H1 2018	H1 2017
Financial income		
Interest income	55	39
Foreign exchange gain	155 654	1 624 718
Other financial income	218 878	-
Total financial income	374 587	1 624 758
Financial expenses		
Interest expense	(372 538)	(474 822)
Foreign exchange losses	(732 853)	(151 764)
Other financial expenses	(79 174)	(1 049 825)
Total financial expenses	(1 184 565)	(1 676 411)
Net financial income (expenses)	(809 978)	(51 654)

The average exchange rate used for the quarter is EUR/NOK 9.5934, whereas the exchange rate used on 30 June 2018 is EUR/NOK 9.5115.

NOTE 07 CASH AND CASH EQUIVALENTS

EUR	Q2 2018	Q2 2017
Cash Norway	203 784	52 783
Cash Italy	854 173	1 251 812
Cash and cash equivalents	1 057 958	1 304 595
Restricted cash Italy	609 083	920 980
Seized cash Italy	61 616	53 512

The Company had no unused credit facilities at the end of the quarter, except for the litigation funding agreement with Therium. EAM have exhausted the first tranche of the Therium litigation finance and started drawing upon the second tranche.

Of the restricted cash, EUR 359 thousand is the debt service reserve account of ENS Solar One Srl. The EUR 62 thousand of the seized cash is taken from companies not included in the criminal proceedings. The rest are funds dedicated to dismantling and restoration costs.

NOTE 08 ACCOUNTS RECEIVABLES

Receivables	Q2 2018	Q2 2017
Accounts receivables	-	71 151
Deferred revenue towards GSE	885 997	1 361 647
Receivable from Aveleos	-	11 528 996
Other receivables	1 690 854	592 867
Accounts receivables	2 576 851	13 554 661

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

NOTE 09 PROPERTY, PLANT AND EQUIPMENT

Q2 2018	Solar power plants
Carrying value 1 January 2018	21 409 192
Additions	131 228
Write down	-
Depreciation	(857 308)
Disposals	-
Currency translation effect	-
Carrying value 30 June 2018	20 683 112
2017	Solar power plants
Carrying value 1 January 2017	23 077 581
Additions	132 043
Write down	(103 220)
Depreciation	(1 697 212)
Disposals	-
Carrying value 31 December 2017	21 409 192

Q2 2018

	Intangible assets
Accumulated cost 1 January 2018	1 989 218
Additions	-
Write downs	-
Depreciation	(74 626)
Disposals	-
Currency translation effect	58 839
Carrying value 30 June 2018	1 973 431

2017

	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

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

NOTE 10 SHORT- AND LONG-TERM DEBT

EUR	Q2 2018	Q2 2017
Interest bearing debt	6 619 984	7 173 345
Other non current liabilities	-	-
Obligations under finance leases	5 363 290	5 684 174
Total non-current liabilities	11 983 274	12 857 519
Trade and other payables	2 934 915	3 492 772
Current interest bearing loans	-	-
Current project finance	-	-
Current leasing	-	-
Other current debt	712 311	-
Deferred tax	-	-
Tax payable	1 233 874	771 439
Related to ordinary operations	4 881 100	4 264 211
AION Renewables	-	-
Aveleos S.A.	-	8 150 227
GSE repayment claim	-	-
Related to criminal proceedings	-	8 150 227
Total current liabilities	4 881 100	12 414 438
Total liabilities	16 864 374	25 271 957

Equity contribution agreement and patronage letter

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

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

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

Consequently, the equity contribution commitments of EAM and EAM

Solar Italy Holding srl are considered void since this was brought about as a result of a criminal contractual fraud. It is the Company's opinion

that there is less than 50 per cent likelihood that EAM will have to honour the agreements, and consequently no liability has been recognised.

NOTE 11 LIST OF SUBSIDIARIES

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

Company	Country	Main operation	Ownership	Vote	EBITDA	EBIT	Equity	Shareholder loans
EAM Solar Norway Holding AS	Norway	Holding company	100%	100%	(7 236)	(7 236)	8 163 239	-
EAM Solar Italy Holding II s.r.l.	Italy	Holding company	100%	100%	(23 232)	(23 232)	7 066 947	4 543 919
EAM Solar Italy 1 s.r.l.	Italy	Solar power plant	100%	100%	335 025	141 351	(157 193)	4 971 903
EAM Solar Italy 2 s.r.l.	Italy	Solar power plant	100%	100%	766 789	372 991	2 586 353	7 517 724
EAM Solar Italy Holding s.r.l.	Italy	Holding company	100%	100%	(824 671)	(824 671)	(1 015 661)	11 396 103
Ens Solar One s.r.l.	Italy	Solar power plant	100%	100%	65 067	(156 027)	(175 978)	4 118 685
Energia Fotovoltaica 25 s.r.l.	Italy	Solar power plant	100%	100%	8 776	(49 680)	142 268	1 932 283

NOTE 12 OPERATIONAL COSTS BREAK-DOWN Q2 2018

EUR	EAM Solar Group	EAM Solar Italy 1	EAM Solar Italy 2	ENS1 & ENFO25	Other & Eliminations
Revenues	2 064 215	463 847	957 279	643 090	-
Cost of operations	(357 894)	(54 719)	(104 220)	(191 745)	(7 210)
Land rent	(59 366)	(18 004)	(37 490)	(3 873)	-
Insurance	(69 292)	(8 728)	(32 137)	(21 218)	(7 210)
Operation & Maintenance	(104 438)	(10 065)	(14 554)	(79 819)	-
Other operations costs	(124 798)	(17 922)	(20 040)	(86 836)	-
Sales, General & Administration	(724 487)	(74 103)	(86 270)	(375 790)	(188 325)
Accounting, audit & legal fees	(96 088)	2 237	(1 911)	(22 194)	(74 221)
IMU tax	(18 855)	(5 190)	(10 368)	(3 297)	-
EAM SPM adm costs	(516 907)	(66 482)	(66 482)	(116 216)	(267 727)
Other administrative costs	(92 638)	(4 668)	(7 509)	(234 084)	153 623
Acquisition & financing cost	(1 245 317)	-	-	(1 712)	(1 243 605)
Legal costs	(958 291)	-	-	-	(958 291)
Other non-recurring items	(287 026)	-	-	(1 712)	(285 314)
EBITDA	(263 483)	335 025	766 789	73 842	(1 439 140)

NOTE 13 EVENTS AFTER THE REPORTING DATE

None.

DIRECTORS' RESPONSIBILITY STATEMENT

Today, the Board of Directors reviewed and approved the unaudited condensed interim consolidated financial statements and interim financial report as of 30 June 2018 and the first six months of 2018. The interim consolidated financial statement has been prepared and presented in accordance with IAS 34 Interim Financial Reporting as endorsed by the EU, and the additional requirements found in the Norwegian Securities Trading Act.

To the best of our knowledge:

The interim consolidated financial statement for the first six months of 2018 has been prepared in accordance with applicable accounting standards. The information disclosed in the accounts provides a true and fair view of the Group's assets, liabilities, financial position, and profit as of 30 June 2018. The interim management report for the first six months of 2018 also includes a fair overview of key events during the reporting period and their effect on the financial statement for the first half-year of 2018. It also provides a true and fair description of the most important risks and uncertainties facing the business in the upcoming reporting period.

Oslo, 14 August 2018

Stephan L. Jervell
*Non-executive
director*

Erling Christiansen
*Non-executive
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