



Annual Report 2014



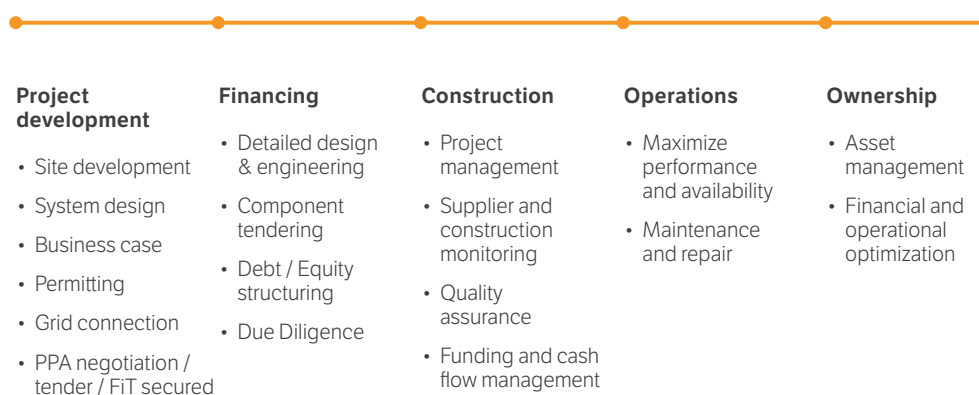
Scatec Solar
Improving our future™

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Scatec Solar

Scatec Solar is an integrated independent power producer, aiming to make solar a sustainable and affordable source of energy worldwide. Scatec Solar develops, builds, owns and operates solar power plants and delivers power from 219 MW in the Czech Republic, South Africa and Rwanda. The company is in strong growth and has a solid pipeline of projects under development in Africa, Middle East, Americas, Asia and Europe. Scatec Solar is headquartered in Oslo, Norway and listed on the Oslo Stock Exchange under the ticker symbol 'SSO'.

SCATEC SOLAR'S VALUE CHAIN



Scatec Solar in brief

KEY FACTS

Established	2007
Employees	104
Listed on the Oslo Stock Exchange	2014
Market capitalization (year-end)	NOK 2.8 billion

CONSOLIDATED FINANCIALS

NOK MILLION	2014	2013
Total revenue and other income	476.4	129.0
EBITDA	292.9	-16.9
EBIT	191.0	-74.7
Net profit / (loss)	48.5	-7.6
Net profit / (loss) to Scatec Solar	-17.9	-34.7
SSO share of cash flow to equity*	240.1	424.5
LTI (Lost time injuries)*	1	0

* Refer to appendix for definition of this measure.

2014 PRODUCTION

273,827 MWh

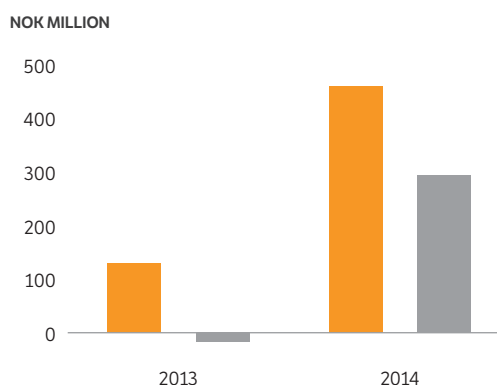
UNDER CONSTRUCTION

207 MW

PROJECT PIPELINE

660 MW

CONSOLIDATED REVENUES AND EBITDA



OUR LOCATIONS



OUR VISION

Scatec Solar
- improving our future

OUR MISSION

To deliver competitive
and sustainable solar energy
globally, to protect our
environment and to improve
quality of life through innovative
integration of reliable
technology

OUR VALUES

Predictable
Working together
Driving results
Changemakers

A successful year

We have over the last few years established ourselves as an integrated independent solar power producer with a solid and growing asset base. Our ability to develop, build, operate and invest in solar power plants concurrently is what makes our business model unique. We have strong growth ambitions and our partnership approach enables us to develop attractive project opportunities in several very interesting solar energy markets.

Scatec Solar had a successful 2014 and we demonstrated our capabilities in a number of areas. Scatec Solar completed construction of three new solar power plants in South Africa and Rwanda, totalling about 124 MW. We have also developed and secured financing for four new power plants in the US, Honduras and Jordan, totalling 207 MW. In addition, we have continued to develop projects in our pipeline of about 660 MW.

The 2014 financials also reflect growth and consolidated revenues reached NOK 476 million, EBITDA NOK 293 million and net profit NOK 48 million, all a significant increase from 2013. Cash generated to Scatec Solar's equity across our business segments reached NOK 240 million in 2014.

In 2014 we raised NOK 499 million through an initial public offering and listing on the Oslo Stock Exchange. This provided funding to realise our growth ambitions and improved our access to the capital markets.

We have strengthened our organisation in several areas over the last year. With great pride, I see talented people across Scatec Solar continuing to deliver outstanding work, and it's inspiring to see that this began to bear fruit in 2014.

Health, safety and environmental considerations are at the top of our agenda, and we are proud to deliver an excellent HSE record with only one lost-time incident in all our projects throughout 2014.

In 2015 we will deliver on our strategy and continue to expand globally. Our solar power plants will generate much needed cost-effective, clean and reliable electricity for more than 30 years. We also look to ensure local value creation and to be good corporate citizens in the communities where we operate. This entails hiring local labour and suppliers to ensure knowledge transfer and local job creation.

The cost of solar power continues to decrease and challenge conventional sources of energy in an increasing array of markets and locations, and as the global economy is growing we will begin to see a fundamental shift in the energy markets. Our ambition is to be a very active participant in this shift and to capture attractive business opportunities.

By the end of 2016, our aim is to more than treble our current installed capacity to gross 750 MW. In 2015 we will take a significant step forward in realising this ambition. We will continue to expand globally through the realisation of new solar power plants. In addition to a strong presence in Africa and North America, we are currently developing several projects in the Middle East and Latin America.

We operate with a strong foundation in our values. We are predictable, drive results, bring about change and foster a spirit of collaboration.



In 2015, we aim to take another big step forward in realising our ambition and continue to expand globally through the completion of new solar power plant.

A handwritten signature in blue ink, consisting of stylized, flowing letters that appear to be 'R. Carlsen'.

Raymond Carlsen
CEO

Key events

Q1



Continued construction of the Linde (40 MW) and Dreunberg (75 MW) solar power plants in South Africa.

Financial close and commencement of construction of the ASYV solar power plant (9 MW) in Rwanda.

Q2



Received final approval of the power sales agreement for the 104 MW power plant in Utah, USA.

The Linde (40 MW) power plant grid connected.

Q3



Grid connection and opening ceremony for the ASYV solar power plant in Rwanda.

The Dreunberg (75 MW) power plant grid connected, installed capacity reached gross 219 MW.



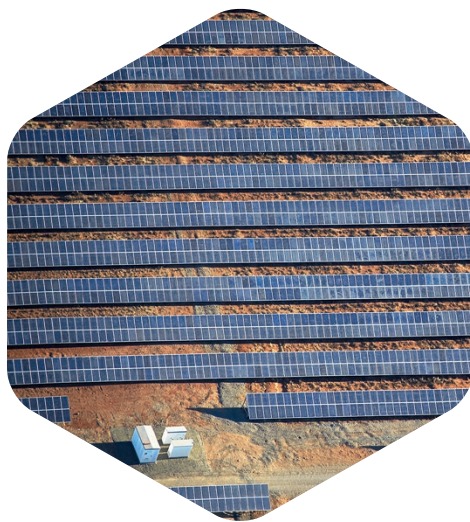
Q4

Raised NOK 499 million through an Initial Public Offering with first day of trading on Oslo Stock Exchange 2 October 2014.

Secured financing for 207 MW of power plants in USA, Jordan and Honduras – all to be constructed in 2015.

Our solar plants

Scatec Solar currently has eight solar power plants in operation; three in South Africa, one in Rwanda and four in the Czech Republic. The parks are presented below.



KALKBULT

Location: Northern Cape, South Africa
Capacity: 75 MW
Energy produced: 150,000 MWh per annum
Providing energy for: 35,000 households
CO₂ reduction per annum: 142,000 tons

LINDE

Location: Northern Cape, South Africa
Capacity: 40 MW
Energy produced: 94,000 MWh per annum
Providing energy for: 20,000 households
CO₂ reduction per annum: 89,000 tons



DREUNBERG

Location: Eastern Cape, South Africa
 Capacity: 75 MW
 Energy produced: 178,000 MWh per annum
 Providing energy for: 37,500 households
 CO₂ reduction per annum: 170,000 tons



ASYV

Location: Agahozo-Shalom Youth Village, Rwanda
 Capacity: 8,5 MW
 Energy produced: 15,500 MWh per annum
 Providing energy for: 15,000 households
 CO₂ reduction per annum: 15,000 tons

CZECH SOLAR PLANTS

Location: Czech Republic
 Capacity: 20 MW (four plants in total)
 Energy produced: 20,500 MWh per annum
 Providing energy for: 17,000 households
 CO₂ reduction per annum: 19,000 tons



The Management



RAYMOND CARLSEN

Chief Executive Officer

Mr. Carlsen came to Scatec Solar in 2009 from Aker ASA, where he was responsible for the development of the company's portfolio of energy related businesses.

He has more than 20 years of industrial experience from various top management positions within the Aker Group and former Kvaerner ASA. Prior to becoming a partner of Aker ASA, he was Executive Vice President of Aker Solutions ASA, with responsibility for Aker Solutions' subsea business with operations in more than 15 countries and more than USD 2 billion in revenue.



MIKKEL TØRUD

Chief Financial Officer

Mr. Tørud joined Scatec Solar in 2014 from the position as SVP Investor Relations and Business Development and member of Group Management in REC. He has extensive experience from finance, investor relations, corporate communications and business development.

Prior to REC he was commercial advisor in BP and management consultant in PA Consulting Group.



TERJE PILSKOG

EVP Project Development & Project Finance

Mr. Pilskog joined Scatec Solar in 2012 from the position as Senior Vice President of REC Systems and Business Development in Germany. He has seven years of experience from leading strategy and business unit management positions in the REC Group, including participation in the IPO process of REC in 2006. He also served as Board Member on companies the REC Group had strategic investments in. Prior to REC, he was Associate Partner at the management consulting company McKinsey & Co.



ROAR HAUGLAND

EVP Business & People Development

Mr. Haugland joined Scatec Solar in 2010 from the position as VP Business Development in the parent company Scatec AS. Mr. Haugland has more than 20 years of experience from leading positions in business development, sales and management from large multinational companies like HP and IBM. In Scatec Solar, he is responsible for business development in selected strategic markets, among these MENA, as well as key functions including HR, HSE and CSR.



TORSTEIN BERNTSEN

EVP Power Production & Asset Management

Mr. Berntsen joined Scatec Solar in 2010 from the position as CFO in the parent company Scatec AS. Before joining Scatec, he had more than 10 years of experience within auditing and business advisory services from Arthur Andersen and later Ernst & Young, where he served a number of Norwegian and international clients in various industries, including some of the major listed companies in Norway.



SNORRE VALDIMARSSON

EVP General Counsel

Mr. Valdimarsson is responsible for all legal aspects of the Group. Prior to joining Scatec Solar in 2009, he worked at the Norwegian law firm Selmer, focusing on M&A and Finance. Mr. Valdimarsson has a Master of law from the University of Bergen, Norway.



CHRISTIAN BLOM

EVP Solutions

Mr. Blom joined Scatec Solar in the end of 2013 from the role as Project Manager in Terramar AS. He has extensive experience from Engineering and Supply Chain Management from Think Global AS. Mr. Blom is responsible for Engineering, Supply Chain Management and Project Execution of all projects in Scatec Solar.

The Board of Directors



JOHN ANDERSEN JR.
Chairman

John Andersen Jr. is the CEO of Scatec AS. He is the former Chief Operating Officer of the REC Group, where he held several top management positions during his 12 years with the company. Prior to REC, he worked in Borregaard Industrier. Mr. Andersen holds a Master of Business and Economics from BI Norwegian Business School in Oslo, Norway.



MARI THJØMØE
Board Member

Mrs. Thjømøe has 25 years of experience from the oil and energy sector and has served as Senior VP in Statoil ASA. She has also been CFO of KLP, and CFO and CEO of Norwegian Property ASA. Mrs. Thjømøe holds a Master of Business and Economics from BI Norwegian Business School and is a Chartered Financial Analyst from the Norwegian School of Economics and Business Administration (NHH) in Bergen, Norway.



ALF BJØRSETH
Board Member

Dr. Alf Bjørseth is the Owner, Chairman and Director of Technology of Scatec AS, which was founded more than 20 years ago. Through Scatec, he has established and developed several business initiatives including the industrial success ScanWafer and later REC, where he served as President until 2005. Dr. Bjørseth has a Doctorate degree in physical chemistry from the University of Oslo, Norway.



AKIHIKO NAKAZONO
Board Member

Akihiko Nakazono is the General Manager of the Nuclear Fuel & Solar Business Department in ITOCHU Corporation, where he has worked since 1986. Mr. Nakazono holds a law degree from Keio University in Tokyo, Japan.



CECILIE AMDAHL
Board Member

Mrs. Amdahl is Head of Tax at Advokatfirmaet Schjødt and a member of the management group in the law firm's advisory and transactions department. She specialises in corporate and international tax and has extensive experience from these areas in industries like energy, property and finance.

Report from the Board of Directors

HIGHLIGHTS

- Scatec Solar built and connected 124 MW of new capacity to the power grids in South Africa and Rwanda. Power production reached 274 GWh in 2014, more than four times the 2013 production level
- Consolidated revenues reached NOK 476 million, EBITDA NOK 293 million and net profit NOK 48 million in 2014. This was a significant increase from 2013
- The Board of Directors proposes a dividend of NOK 25 million, equivalent to NOK 0.27 per share
- Cash generated to Scatec Solar equity reached NOK 240 million in 2014, from power production, operation and maintenance, as well as project development and construction activities
- A gross NOK 499 million was raised through an Initial Public Offering on Oslo Stock Exchange in October 2014, and the share price increased by 60 percent by year-end 2014
- Scatec Solar operates power plants with an installed capacity of 219 MW and has projects under construction with additional capacity of 207 MW
- Scatec Solar is pursuing a growth strategy and has a project pipeline of 660 MW throughout the Americas, Africa and MENA

KEY FIGURES

NOK MILLION	2014	2013
Total revenues and other income	476	129
EBITDA ¹⁾	293	-17
Operating profit (EBIT)	191	-75
Profit / (loss) for the period	49	-8
Profit / (loss) to Scatec Solar	-18	-35
Profit / (loss) to non-controlling interests	66	27
Total Assets	5,012	3,525
Equity (%) ²⁾	23%	11%
SSO proportionate share of cash flow to equity ¹⁾ :		
Power Production	87	10
Operation & Maintenance	10	1
Development & Construction	179	431
Corporate	-35	-17
Total	240	425

Consolidated revenues and profits are mainly generated in the Power Production segment. Activities in Operation & Maintenance and Development & Construction mainly reflect deliveries to other companies controlled by Scatec Solar (ranging from 39 percent to 100 percent ownership), the revenues and profits are eliminated in the Consolidated Financial Statements.

1) See appendix for definition of this measure.

2) The book value of consolidated assets reflects eliminations of internal margins generated through project development and construction, operation and maintenance, whereas the consolidated debt includes non-recourse debt in project companies at the full amount. This reduces the consolidated equity and equity ratio.

GROUP OVERVIEW, BUSINESS MODEL AND STRATEGY

Scatec Solar is a leading independent power producer. Scatec Solar's strategy is to develop, construct, own and operate utility-scale photovoltaic solar power plants through an integrated business model. The company's ambition is to grow its gross asset base to 750 MW by the end of 2016.

Scatec Solar operates globally and currently has operating subsidiaries in the Czech Republic, South Africa, US, Rwanda, Jordan, Honduras, France and Italy. The Group is headquartered in Oslo, Norway. The company had 104 permanent employees (full-time equivalents) at the end of 2014.

Scatec Solar seeks geographical diversification and believes its integrated business model creates a competitive advantage through lower cost, higher speed and improved project execution. The learning outcomes and experience gained from constructing and operating plants is used when developing and designing new solar power plants. The company maintains its strong focus on partnerships, and seeks equity co-investments to enhance value and reduce risk whenever feasible.

Scatec Solar's project development and construction activities represent value creation and cash flow generation in the early phase of projects. These activities contribute to funding the equity positions maintained by Scatec Solar in the project companies. Scatec Solar also receives recurring income from delivery of operation and maintenance services to the operating power plants. The contracts for such services are normally based on

a combination of a fixed service fee and a variable component linked to plant performance. Scatec Solar holds ownership in solar power plants through project companies that raise non-recourse project financing to each project. This structure isolates operational and financial risks in individual projects.

On 2 October 2014 the shares of Scatec Solar ASA were listed on the Oslo Stock Exchange under the "SSO" ticker. Subsequent to the share issue Scatec Solar has 93.8 million shares outstanding and gross proceeds from the share offering totalled NOK 499 million. Per 31 December 2014, 29.24 percent of the shares were owned by Scatec AS and 21.60 percent by the Itochu group of Japan, while the remaining 49.16 percent were being freely traded.

Scatec Solar currently has a portfolio of 219 MW of solar power plants in operation, as well as 215 MW of plants under construction and in backlog.

Scatec Solar has a global approach in the search for new projects, seeking to match the company's strengths with markets meeting important requirements like a strong need for electricity, attractive solar irradiation levels and legal frameworks that enables project financing. Scatec Solar operates in both emerging and mature markets. As per March 2015, the backlog of projects with secured sales agreements for future power production stood at 8 MW, while the project pipeline consisted of several projects with a combined capacity of about 660 MW. The project pipeline comprises projects in the Americas, all of Africa and MENA. Projects are classified as "pipeline" when the likelihood of financial close and subsequent realisation is estimated to be more than 50 percent.

MWP	CAPACITY	SCATEC SOLAR OWNERSHIP
In operation:		
Four plants in the Czech Republic	20	100%
Kalkbult, South Africa	75	39% ¹⁾
Linde, South Africa	40	39% ¹⁾
Dreunberg, South Africa	75	39% ¹⁾
ASYV, Rwanda	9	43%
Total	219	
Under construction / backlog:		
Utah Red Hills, USA	104	100%
Oryx, Jordan	10	90%
EJRE, Jordan	22	40% ²⁾
GLAE, Jordan	11	40% ²⁾
Agua Fria, Honduras	60	40%
Waihonu, Hawaii	8	49%
Total	215	

1) Scatec Solar is deemed to have control in these projects. Please see Note 3 to the Consolidated Financial Statements for more information.

2) Option to increase to 50.1 percent.

FINANCIAL REVIEW

Segment review

Scatec Solar reports on three operating business segments: Power Production (PP), Operation & Maintenance (O&M), and Development & Construction (D&C). It also reports on Corporate and Eliminations.

Revenues and costs related to deliveries of D&C and O&M services to companies deemed to be controlled by Scatec Solar are eliminated in the Consolidated Group Financial Statements. The underlying value creation in each segment is hence reflected only in the segment reporting.

Power Production (PP)

The PP segment currently comprises the Kalkbult (75 MW), Linde (40 MW), Dreunberg (75 MW) plants in South Africa, the ASYV

(9 MW) plant in Rwanda, and four plants in the Czech Republic (20 MW). The plants produce electricity for sale under 20-25 year power purchase agreements (PPAs) or feed-in tariff (FiT) schemes.

Operation & Maintenance (O&M)

The O&M segment comprises services provided to solar power plants controlled by Scatec Solar and also to third-party solar power plants designed and constructed by Scatec Solar. Revenues and profits are typically generated on the basis of fixed service fees with additional profit-sharing arrangements based on plant performance.

Development & Construction (D&C)

The D&C segment comprises development activities in a number of projects globally as well as construction of solar power plants developed by the company. Revenues and profits are recognised based on percentage-of-completion of the construction contracts.

SEGMENT FINANCIALS FULL YEAR 2014

NOK MILLION	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	ELIMINATIONS	TOTAL
External revenues	448.1	7.0	22.5	0.0	0.0	477.6
Internal revenues	11.4	21.6	949.5	6.2	-988.7	0.0
Net income / (loss) from associates	0.0	0.0	-1.2	0.0	0.0	-1.2
Total revenues and other income	459.5	28.7	970.8	6.2	-988.7	476.4
Cost of sales	0.0	0.0	-639.5	0.0	634.4	-5.1
Gross profit	459.5	28.7	331.3	6.2	-354.3	471.3
Operating expenses	-47.2	-15.8	-89.4	-53.8	27.8	-178.4
EBITDA	412.2	12.9	241.9	-47.6	-326.5	292.9
Depreciation, amortisation and impairment	-122.9	-1.2	-15.4	-0.4	38.1	-101.9
Operating profit (EBIT)	289.3	11.7	226.4	-48.0	-288.4	191.0

SEGMENT FINANCIALS FULL YEAR 2013

NOK MILLION	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	ELIMINATIONS	TOTAL
External revenues	106.0	9.9	16.2	0.0	0.0	132.2
Internal revenues	0.0	4.1	1,812.2	8.0	-1,824.3	0.0
Net income / (loss) from associates	0.0	0.0	-3.2	0.0	0.0	-3.2
Total revenues and other income	106.0	13.9	1,825.2	8.0	-1,824.3	129.0
Cost of sales	0.0	0.0	-1,153.5	0.0	1,141.2	-12.3
Gross profit	106.0	13.9	671.7	8.0	-683.1	116.6
Operating expenses	-40.1	-13.4	-82.5	-31.3	33.8	-133.5
EBITDA	65.9	0.5	589.2	-23.3	-649.3	-16.9
Depreciation, amortisation and impairment	-45.5	-0.2	-23.4	0.0	11.3	-57.8
Operating profit (EBIT)	20.4	0.4	565.8	-23.3	-638.0	-74.7

SCATEC SOLAR REPORTING STRUCTURE



POWER PRODUCTION

Revenues in the Power Production segment reached NOK 460 million (106)¹⁾ in 2014 with the increase mainly reflecting increased power production.

Power production totalled 273,827 MWh in 2014, up from 63,996 MWh last year, more than a four-fold increase.

The increase in power production is driven by a full year of production at the 75 MW Kalkbult plant, grid connection of the 40 MW Linde plant in the second quarter and grid connection of the 9 MW ASYV plant and the 75 MW Dreunberg plant, both in the third quarter.

All solar plants have performed well with respect to plant availability and efficiency during the year. However, production was affected by lower than seasonally normal irradiation levels (i.e. sun hours) in the second half of 2014.

Operating expenses in the segment amounted to NOK 47 million (40) in 2014. Costs increased with the commencement of the O&M contract for the 75 MW Kalkbult plant in April and the 40 MW Linde plant in September.

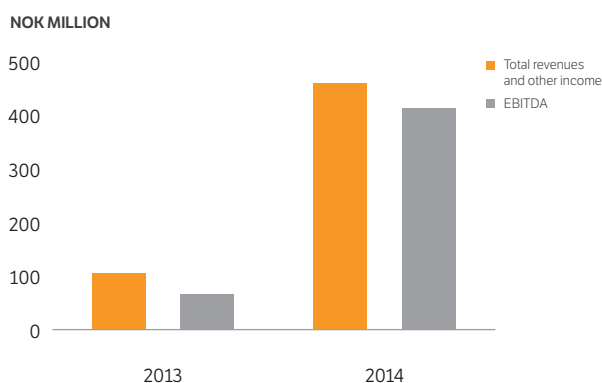
The O&M contracts for Dreunberg and ASYV will commence at TOD²⁾ and will increase operating expenses when effective from the first quarter of 2015.

Depreciation and amortisation increased to NOK 123 million (46), with the increase related to new plants in operation.

EBITDA amounted to NOK 412 million (66) for 2014, and EBIT to NOK 289 million (20). The EBITDA margin amounted to 90 percent (62 percent).

Scatec Solar's proportionate share of cash flow to equity from Power Production was NOK 87 million in 2014.

REVENUES AND EBITDA BY YEAR



PRODUCTION

MWh	MW	2013	2014
MWh produced	219	63,996	273,827
-net to Scatec Solar		37,772	119,994

KEY FIGURES

NOK MILLION	2013	2014
External revenues	106.0	448.1
Internal revenues	0.0	11.4
Total revenues and other income	106.0	459.5
Operating expenses	-40.1	-47.2
EBITDA	65.9	412.2
D&A and impairment	-45.5	-122.9
EBIT	20.4	289.3

KEY RATIOS

%	2013	2014
EBITDA margin	62%	90%
EBIT margin	19%	63%

1) Numbers in brackets refer to comparable information for the corresponding period in the previous year.

2) Refer to appendix for definition of project milestones.

OPERATION & MAINTENANCE

Revenues in the Operation & Maintenance segment reached NOK 29 million (14) in 2014.

Compared with the previous year, O&M revenues increased by NOK 15 million mainly reflecting the O&M contract for Kalkbult (effective from April 2014), as well as the Linde O&M contract (effective from September 2014). O&M revenues from the ASYV and Dreunberg plants will be recognised from the first quarter 2015, while the O&M segment recognised the expenses for operating these plants also in 2014.

Operating expenses amounted to NOK 16 million (13), with the increase mainly reflecting grid connection and operation of the Linde, Dreunberg and ASYV solar power plants.

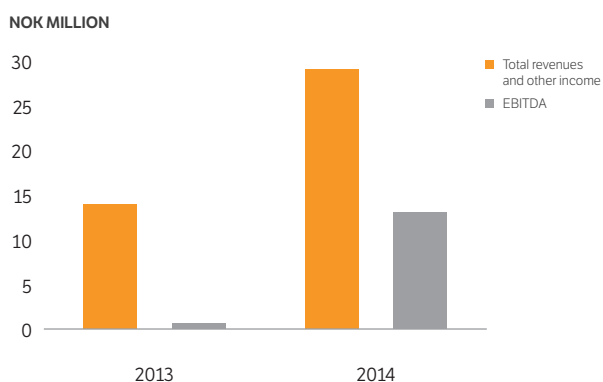
EBITDA increased to NOK 13 million (0.5) in 2014, corresponding to an EBITDA margin of 45 percent (4).

Depreciation and amortisation in 2014 amounted to NOK 1.2 million (0.2), and EBIT was NOK 12 million (0.4).

O&M contracts for third parties are considered non-core for Scatec Solar and some of these contracts have been terminated during 2014. At the end of the year, the company had O&M contracts of 17 MW of third-party owned power plants.

Scatec Solar's proportionate share of cash flow to equity from O&M was NOK 10 million in 2014.

REVENUES AND EBITDA BY YEAR



KEY FIGURES

NOK MILLION	2013	2014
External revenues	9.9	7.0
Internal revenues	4.1	21.6
Total revenues and other income	13.9	28.7
Operating expenses	-13.4	-15.8
EBITDA	0.5	12.9
D&A and impairment	-0.2	-1.2
EBIT	0.4	11.7

KEY RATIOS

%	2013	2014
EBITDA margin	4%	45%
EBIT margin	3%	41%

DEVELOPMENT & CONSTRUCTION

Revenues in the Development & Construction (D&C) segment amounted to NOK 971 million (1,825) in 2014.

Construction revenues are recognised on a percentage-of-completion (PoC) basis, and defined as cost incurred over total expected cost.

In 2014 revenues were mainly recognised from the construction of the Dreunberg, Linde and ASYV solar power plants.

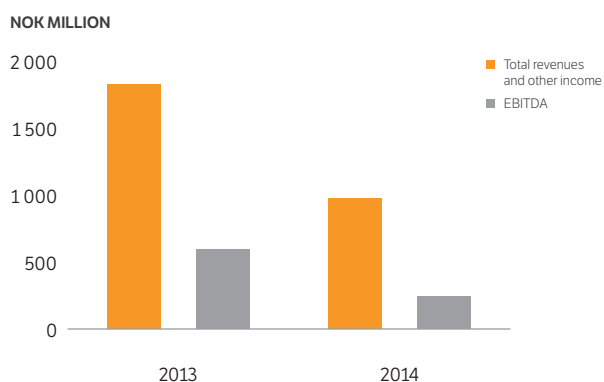
Cost of sales related to both project execution and project development amounted to NOK 640 million (1,154) in 2014, generating a gross margin of 34 percent (37).

Operating expenses were NOK 89 million (83) in 2014. Operating expenses related to construction amounted to NOK 30 million while operating expenses for early stage project development came to NOK 59 million. A write-down of NOK 8 million related to a former external sale of a development project is included in operating expenses.

EBITDA declined to NOK 242 million (589) in 2014. Depreciation, amortisation and impairment amounted to NOK 15 million (23), and EBIT was NOK 226 million (566). This includes impairment losses of NOK 7 million (6) related to development projects in Japan, after a decision was made to exit this market in the fourth quarter of 2014.

Scatec Solar's proportionate share of cash flow to equity from D&C was NOK 179 million in 2014.

REVENUES AND EBITDA BY YEAR



KEY FIGURES

NOK MILLION	2013	2014
External revenues	16.2	22.5
Internal revenues	1,812.2	949.5
Net income associated	-3.2	-1.2
Total revenues and other income	1,825.2	970.8
Cost of sales	-1,153.5	-639.5
Gross profit	671.7	331.3
Operating expenses	-82.5	-89.4
EBITDA	589.2	241.9
D&A and impairment	-23.4	-15.4
EBIT	565.8	226.4

KEY RATIOS

%	2013	2014
Gross margin	37%	34%
EBITDA margin	32%	25%
EBIT margin	31%	23%

CORPORATE & ELIMINATIONS

Corporate activities mainly relate to corporate services, management and group finance. The segment reported an operating loss of NOK -48 million (-23) in 2014.

Corporate incurred NOK 15 million of IPO costs in 2014. Further, the corporate segment was charged NOK 5 million relating to the share incentive plan, which was introduced in the third quarter of 2014. A further NOK 5 million of the share incentive plan was charged to the PP and D&C segments.

CORPORATE - KEY FIGURES

NOK MILLION	2013	2014
Total revenues	8.0	6.2
Operating expenses	-31.3	-53.8
D&A and impairment	0.0	-0.4
EBIT	-23.3	-48.0

Gross profits (i.e. revenues and cost of sales) generated in the D&C segment are eliminated in the consolidated income statement and reduce the consolidated book value of the solar power plants. The gross profits generated through project development and plant construction is thus improving the consolidated operating profit through lower depreciation charges over the economic life of the solar power plants. In 2014 this effect amounted to NOK 38 million (11).

The internal revenues generated in the Corporate and O&M segments are eliminated in the consolidated income statement with corresponding elimination of operating expenses, which amounted to NOK 28 million (34) in 2014.

ELIMINATIONS - KEY FIGURES

NOK MILLION	2013	2014
Revenues	-1,824.3	-988.7
Cost of sales	1,141.2	634.4
Operating expenses	33.8	27.8
EBITDA	-649.3	-326.5
D&A	11.3	38.1
EBIT	-638.0	-288.4

CONSOLIDATED FINANCIAL STATEMENTS

Presentation of Accounts

Pursuant to Section 3-3 of the Norwegian Accounting Act, the Board of Directors confirm that the Financial Statements have been prepared under the assumption that the Scatec Solar Group is a going concern and that this assumption was appropriate at the date of approval of the Financial Statements. The Group reports its Consolidated Financial Statements in accordance with International Financial Reporting Standards (IFRS), and applies Norwegian Kroner (NOK) as reporting currency. For more information, refer to the notes to the Consolidated Financial Statements. The notations Scatec Solar, Scatec Solar Group, and the Group are used interchangeably throughout the document.

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2014. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The consolidated financial statements include several investments in which there is a significant non-controlling interest. As Scatec Solar controls these entities, they are fully consolidated.

The business model under which Scatec Solar operates involves intercompany transactions between fully and partially-owned subsidiaries. These transactions are eliminated in the consolidated statement of profit or loss. Consequently, a segmented statement of profit and loss is used to reflect the value creation in each of the business segments. Further information is provided in Note 3, Operating segments.

Consolidated statement of profit or loss

Unless otherwise indicated, the below information describes the development for the continuing operations in the Scatec Solar Group in 2014, and the corresponding figures for 2013.

Revenues

Scatec Solar reported net revenues of NOK 476 million (129) in 2014, mainly reflecting sales of electricity from solar power plants in the Czech Republic, South Africa (Kalkbult, Linde, Dreunberg) and Rwanda (ASYV).

Net income from associated companies was a negative NOK 1.2 million in 2014, compared to a negative NOK 3.2 million in 2013.

Operating expenses

Operating expenses (personnel and other operating expenses) amounted to NOK 178 million in 2014, compared to NOK 133 million in 2013. The consolidated cost base consists of around NOK 40 million related to operation of existing power plants, NOK 56 million for the development of new projects, NOK 16 million related to construction of new solar power plants, NOK 34 million in general corporate administrative costs and NOK 32 million of non-recurring special items. The special items relate to the IPO, restructuring of the German and Japanese businesses and the introduction of a retention and share incentive programme.

The increase in operating expenses from 2013 is primarily a reflection of the increase in project development and construction activities, a higher operating cost base from commencing

operation of new solar power plants in South Africa and Rwanda, as well as increased capacity and activity at the corporate level.

Personnel expenses totalled NOK 70 million (51), with the average number of permanent full-time employee equivalents increasing to 92 in 2014 from 91 in 2013. The cost increase is mainly explained by share-based payments, restructuring provision and a lower capitalisation rate. Other operating expenses amounted to NOK 109 million (83), with the increase mainly relating to non-recurring special items described above.

The company recognised no R&D costs in 2014 or 2013.

Operating profit

Earnings before interest, taxes, depreciation and amortisation (EBITDA) reached NOK 293 million in 2014, a significant improvement from a negative EBITDA of NOK 17 million in 2013. The increase reflects the commencement of production at the Kalkbult, Linde, Dreunberg and ASYV power plants.

Depreciation, amortisation and impairment amounted to NOK 102 million in 2014, compared to NOK 58 million in 2013. Depreciation came in at NOK 88 million, compared to NOK 36 million in 2013. The increase is mainly explained by the commencement of asset depreciation of Kalkbult, Linde, Dreunberg and ASYV.

Impairments were NOK 14 million (22), made up of impairment assessments of development projects in Japan, France and South Africa.

Operating profit (EBIT) ended at NOK 191 million in 2014, up from a NOK 75 million loss in 2013.

Net financial items

Net financial items amounted to a negative NOK 131 million in 2014, compared to a positive NOK 93 million in 2013. The decrease mainly reflects interest on debt financing of the growing asset base as well as non-cash foreign exchange losses mainly related to intercompany balances.

Financial income came in at NOK 55 million (130) for 2014, including interest income on IPO proceeds and on collateralised equity commitments for projects under construction. In 2013 there were gains on mark-to-market revaluations of open EUR and USD forward exchange contracts of NOK 108 million. The foreign exchange contracts are carried at fair value and will fluctuate with changes in the exchange rates throughout the contract period.

Financial expenses totalled to NOK 249 million (101), reflecting new project financing in 2014 and foreign exchange gains of NOK 62 million (64). The gains were from realised forward exchange contracts.

Profit before tax and net profit

Profit before income tax was positive at NOK 60 million in 2014, up from NOK 18 million in 2013.

Income tax expense amounted to NOK 11 million in 2014, equivalent to a tax rate of 19 percent. The tax rate was primarily influenced by valuation allowances, permanent differences and use/capitalisation of previously unrecognised losses carried

forward. Taxes paid (including withholding tax on dividends) came to NOK 102 million, with net deferred tax asset increased by NOK 87 million. In 2013, the company recorded an income tax expense of NOK 26 million. Tax was paid in the amount of NOK 58 million, and the net deferred tax asset increased by NOK 106 million. The underlying tax rates in the countries of operation are in the range of 19 to 35 percent.

The net profit was thus NOK 49 million in 2014, compared to a net loss of NOK 8 million in 2013.

A loss of NOK 18 million for 2014 was attributable to Scatec Solar ASA, whereas a profit of NOK 66 million was attributable to non-controlling interests (NCIs). NCIs represent financial investors in the individual solar power plants and partners in some development projects. The allocation of profits between NCIs and Scatec Solar is generally affected by the fact that NCIs only have shareholdings in solar power plants, while Scatec Solar also carries the cost of project development and corporate functions.

Consolidated statement of comprehensive income

Other comprehensive income comprises items that may subsequently be reclassified to profit or loss, and amounted to NOK 55 million in 2014 (37). This relates to after-tax net movement of cash flow hedges of NOK 63 million (90). Furthermore, the foreign currency translation differences amounted to NOK 118 million (-54).

Total comprehensive income was thus a positive NOK 104 million for 2014, of which a positive NOK 74 million was attributable to Scatec Solar, while a positive NOK 29 million came from non-controlling interests.

This compares to a total comprehensive income of NOK 29 million for 2013, attributable to a negative NOK 48 million to Scatec Solar and a positive NOK 77 million to non-controlling interests.

Consolidated statement of cash flow

Cash flow

Net cash flow from operating activities ended at NOK -96 million (301), mainly reflecting a significant change to working capital as part of the repayment of the Group's trade finance facilities with the Itochu Corporation, which has a 22 percent shareholding in the Group.

Net cash flow from investing activities was NOK -910 million (-1,306), driven by the construction activities related to the Linde, Dreunberg and ASYV solar power plants.

Net cash flow from financing activities amounted to NOK 972 million (1,868), of which NOK 702 million (1,803) is attributable to proceeds from non-recourse project financing and gross proceeds from the IPO of NOK 499 million. Further, equity contributions from NCIs amounted to NOK 105 million (208). During 2014, the Group settled its corporate overdraft facility of NOK 43 million.

In total, the Group's cash balance decreased by NOK 34 million (increased by 863 million in 2013). Of the total cash balance of NOK 1,049 million (1,025), NOK 528 million (381) was restricted cash in project companies, NOK 116 million (348) represented other restricted cash while NOK 406 million (297) represented free cash.

Scatec Solar proportionate share of cash flow to equity

Scatec Solar's proportionate share of cash flow to equity, defined as EBITDA minus interest expenses, normalised debt instalments and tax (i.e. before changes in net working capital), is a non-GAAP measure that seeks to estimate the company's ability to generate funds for equity investments in new solar power plant projects and/or for shareholder dividends over time.

NOK MILLION	FY 2014	FY 2013
Power Production	86.7	10.3
Operation & Maintenance	9.6	0.5
Development & Construction	178.5	430.8
Corporate	-34.6	-17.0
Total	240.1	424.5
SSO project equity investments	-35.1	-320.4
Dividends to corporate shareholders	-42.2	-

Scatec Solar's proportionate share of cash flow to equity totalled NOK 240 million in 2014. Scatec Solar invested NOK 26 million in Red Hills, Utah in the fourth quarter. An additional NOK 9 million was invested in ASYV, Rwanda in the first quarter, leading the total equity investments to NOK 35 million in 2014. Scatec Solar paid dividends to its shareholders in the amount of NOK 42 million in the third quarter of 2014.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Total assets amounted to NOK 5,012 million at year-end 2014, up from NOK 3,524 million at the end of 2013. This increase primarily reflects increased non-current assets – especially property, plant and equipment (PP&E) in the South African and Rwandan projects.

Overall, non-current assets totalled NOK 3,751 million (2,318), of which NOK 3,049 million was PP&E. Current assets amounted to NOK 1,261 million (1,207), with cash and cash equivalents amounting to NOK 1,049 million (1,025). Part of the cash holdings is subject to restrictions or is collateralised, while free unrestricted cash was NOK 406 million (297) at the end of 2014.

Current and non-current financial assets in the balance sheet mainly relates to currency and interest rate derivatives in the South African companies. Other current assets and liabilities mainly relate to working capital items such as prepayments and accruals.

Total equity stood at NOK 1,177 million at the end of 2014 (399), corresponding to an equity ratio of 23 percent (11). The consolidated equity ratio is negatively affected by inclusion of non-recourse debt in project companies at full amount while the value of consolidated assets is reduced by the internal margins generated through the project development and construction activities. The accumulated eliminated D&C margin totals NOK 1,136 million.

Total non-current liabilities amounted to NOK 3,439 million at the end of 2014 (2,461), of which non-recourse project financing accounted for NOK 3,337 million (2,377). Total current liabilities came in at NOK 396 million (664), of which NOK 113 million was in non-recourse project financing (22).

PARENT COMPANY

Scatec Solar ASA prepares its financial statements according to NGAAP and the amounts referred to below for Scatec Solar ASA are NGAAP figures. Scatec Solar ASA is a holding company comprising parts of corporate services, management and group finance. In addition, Scatec Solar ASA provides certain services related to project development and construction for its subsidiaries.

Scatec Solar ASA reported revenues of NOK 36 million and operating profit (EBIT) of negative NOK 84 million in 2014, compared to revenue of NOK 249 million and operating profit (EBIT) of NOK 170 million in 2013.

Revenues decreased from 2013 to 2014 as construction of the projects in South Africa was finalised.

All revenues are internal and based on agreements established between Scatec Solar ASA and its subsidiaries. The scope of the agreements includes management services as well as services related to project development and construction including but not limited to permitting, financial modelling, production of bidding documents, debt and equity financing, evaluation of tax issues, structuring of securities and guarantees, legal services, advice on tendering of components as well as grid connection studies.

Operating expenses increased to NOK 120 million from NOK 79 million in 2013, reflecting an increase in project development and construction activities, increased capacity and activity at a corporate level, as well as expenses related to the IPO and the retention and share incentive plan introduced in 2014.

Interest and other financial income amounted to NOK 52 million in 2014 (29). The increase from 2013 stems from dividends received from project companies in South Africa. Interest and other financial expenses totalled NOK 50 million (58). Net foreign exchange loss was in the sum of NOK 9 million, compared to a net gain of NOK 14 million in 2013. The main impact on the net FX result for 2014 was the depreciation of the NOK versus the ZAR, EUR and USD.

Profit after tax was NOK -67 million compared to a profit after tax of NOK 106 million in 2013.

Total equity for the parent company Scatec Solar ASA stood at NOK 828 million at December 31, 2014, up from NOK 427 million in 2013, mainly impacted by gross IPO proceeds of NOK 499 million.

Total assets increased to NOK 1,580 million at 31 December 2014 from NOK 1,028 million a year earlier. The increase reflects investments as part of the construction of the Linde and Dreunberg solar power plants in South Africa and the ASYV solar power plant in Rwanda.

Cash flow from operating activities was negative NOK 88 million in 2014, down from NOK 2 million in 2013. The difference between the operating profit of NOK 170 million and NOK 2 million in cash flow from operating activities in 2013 is mainly explained by NOK 153 million in increased trade receivables against Scatec Solar-controlled entities in South Africa.

Scatec Solar ASA had 18 permanent full-time employee equivalents in 2014, up from 16 in 2013. The sickness rate in 2014 was 3.0 percent. Scatec Solar ASA focuses on equal opportunities irrespective of gender. There should be no discrimination related to gender in cases such as compensation, promotion and recruitment. In Scatec Solar ASA females made up 28 percent of the employees in 2014.

CORPORATE SOCIAL RESPONSIBILITY

Compliance with national, regional and international rules, laws and conventions is mandatory in Scatec Solar, but the business ethics and sustainability of the Company extend beyond compliance. Sustainability is an integral part of the Company's business model, which in itself represents a positive contribution towards meeting the climate challenge and bridging the global energy gap. Scatec Solar not only brings value to the countries and local communities in which it operates by increasing access to electricity through renewable energy, but has strong ambitions to conduct business in a sustainable manner wherever it operates.

Scatec Solar collaborates with partners that also have high standards for the projects and their associated impacts and is committed to operating in line with the Equator Principles in all projects. The responsibility of the Company extends beyond its own operations, and Scatec Solar acknowledges that it can have a substantial impact on local communities, and potentially also the environment, through its supply chain. To ensure a viable supply chain, Scatec Solar continuously engages in dialogue with its suppliers and sub-contractors and seeks to implement sustainability criteria in the procurement process.

A great emphasis is also put on the social impact of the Company's activities on local communities, and Scatec Solar has supported a number of activities for local communities to create awareness of solar energy and the positive contributions these projects can bring. Additionally, Scatec Solar strives to use local labour to the greatest extent possible, whether this is a regulatory or contractual requirement or not.

Our efforts with corporate social responsibility are vital to realising Scatec Solar's business ambitions and strategy. The Company strives to conduct its business in a way that makes people proud to work with, and for, Scatec Solar. An explanation of the overall approach, policy, results, ambitions and goals related to the prioritised sustainability areas of Scatec Solar is presented in a separate chapter in the annual report. These areas cover CSR reporting requirements set out by The Norwegian Accounting Act and relate to:

- Human rights
- Labour rights and social conditions
- Environment
- Corruption

CORPORATE GOVERNANCE

Scatec Solar has made a strong commitment to ensure trust in the Company and to enhance shareholder value through effective decision-making and improved communication between the management, the Board of Directors and the shareholders. The Company will continue to comply with the Norwegian Code of Practice for Corporate Governance, which together with the company's framework for corporate governance is intended to decrease business risk, maximise value and utilise the company's resources in an efficient, sustainable manner, to the benefit of shareholders, employees and society at large. The Company has in all respect complied with the Norwegian Code of Practice for Corporate Governance during the course of 2014, with the exception of electing members of the nomination committee, which is proposed to take place at the annual general meeting in 2015. The reason for the deviation is described in the separate corporate governance report included in the annual report.

TRANSACTIONS WITH RELATED PARTIES

In 2014 and 2013 Scatec Solar had transactions with the following related parties:

RELATED PARTY	NATURE OF TRANSACTION
Scatec AS (shareholder)	Management services and financing
Itochu Corp/Europe (shareholder)	Purchase of modules and inverters
Itochu Corp/Europe (shareholder)	Financing
Celmar AS (parent of Scatec AS)	Financing
Simacel (non-controlling interest)	Development services
Scatec Energy LLC (associate)	Financing
SSOGE UK Ltd (associate)	Financing
Group of partners Jordan (non-controlling interest)	Financing
Scatec Solar SA156 (non-controlling interest)	Financing
Scatec Solar SA340 (non-controlling interest)	Financing
Simacel 159 Pty Ltd (non-controlling interest)	Financing
Simacel 380 Pty Ltd (non-controlling interest)	Financing

The Board of Directors aims to ensure that any material future transaction between the Company and shareholders, a shareholder's parent company, members of the Board of Directors, executive personnel or close associates of any such parties are entered into on arms-length terms. For any such transactions that do not require approval by the annual general meeting pursuant to the Norwegian Act, the Board of Directors will on a case-by-case basis assess whether a fairness opinion from an independent third party should be obtained.

Please see Note 24 for further details.

RISK FACTORS AND RISK MANAGEMENT

Through its business activities, Scatec Solar is exposed to a variety of both operational and financial risks, including commodity price risk, currency risk, interest rate risk, liquidity risk and credit risk. The business of the Group is project related and the majority of the risks that the business is exposed to is contained and managed within individual projects. Guidelines for risk management have been approved by the Board of Directors and are carried out by Scatec Solar's group finance department in cooperation with the individual operational units. See also Note 4 - Financial risk management.

Operational risk

The operational risks going forward relate to the performance of existing power plants, timely completion of solar power plants under construction and progress in the transitioning of projects in backlog through financial close and into construction.

Scatec Solar has established a solid project pipeline, but further growth of the company will depend on a number of factors such as project availability, access to financing, component availability and pricing, price development for alternative sources of energy and the regulatory framework in the relevant markets.

Commodity price risk

Scatec Solar's sales of electricity constitute a material share of its net profit. As a result, the Group's business, financial position, results of operation and cash flows are affected by changes in electricity prices. The Group seeks to reduce the effect of price fluctuation by entering into long-term fixed price contracts. Currently, the Group is not exposed to price risk related to electricity sold at spot rates.

Currency risk

Scatec Solar operates internationally and is subject to currency risks arising from foreign currency transactions and exposures. As the Group reports its consolidated results in NOK, any change in exchange rates between NOK and its subsidiaries' functional currencies, primarily with respect to changes in EUR, ZAR, CZK, RWF and USD, affects its consolidated statement of income and consolidated statement of financial position.

The Group is on an overall level managed as a NOK company for currency risk management purposes with primary focus on NOK cash flow. The general policy of the Group is not to hedge foreign currency exposure based on long-term cash flows from the solar power plants, while non-recourse project finance is normally structured in the local functional currency.

Interest rate risk

Scatec Solar is exposed to interest rate risks through funding and cash management activities. Liquid assets have primarily floating interest rates. The interest rate risk management objective is to minimize interest costs and to keep the volatility of future interest payments within acceptable limits. The Group has entered into long term non-recourse financing in the project entities, including both fixed and floating interest rates. To manage the interest rate exposure for the floating rate financing, the Group has entered into fixed rate interest swaps, reducing the interest rate risk for the Group.

Credit risk

Credit risk is the risk that Scatec Solar's customers or counterparties will cause the Group financial loss by failing to honour their obligations. The Group is exposed to credit risk, including but not limited to suppliers or contractors who are engaged in constructing or operating assets, property owners who provide land leases to the Company, banks which provide guarantees or project financing, insurance companies which provide coverage against various risks applicable to the Group's assets, off-take partners which have committed to buying electricity produced by or on behalf of the Company and other third parties with obligations to the Group.

All of the electricity generated by the Group's current portfolio of projects in operation or under construction is, or will be, sold under long-term power sales agreements with public utilities or other partners, or under Feed-in Tariff (FIT) arrangements or similar support mechanisms governed by law. If, for any reason, any of the counterparties to these contracts are unable or unwilling to fulfil their contractual obligations or if they refuse to accept delivery of power delivered thereunder or if they otherwise terminate such agreements prior to the expiration thereof, our assets, liabilities, business, financial condition, results of operations and cash flows could be materially adversely affected. For the Group's current projects under operation, all such counterparties are supported by government guarantees or have obligations regulated by law.

Liquidity risk

Liquidity risk is the risk that Scatec Solar will not be able to meet obligations associated with financial liabilities when due, and is the product of the operational risk factors and the financial risks mentioned above. The Group manages liquidity risk through continuous review of future commitments and credit facilities. Cash flow forecasts are prepared and adequate utilised financing facilities are monitored.

Scatec Solar uses non-recourse project financing with the advantage of a clearly defined and limited risk profile. In this respect, the banks recover the financing solely through the cash flows generated by the projects financed.

Due to the dynamic nature of the underlying business, the Group maintains flexibility in funding by maintaining availability under committed credit facilities. The initial public offering and listing of Scatec Solar in October 2014 has secured the company a substantial increase in available funding and better access to the equity capital markets.

Political risk

Scatec Solar holds assets and operates in many jurisdictions, and the Company's operations are subject to international and national laws and regulations applied by various government authorities in connection with obtaining various licenses and permits, government guarantees and other obligations regulated by law.

Regulatory authorities exercise considerable discretion in matters of enforcement and interpretation of applicable laws, regulations and standards, the issuance and renewal of licenses and permits and in monitoring licensees' compliance with the terms thereof.

Commercial practices and legal and regulatory frameworks differ significantly between jurisdictions and are subject to change at any time. As a result, it may be difficult to ensure compliance with changes in regulatory requirements in the jurisdictions where the Company operates, and this can have an adverse effect on the Group's operations, business, financial performance and prospects.

Other risks

The business of the Company is project-related and the majority of the risks that the business is exposed to is contained and managed within individual projects. The market risk mainly relates to the attractiveness of solar projects in the various markets as derived from development in power prices, including feed-in-tariffs in key markets, relative to the prices of key components such as solar modules. Scatec Solar manages this risk through balancing the commitments on sourcing of projects and components with the commitments on the off-take and financing of the final systems, and through developing a robust portfolio of attractive project opportunities in different markets.

Scatec Solar is often required to provide performance guarantees in connection with construction activities. While the total nominal exposure from such guarantees may become significant as the level of construction activities increases in new markets, the exposure is limited in relation to the expected project margins and the contracts relate to fairly standardised construction where Scatec Solar has a solid track-record.

DIVIDEND POLICY

The Company's objective is to pay shareholders consistent and growing cash dividends. A share of free cash distributed from the project companies will be used to pay regular cash dividends that are sustainable on a long-term basis. The Board of Directors has proposed a dividend for 2014 of NOK 25 million. From 2015 the company intends to allocate 50 percent of free cash received from the project companies (Power Production segment) to dividends.

There can be no assurances that in any given year a dividend will be proposed or declared, or if proposed or declared, that the dividend will be as contemplated by the above. In deciding whether to propose a dividend and in determining the dividend amount, the Board of Directors will take into account legal restrictions, the Group's capital requirements and financial condition, general business conditions, any restrictions that borrowing arrangements or other contractual arrangements may place on the Company's ability to pay dividends and the maintaining of appropriate financial flexibility.

SUBSEQUENT EVENTS

There were no significant subsequent events at the date of the approval of the financial statements.

PLANTS UNDER CONSTRUCTION, PROJECT BACKLOG AND PIPELINE

Scatec Solar has a target to grow its base of producing assets of 750 MW gross by the end of 2016.

Please refer to the appendix for a description of the criteria for inclusion of projects in the backlog and pipeline.

Plants under construction

In the fourth quarter of 2014 financing was secured for projects totalling 207 MW in Jordan, Honduras and the US. Construction of these solar power plants has commenced or will commence in the first half of 2015 and is expected to be completed in the second half of 2015. More details on these projects can be found below.

Total gross investment required to realise the 207 MW is estimated at USD 443 million, and Scatec Solar equity investments represent close to USD 60 million.

Oryx, Jordan, 10 MW

The 10 MW Oryx solar power plant in Jordan is a project developed by Scatec Solar and a local developer. A fixed price 20-year PPA was signed with the National Electric Power Company (Nepco) in March 2014.

Total gross investment in the plant is estimated at USD 35 million. The plant is expected to generate 25,000 MWh per year with revenues of about USD 4 million per year. Scatec Solar will initially own 90 percent of the project company, with a local developer holding 10 percent. The local Jordanian utility Kingdom Electricity holds an option to acquire 20 percent of the power plant at COD.

EJRE/GLAE, Jordan, 33 MW

The 11 MW GLAE and 22 MW EJRE solar power plants are developed by Greenland Alternative Energy and European Jordanian Renewable Energy respectively. Fixed price 20-year PPAs were signed with the National Electric Power Company (Nepco) in March 2014.

Total gross investments in the plants are estimated to be USD 100 million. The plants are expected to generate a combined 78,500 MWh per year with annual revenues of about USD 13 million. Scatec Solar will own 40 percent of the project companies (with an option to increase to 50.1 percent), with Greenland Alternative Energy and European Jordanian Renewable Energy each holding 30 percent of the projects respectively.

Scatec Solar will provide EPC services for the three projects in Jordan. In addition, Scatec Solar will provide Operation and Maintenance services to the plants.

All three projects in Jordan have secured debt financing from EBRD and Proparco of USD 100 million (debt ratio of 75 percent).

Utah Red Hills, USA, 104 MW

Scatec Solar has developed and owns 100 percent of the 104 MW Utah Red Hills solar power project in Utah, USA. The Utah Public Service Commission approved a 20-year PPA with PacifiCorp in March 2014.

The total investment in the plant is estimated at USD 188 million. The plant is expected to generate about 210,000 MWh per year and revenues of about USD 14 million per year.

Financing for the project was closed in December 2014 with a combination of a tax equity investment from Google of approximately USD 84 million and a term loan from Prudential of approximately USD 73 million. The project will be eligible for

a USA investment tax credit representing 30 percent of the total investment.

The tax equity structure implies that Scatec Solar's ultimate equity investment, net of the development premium realised in the transaction, will be approximately USD 23 million, or 20 percent of the shareholder financing in the project. At the same time, Scatec Solar expects to receive more than half of the net cash flow generated by the plant after debt service.

Scatec Solar is not taking a role as EPC contractor for this project, but will deliver services related to construction and asset management to the project company.

Agua Fria, Honduras, 60 MW

Scatec Solar has together with Norfund secured participation in a 60 MW project in Honduras. The project has been developed by PEMSA, a local developer. Scatec Solar and Norfund have been invited into the project to complete development, finance and construct the power plant.

The project, which has a PPA with Empresa Nacional de Energía Eléctrica (ENEE), a government-owned utility, will generate approximately 110,000 MWh annually with revenues of about USD 20 million per year.

The total gross investment in the project is estimated at USD 120 million. The project will be financed with 70 percent debt. Scatec Solar will retain a 40 percent ownership stake in the project, while Norfund will hold 30 percent and PEMSA the remaining 30 percent. Export Credit Norway (Eksportkreditt Norge), The Norwegian Export Credit Guarantee Agency (GIEK) and Corporación Interamericana para el Financiamiento de Infraestructura, S.A. (CIFI) will provide the debt financing for the project.

Backlog

Waihonu, USA, 8 MW

The 8 MW Waihonu solar power project in Hawaii, USA, is developed and owned jointly by Scatec Solar (49 percent) and the solar project developer Meridian (51 percent). The sale of power will be formalised in a PPA with the local utility Hawaiian Electric Company (HECO), based on the feed-in-tariff secured for the projects.

The total gross investment in the plant is expected to be approximately USD 34 million. The plant is expected to generate 12,700

MWh per year with revenues of about USD 3 million per year. Scatec Solar will not take the role as EPC contractor.

Financial close is targeted for the first half of 2015.

Pipeline

Scatec Solar currently has a project pipeline of 15 projects with a gross capacity of about 660 MW. Furthermore, the company has verified feasibility and business cases for an additional 700 MW.

PIPELINE - TARGETED START OF CONSTRUCTION

	CAPACITY (MW)	2015E	2016/17E
MENA	50		50
Americas	250	220	30
Africa ex South Africa	100	50	50
South Africa	258	-	258
Total pipeline	658	270	388

In Egypt (MENA), Scatec Solar has participated and been shortlisted in both the 10x20 MW Kom-Ombo tender programme and the 2 GW MERE FiT programme. One 50 MW project from the FiT programme has been qualified for the pipeline, while there are significant additional opportunities in Egypt.

In Mexico (Americas), Scatec Solar has signed a development agreement with a local project developer. This development agreement includes a 30 MW project in Baja, California, which has been included in the project pipeline.

The pipeline of 220 MW in the USA (Americas) has been stable since the third quarter 2014 and the company is continuing its work to secure off-take agreements for projects in Utah and Georgia.

In Africa outside South Africa, the pipeline consists of projects across Namibia, Burkina Faso, Ghana, Mali and the Ivory Coast.

In South Africa, Scatec Solar has submitted three projects of 86 MW each in the fourth award round under the REIPPP (Renewable Independent Power Producer Programme). The preferred bidder's list of the REIPPP is expected to be announced in the first half of 2015.

See also the Outlook section.

OUTLOOK

The main priorities of Scatec Solar in 2015 is to secure maximum production at solar power plants in operation, complete projects currently under construction, achieve financial close on projects in the backlog as well as further develop projects in the pipeline.

Based on a full year of production at the Linde and Dreunberg plant in South Africa, and ASYV plant in Rwanda, revenues and operating results are expected to increase in 2015 compared to 2014.

As described above, Scatec Solar is well positioned to take part in the growth of the solar market through a significant backlog and pipeline of projects in the Americas, Africa and MENA.


As a basis for further growth, Scatec Solar currently has a project pipeline of 15 projects with a gross capacity of about 660 MW. Furthermore, the company has verified feasibility and business cases for an additional 700 MW.

Oslo, 24 March, 2015


The Board of Directors of Scatec Solar ASA



John Andersen jr. (Chairman)



Akihiko Nakazono



Alf Bjørseth



Cecilie Amdahl



Mari Thjømøe



Raymond Carlsen (CEO)

Corporate governance report

CORPORATE GOVERNANCE STATEMENT

Scatec Solar ASA (the “Company”) has made a strong commitment to ensure trust in the Company and to enhance shareholder value through effective decision-making and communication between the management, the Board of Directors (the “Board”) and the shareholders. The Company’s framework for corporate governance has been implemented to decrease business risk, maximise value and utilise the Company’s resources in an efficient, sustainable manner, for the benefit of shareholders, employees and society at large.

The Company has complied (except as stated below), and will continue to comply, with the Norwegian Code of Practice for Corporate Governance (the “Corporate Governance Code”), last revised on 30 October 2014, and which is available on the Norwegian Corporate Governance Committee’s web site www.nues.no. The principal purpose of the Corporate Governance Code is to ensure (i) that listed companies implement corporate governance that clarifies the respective roles of shareholders, the Board and executive management more comprehensively than that required by legislation, and (ii) the effective management and control over activities with the aim of securing the greatest possible value creation over time in the best interest of companies, shareholders, employees and other stakeholders.

The Company has adopted guidelines for a nomination committee. However, the election of members to such a committee was not concluded in 2014. It is proposed that the election take place at the annual general meeting in 2015. The background for not electing members of the committee in 2014 was that the Company was converted to a Norwegian public limited liability company in August 2014 (becoming subject to the regulations regarding nomination committees in the Corporate Governance Code and the Articles of Association from that time), and at that time had a shareholder base consisting of a few major shareholders and employees. It has been assumed it will be more expedient to carry out the election at a later point of time that inter alia allows new shareholders the possibility of participating in the election. This delayed election of members to the nomination committee was also presented to the general meeting held on 13 August 2014, which approved the establishment of a nomination committee.

The Company is subject to the reporting requirements for corporate governance under the Accounting Act section 3-3b as well as Oslo Stock Exchange’s “Continuing obligations of stock exchange-listed companies” section 7. The Company has fulfilled its reporting requirements.

The Company’s corporate governance framework is subject to annual reviews and discussions by the Board.

1. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH RELATED PARTIES

Class of shares

The Company has one class of shares. All shares carry equal rights in the Company, and the Articles of Association do not contain any provisions restricting the exercise of voting rights.

Pre-emption rights to subscribe

According to the Norwegian Public Limited Liability Companies Act, the Company’s shareholders have pre-emption rights in share offerings against cash contributions. Such pre-emption rights may, however, be set aside, either by the general meeting or by the Board if the general meeting has granted a board authorisation for this. Any resolution to set aside pre-emption rights will be justified by the common interests of the Company and the shareholders, and such justification will be publicly disclosed through a stock exchange notice from the Company.

Capital increases and issuance of shares

The Board is currently not authorised by the general meeting to resolve an increase of the Company’s share capital. If the Board is authorised by the general meeting to resolve increases in the Company’s share capital, such authorisation should be restricted to defined purposes, and not last longer than to the Company’s next annual general meeting.

Trading in own shares

The Board is currently not authorised by the general meeting to purchase any of the Company’s own shares on behalf of the Company. If the Board is authorised by the general meeting to purchase the Company’s own shares, such authorisation should be restricted to defined purposes, and not last longer than to the Company’s next annual general meeting.

In the event of a future share buy-back programme, the Board will aim to ensure that all transactions pursuant to such a programme should be carried out either through the trading system on the Oslo Stock Exchange or at prevailing prices on the Oslo Stock Exchange. In such a programme were introduced, the Board would take the Company’s and shareholders’ interests into consideration and aim to maintain transparency and equal treatment of all shareholders. If there is limited liquidity in the Company’s shares, the Company shall consider other ways to ensure equal treatment of all shareholders.

Transactions with close associates

There have been no material transactions between the Company and shareholders, a shareholder’s parent company, members of the Board, executive personnel or any close associates of any such parties since the date of listing of the Company on the Oslo Stock Exchange. The Board will ensure that any material transactions between the Company and shareholders, a shareholder’s

parent company, members of the Board, executive personnel or close associates of any such parties are entered into on arms-length terms. For any such transactions, which do not require approval by the general meeting pursuant to the Norwegian Public Limited Liability Companies Act, the Board will assess on a case-by-case basis whether a fairness opinion should be obtained from an independent third party.

Guidelines for directors and executive management

The Board has adopted rules of procedures for the Board, which inter alia include guidelines for notification by members of the Board and executive management if they have any material direct or indirect interest in any transaction entered into by the Company.

2. FREELY NEGOTIABLE SHARES

The shares of the Company are freely transferable. There are no restrictions on transferability of shares pursuant to the Articles of Association.

3. GENERAL MEETINGS

The Board will make its best efforts with respect to the timing and facilitation of general meetings to ensure that as many shareholders as possible are able to exercise their rights by participating in the meetings, thereby making them an effective forum for the views of shareholders and the Board. There has been no general meeting since the date of the listing of the Company on the Oslo Stock Exchange.

Notification

The notice for a general meeting, with reference to or attached supporting information on the resolutions to be considered at the general meeting, shall as a principal rule be sent to shareholders no later than 21 days prior to the date of the general meeting. The Board will seek to ensure that the resolutions and supporting information distributed are sufficiently detailed and comprehensive to allow shareholders to form a view on all matters to be considered at the meeting. The notice and support information, as well as a proxy voting form, will normally be made available on the company's website www.scatecsolar.com no later than 21 days prior to the date of the general meeting.

Participation and execution

The Company's Articles of Association require shareholders to give notice to the Company of their participation at general meetings within five days prior to the general meeting.

To the extent deemed appropriate or necessary, the Board will seek to arrange for the general meeting to vote separately on each candidate nominated for election to the company's corporate bodies.

The Board and the nomination committee shall, as a general rule, be present at general meetings. The auditor will attend the ordinary general meeting and any extraordinary general meetings to the extent required by the agenda items or other relevant circumstances.

The Chairman of the Board will normally chair the general meetings. The Board will seek to ensure that an independent chairman is appointed if considered necessary based on the agenda items or other relevant circumstances.

The Company will aim to prepare and facilitate the use of proxy forms which allow separate voting instructions to be given for each item on the agenda, and nomination of a person who will be available to vote on behalf of shareholders as their proxy.

4. NOMINATION COMMITTEE

As explained above, the Company has yet to establish a nomination committee. However, the concept of a nomination committee is governed by the Articles of Association section 8. The Company adopted the instructions for the nomination committee at the extraordinary general meeting held on 13 August 2014.

5. BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

Pursuant to the Articles of Association section 7, the Company's Board shall consist of between three and seven members. The Board currently consists of the following five members: John Andersen, Alf Bjørseth, Akihiko Nakazono, Cecilie Amdahl and Mari Thjømøe. The Chairman of the Board was elected by the general meeting. The term of office for members of the Board is two years at a time.

All members of the Board are considered independent of the Company's executive management and material business contacts. Furthermore, Cecilie Amdahl and Mari Thjømøe are considered independent of the Company's main shareholders.

The Board does not include executive personnel.

6. THE WORK OF THE BOARD

Ten (10) Board meetings were held in 2014. In addition, the Board was presented with, and resolved, investments undertaken by the Company during the course of 2014. The Chairman, Mr. Andersen, was present at all Board meetings whilst being a member of the Board. Mr. Bjørseth, Mr. Nakazono and Ms. Thjømøe were each absent from one Board meeting, whilst Ms. Amdahl missed two meetings, all whilst members of the Board. All meetings were quorate.

The Board approved the 2013 annual accounts and continuously monitored the financial situation of the Company and movement of pipeline and backlog projects.

The rules of procedure for the Board

The Board is responsible for the overall management of the Company, and shall supervise the Company's day-to-day management and the Company's activities in general.

The Norwegian Public Limited Liability Companies Act regulates the duties and procedures of the Board. In addition the Board has adopted supplementary procedural rules, which provides further regulation on inter alia the duties of the Board and the Chief Executive Officer, the division of work between the Board and the Chief Executive Officer, the annual plan for the Board, notices of Board proceedings, administrative procedures, minutes, Board committees, transactions between the Company and the shareholders and confidentiality.

The Board's consideration of material matters in which the Chairman is, or has been, personally involved, shall be chaired by another member of the Board. There were no such matters in 2014.

The Board will evaluate its performance and expertise annually, and make the evaluation available to the nomination committee.

The audit committee

The Company's audit committee is governed by the Norwegian Public Limited Liability Companies Act and by a separate instruction adopted by the Board. The members of the audit committee are appointed by and from the members of the Board, and currently consist of Mari Thjømøe and John Andersen Jr. Both members are independent of the Company's executive management, and Mari Thjømøe and John Andersen have qualifications in accounting and auditing. The Audit Committee met three (3) times in 2014. The principal tasks undertaken by the audit committee were to:

- Prepare the Board's supervision of the Company's financial reporting process
- Monitor the systems for internal control and risk management
- Have continuous contact with the Company's auditor regarding the audit of the annual accounts
- Review and monitor the independence of the Company's auditor, including in particular the extent to which services other than auditing provided by the auditor or auditing firm represent a threat to the independence of the auditor

The remuneration committee

The Company's remuneration committee is governed by a separate instruction adopted by the Board. The members of the remuneration committee are appointed by and from the members of the Board, and currently consist of Cecilie Amdahl and John Andersen Jr. Both are independent of the Company's executive management. The principal tasks of the remuneration committee are to prepare:

- The Board's declaration on determination of salaries and other remuneration for executive management in accordance with the Norwegian Public Limited Liability Companies Act section 6-16 a
- Other matters relating to remuneration and other material employment issues in respect of the executive management

The remuneration committee had no meetings in 2014, but will hold its first meeting in the first half of 2015.

7. RISK MANAGEMENT AND INTERNAL CONTROL

The Board and internal control

In 2014 the Board assessed the Company's risks on an ongoing basis. Each year, as a minimum, the Board will conduct a thorough assessment of the significant parts of the Group's business and prospects in order to identify risks and potential risks, and remedy any incidents that have occurred. The Board ensured that the management presented quarterly financial statements informing the board and shareholders of current business performance for the second and third quarter, whilst the fourth quarter results were presented on 11 February 2015.

The Board's annual review

In addition, the Board aims to undertake a complete annual review of the risk situation, and this should be carried out together with the Board's review of the annual accounts. The auditor should attend this meeting.

8. REMUNERATION OF THE BOARD

The remuneration of the Board shall be decided by the Company's general meeting, and should reflect the Board's responsibility, expertise, time commitment and the complexity of the Company's activities. The remuneration should not be linked to the Company's performance.

The nomination committee shall give a recommendation as to the size of the remuneration to the Board. Pursuant to the instructions for the nomination committee, the recommendation should normally be published on the Company's website no later than 21 days prior to the general meeting that decides on the remuneration.

The Company has not granted share options to Board members.

Any remuneration in addition to normal fees paid to the members of the Board will be specifically identified in the annual report. However, no such fees were paid.

Members of the Board and/or companies with whom they are associated should not take on specific assignments for the Company in addition to their appointment as a member of the Board. If they do nonetheless take on such assignments this should be disclosed to the full Board. The remuneration for such additional duties should be approved by the Board. No such additional assignments took place.

9. REMUNERATION OF THE EXECUTIVE MANAGEMENT

The Board will, in accordance with the Norwegian Public Limited Liability Companies Act, prepare separate guidelines for the stipulation of salary and other remuneration to key management personnel. The guidelines shall include the main principles applied in determining the salary and other remuneration of the executive management, and shall ensure convergence of the financial interests of the executive management and the shareholders. It should be clear which aspects of the guidelines that are advisory and which, if any, that are binding thereby enabling the general meeting to vote separately on each of these aspects of the guidelines.

The guidelines will be communicated to the ordinary general meeting.

The Board aims to ensure that performance-related remuneration of the executive management in the form of share options, annual bonus programmes and the like, if used, are linked to value creation for shareholders or the Company's earnings performance over time. Performance-related remuneration should be subject to an absolute limit. Furthermore, the Company aims to ensure that such arrangements are based on quantifiable factors which the employee in question can influence.

10. INFORMATION AND COMMUNICATIONS

General

The Board has adopted a separate manual on the disclosure of information which sets out the Company's disclosure obligations and procedures. The Board will seek to ensure that market participants receive correct, clear, relevant and up-to-date information in a timely manner, taking into account the requirement for equal treatment of all participants in the securities market.

The Company will publish an annual financial calendar, providing an overview of the dates for major events such as its ordinary general meeting and publication of interim reports.

Information to shareholders

The Company shall have procedures for establishing discussions with important shareholders to enable the Board to develop a balanced understanding of the circumstances and focus of such shareholders. Such discussions shall be done in compliance with the provisions of applicable laws and regulations.

All information distributed to the Company's shareholders will be published on the Company's website at the same time as it is sent to shareholders.

11. TAKEOVERS

In the event that the Company becomes the subject of a takeover offer, the Board shall seek to ensure that the Company's shareholders are treated equally and that the Company's activities are not unnecessarily interrupted. The Board shall also seek to ensure that the shareholders have sufficient information and time to assess the offer.

There are no defence mechanisms against takeover bids in the Company's Articles of Association, nor have other measures been implemented specifically to hinder the acquisition of shares in the Company. The Board has not established written guiding principles for how it will act in the event of a takeover bid, as such situations are normally characterised by concrete and one-off situations which make a guideline challenging to prepare.

In the event of a takeover occurring, the Board would consider the relevant recommendations in the Corporate Governance Code and whether the concrete situation entails that the recommendations in the Corporate Governance Code can be complied with or not.

The Company has not established separate principles for how to act in a takeover situation as described above.

12. AUDITOR

The Company's external auditor is Ernst & Young AS.

The auditor participates in the meetings of the Board that deal with the annual accounts. At least one board meeting with the auditor is held each year at which no member of the executive management is present.

The Auditor participates in all Audit Committee meetings with the focus on the following key areas on the agenda: to assess and monitor the financial reporting process and internal control routines.

The Board has established guidelines in respect of the use of the auditor by the executive management for services other than the audit. The Board receives an annual independence confirmation from the auditor.

The remuneration to the auditor will be approved by the ordinary general meeting. The Board will report to the general meeting details of fees for audit work and any fees for other specific assignments.

13. DIVIDEND POLICY

All Shares in the Company have equal rights to dividends. As previously communicated, the Company's objective is to pay its shareholders consistent and growing cash dividends. A share of free cash distributed from the project companies holding the Company's power-producing assets will be used to pay regular cash dividends that are sustainable on a long-term basis. It is the intention that dividends will grow in line with the growth in the Company's producing asset base. The Company will, subject to the approval of the general meeting, propose a distribution of dividends on the basis of the 2014 account of approximately NOK 25 million.

From 2015 the Company reiterates that it intends to allocate 50 percent of free cash received from the project companies holding the Company's power-producing assets to dividends.

There can be no assurances that in any given year a dividend will be proposed or declared, or if proposed or declared, that the dividend will be as contemplated by the above. In deciding whether to propose a dividend and in determining the dividend amount, the Board will take into account legal restrictions, the Group's capital requirements and financial condition, general business conditions, any restrictions that borrowing arrangements or other contractual arrangements may place on the Company's ability to pay dividends and the maintaining of appropriate financial flexibility.

Shareholder Matters

SHARE CAPITAL AND SHAREHOLDER STRUCTURE

On 2 October 2014, the shares of Scatec Solar ASA were listed on the Oslo Stock Exchange under the "SSO" ticker. The offering comprised 36.3 million shares, of which 26.3 million were new shares. Subsequent to the share issue Scatec Solar has 93.8 million shares outstanding.

Gross proceeds from the share offering were NOK 499 million. After completion of the offering, Scatec Solar had approximately 650 shareholders. Per 31 December 2014 the number of shareholders amounted to 851. A list of the company's 20 largest shareholders per 31 December 2014 is presented in the table below.

20 LARGEST SHAREHOLDERS AS PER 31ST OF DECEMBER 2014

SHAREHOLDER	NO. OF SHARES	OWNERSHIP	COUNTRY
Scatec AS	27,435,629	29.24%	NOR
Itochu Corporation	20,268,657	21.60%	JPN
Goldman Sachs & Co Equity	4,650,000	4.96%	USA
Argentos AS	2,755,760	2.94%	NOR
Verdipapirfondet DNB Norge	2,273,203	2.42%	NOR
Morgan Stanley & Co LLC	1,941,803	2.07%	USA
Verdipapirfondet DNB SMB	1,610,000	1.72%	NOR
Verdipapirfondet DNB Miljøinvest	1,425,947	1.52%	NOR
State Street Bank and Trust Co	1,388,377	1.48%	USA
Alden AS	1,200,000	1.28%	NOR
Ludvig Lorentzen AS	1,175,000	1.25%	NOR
Storebrand Verdi	1,030,000	1.10%	NOR
JP Morgan Chase Bank, NA	1,000,000	1.07%	USA
State Street Bank and Trust Co	992,568	1.06%	USA
DNB Livsforsikring ASA	897,094	0.96%	NOR
Victoria India Fund AS	892,900	0.95%	NOR
Goldman Sachs International Equity	717,798	0.76%	USA
MP Pensjon PK	700,000	0.75%	NOR
Belito AS	677,609	0.72%	NOR
Delphi Norge	660,000	0.70%	NOR
Total 20 largest	73,692,345	78.55%	
Other	20,123,885	21.45%	

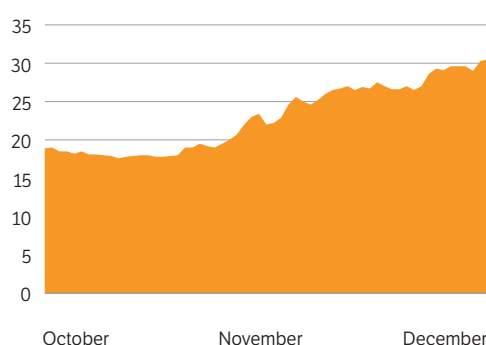
THE SCATEC SOLAR SHARE

By the end of 2014 the SSO share price was NOK 30.5. From the date of the listing to the end of the year, the SSO share price increased by close to 60% percent.

SHARE PRICE DEVELOPMENT

2nd of October 2014 – 31st of December 2014

NOK MILLION



FINANCIAL CALENDAR 2015

EVENT	DATE
Fourth quarter 2014	11th of February, 2015
First quarter 2015	6th of May, 2015
Annual General Meeting	7th of May, 2015
Second quarter 2015	29th of July, 2015
Third quarter 2015	28th of October, 2015
Fourth quarter 2015	February, 2016

INVESTOR RELATIONS

Scatec Solar puts a strong emphasis on informing shareholders, banks, analysts, financial markets, press and the public about important news and developments through annual and quarterly reports, stock exchange notices and other updates.

More information can be found in the investor section of Scatec Solar's website at www.scatecsolar.com/investor.

Analysts following Scatec Solar

- Petter Nystrom, ABG Sundal Collier
- Preben Rasch-Olsen, Carnegie
- Thomas Skeivys, Norne Securities

CONTACT

For more information about investing in Scatec Solar, please use the contact information below.



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Corporate social responsibility

Compliance with national, regional and international rules, laws and conventions is mandatory in Scatec Solar, but business ethics and sustainability extend beyond compliance. These efforts not only build trust among our stakeholders, they are also vital to our business ambitions and corporate strategy. We strive to conduct our business in a way that makes people proud to work with and for Scatec Solar.

In 2014, Scatec Solar undertook an important step towards further improving and systemising the work within the area of corporate social responsibility. We have developed a policy defining Scatec Solar's fundamental principles of integrity and sustainability, and we have also chosen 10 priority areas to focus on by our employees and our company as a whole when conducting business.

To illustrate our approach to corporate social responsibility, we have defined the following three main themes: delivering competitive renewable energy, contributing to local value creation and being a trusted business partner. The chosen 10 priority areas are grouped into these themes. Each of the areas is defined by a policy, an evaluation of results in 2014 and a set of ambitions to be measured for 2015. The framework is displayed below and the chapters that follow present each area in more detail.



CORPORATE SOCIAL RESPONSIBILITY FRAMEWORK

Improving our future

Delivering competitive renewable energy

Contributing to local value creation

Being a trusted business partner

Predictable energy production

Securing capacity growth

Promoting and financing solar energy

Local development

Community engagement

ESG integration in project development

HSE and labour conditions

Talent attraction and retention

Anti-corruption

Responsible procurement

1. DELIVERING COMPETITIVE RENEWABLE ENERGY

1.1 Predictable energy production

Our policy

Our customers and the communities we operate in rely on us to deliver on our commitments and to secure predictable and affordable supply of solar electricity. Maintaining stable operational performance is essential to ensuring the trust of our business partners. We will:

- Build solar power plants based on the highest industry standards and according to the “Scatec Solar Quality Policy”
- Source components from the leading suppliers based on the latest proven technologies available
- Operate and maintain the plants to ensure maximum availability and performance of the solar power plants

Our actions and results in 2014

During 2014 we increased our total installed capacity of power producing solar plants by 130 percent, from 95 MW to 219 MW. The Linde (40 MW) solar plant in Northern Cape, South Africa, started production in June, the ASYV (8 MW) solar plant in Rwanda in July, the Dreunberg (75 MW) plant in Eastern Cape, South Africa, started production in September – all ahead of the commitments made to power purchasers.

All our power-producing plants have demonstrated performance above the expectations of independent technical advisors and the availability (plant uptime) across the portfolio has been as high as 99.9 percent. Such high performance and availability of the plants is secured through Scatec Solar’s integrated and industrial approach to developing, constructing and operating solar plants.

Our ambitions and goals

We will continue our effort of securing and continuously improving the performance of our operating plants, and ensure that the new production capacity under construction in Honduras, Jordan and the USA will start production as planned during 2015.

1.2 Securing capacity growth

Our policy

The growth of our business is in itself a positive contribution towards meeting the climate challenge and bridging the global energy gap. We are also conscious that taking part in driving change through new solutions and technology is key to growth. We will:

- Actively pursue new project opportunities within prioritised global regions to secure a robust project pipeline
- Develop projects in collaboration with local partners that can contribute with essential knowledge and networks
- Monitor developments in relevant technologies and solutions and contribute to innovative initiatives in the sector

Our actions and results in 2014

In 2014 we completed construction of three new solar power plants in South Africa and Rwanda totalling about 130 MW. Additionally, we have developed and secured financing for four new power plants in the USA, Honduras and Jordan. Their capacity is a total 207 MW.

We collaborated with local partners in all of our projects in 2014.

Our ambitions and goals

Scatec Solar has a target to grow its base of producing assets from 219 MW to gross 750 MW by the end of 2016, which would represent an increase of 530 MW. Currently, we have 207 MW of projects under construction and a pipeline of projects with a combined capacity of 660 MW in MENA, Americas and Africa.

1.3 Promoting and financing solar energy

Our policy

The growth of renewable energy production continues to be driven by political determination to create a low carbon economy and increase access to energy globally. We have knowledge and experience that are valuable in shaping and driving this agenda. We will:

- Share knowledge and experiences of the benefits of renewable energy in dialogue with policy makers, local authorities, investors and other partners
- Encourage regulatory developments and incentives that support renewable energy
- Leverage carbon and climate finance to improve project internal rates of return
- Ensure that our efforts to promote renewable energy are done in a balanced manner and with integrity

Our actions and results in 2014

Scatec Solar was active at several industry conferences, events and seminars throughout 2014 including the Utility Week in South Africa, SREP conference in Jamaica, Africa Energy Exchange in London and the NABA conference. In addition to expanding the Company’s partner network, the purpose of the participation has been to share knowledge of the benefits of deploying more solar globally and how policies can be implemented to ensure increased investments in solar in the future.

In 2014 Scatec Solar developed a policy on climate and carbon financing to guide the Company through the project pipeline. This policy resulted in applications for the sale of two million tonnes of certified emission reductions (CERs) to the Nordic Environment Finance Corporation (NEFCO). We submitted 18 projects under two Programme of Activities (POAs) including projects in Jordan, Egypt and eight sub-Saharan countries. The UNFCCC granted CDM loans to our projects in Ghana, Mali and Burkina Faso for validation purposes.

Table 1 below shows the avoided emissions from our clean electricity generation per year for four of our parks in operation.

TABLE 1: CARBON EMISSIONS AVOIDED PER PROJECT

PROJECT/COUNTRY CONSTRUCTED AND/OR COMPLETED IN 2014	GHG ⁽¹⁾ EMISSIONS AVOIDED (TONNES CO ₂ PER ANNUM)
ASYV, Rwanda	15,000
Dreunberg, South Africa	170,000
Linde, South Africa	89,000
Kalkbult, South Africa	142,000

(1) Greenhouse gases.

We have close cooperation with development finance organisations and have documented partnerships with Norad (Norwegian Agency for Development Cooperation), IFC (member of the World Bank Group) and Norfund (Norwegian Investment Fund for Developing Countries), to name a few.

In Norway, we have been actively engaged in the discussion about how the Norwegian government can do more to promote economic development in developing countries through improved access to renewable energy by promoting direct investment through Norwegian renewable energy independent power producers (IPPs).

Our ambitions and goals

Scatec Solar will continue to be an active participant in industry-wide discussions – internationally and in Norway. We will also continue to push forward the establishment of improved policies that promote increased investments in solar.

2. CONTRIBUTING TO LOCAL VALUE CREATION

2.1 Local development

Our policy

Our goal is to ensure that we directly and indirectly have positive impacts on the societies in which we operate. We will:

- Employ local labour and enable knowledge transfer and job creation in local communities
- Use local suppliers whenever feasible
- Plan for and contribute to local development initiatives
- Ensure that our efforts to impact positively on local communities are done with integrity and awareness of our zero tolerance for corruption
- Train and educate our people in how best to operate in a new, often foreign, culture to make every project friction free and a collaborative enterprise
- Increase access to renewable electricity generation capacity in countries experiencing energy shortage

Our actions and results in 2014

Our most significant contribution to local value creation is through increasing access to electricity. This is particularly relevant in Rwanda, where our solar power plant increased nationwide installed generation capacity by close to eight percent. Furthermore, the project is a pioneer in being the first utility-scale solar power plant in not just Rwanda, but the whole of East Africa.

The table below provides an overview of some of our operating projects in 2014 with regards to the installed MW of renewable energy generation, annual power production, the number of households provided with energy and our estimated quantifiable direct contribution to local economies during the construction phase.

In South Africa, local economic development has been particularly important, and this was heavily weighted in the evaluation of the tenders for winning concessions. We have made significant efforts to contribute to local economic development for our three projects in South Africa. These efforts have provided us with valuable experience that we have learnt from and will integrate and use in future projects. A particular emphasis has been on contributing to the 2003 Act “Broad Based Black Economic Empowerment” (BBBEE) in the South African projects, including:

- Job creation – providing employment for South African citizens, focusing on skilled and unskilled citizens and members of the local community
- Local content – total spending on South African labour and products in the projects
- Local ownership – shareholdings by black people
- Management control – growing the number of black people in management positions
- Preferential procurement – goods and services purchased from suppliers with Black Economic Empowerment (BEE) recognition levels
- Enterprise development – identifying and helping local enterprises to grow
- Socio-economic development – initiatives related to the promotion of access to the economy for black people

Our commitment to job creation, including the use of local labour and suppliers, contributes to reducing unemployment rates and provides knowledge transfer to the community. We therefore strive to employ local labour as far as possible, regardless of whether this is a regulatory or contractual requirement.

In all our construction projects, we have employed local skilled and unskilled labour and provided workers with technical skills and an experience of employment in construction and industry operations. These construction jobs are often short term, as the labour-intensive construction phase usually lasts 6-14 months. Still, employees learn transferable and valuable skills, and our subcontractors maintain a database of previous employees.

TABLE 2: OUR 2014 PROJECTS- SUSTAINABLE NATIONAL DEVELOPMENT ACHIEVEMENTS

PROJECT/COUNTRY CONSTRUCTED AND/OR COMPLETED IN 2014	INSTALLED MW OF RENEWABLE ENERGY GENERATION (DC CAPACITY)	ANNUAL POWER PRODUCTION (MWH)	NUMBER OF HOUSEHOLDS PROVIDED WITH ENERGY ⁽¹⁾	LOCAL PROCUREMENT SPENDING (NOK)
ASYV, Rwanda	8.5	15,500	15,000	19,533,384 ⁽²⁾
Dreunberg, South Africa	75	178,000	37,500	251,605,784
Linde, South Africa	40	94,000	20,000	123,718,137

(1) Avg. el consumption 4.5kWh/ house IFC std.

(2) Estimated value of local contracts.

All workers receive HSSE training (Health, Safety, Security and Environment) before they go on site. Employees can later use this as documentation and a reference for future job applications.

In some of our projects, we also have made considerable efforts to establish formalised structures for employment exceeding what is included in local legislation. In 2014 while three of our projects were in their most labour-intensive phase, the construction phase, we employed a total of 1,580 workers. The job creation, the percentage of local employment and the number of skill certifications for each project are shown in the table 3 below.

We also make financial contributions to socio-economic development initiatives directly to the local communities. In South Africa a fixed percentage of the projects' revenues is dedicated to this. A fixed amount of the projects' dividends are also placed in trusts aimed at black economic empowerment programmes.

The most important contributions to socio-economic development in Rwanda come from the land lease. Our solar plant in Rwanda is located on land belonging to the Agahozo-Shalom Youth Village (ASYV), from which the project took its name. This is a residential and educational community for young people orphaned during and after the genocide in 1994, and the land lease revenues support the funding of this youth village. The total financial contribution from the South African projects is significant. For instance, we estimate that the total contribution from dividends and project revenues will amount to about NOK 1.2 billion in financial support to socio-economic development initiatives across our projects during their planned lifetimes.



Our ambitions and goals

Scatec Solar has a target to grow its base of producing assets from 219 MW to gross 750 MW by the end of 2016, which would represent an increase of 530 MW. Currently, we have a pipeline of projects with a gross capacity of 660 MW in the MENA, Americas and Africa regions. We have set an ambition to increase access to renewable electricity generation capacity by 954 GWh by 2016.

We also have an aim of better quantifying the social and environmental impact of our projects. We will continue to develop our experience of hiring of local labour when constructing new solar plants in 2015 and onwards. For example, during the construction phase of our plant in Jordan in 2015, we aim to hire entirely local labour, recruiting equally amongst local tribes.

TABLE 3: LOCAL JOB CREATION FROM OUR 2014 PROJECTS

PROJECT	JOB CREATION (DURING THE PEAK CONSTRUCTION PERIOD)	% LOCAL EMPLOYEES (CITIZENS)	NO. OF WORKERS WITH DOCUMENTED SKILL ENHANCEMENT
Linde	550	70	79 ¹⁾
Dreunberg	430	77	142 ¹⁾
ASYV	600	85	400 ²⁾

(1) Workers certified.

(2) Workers with formalized documentation of experience.

TABLE 4: CONTRIBUTION TO LOCAL DEVELOPMENT

PROJECT	FINANCIAL CONTRIBUTION	FOCUS FOR DEVELOPMENT INITIATIVES
Kalkbult	1% of project revenue	Health, Education Skills Enhancement, Economic Empowerment
Dreunberg	1.1% of project revenue	Health, Education Skills Enhancement, Economic Empowerment
Linde	1.1% of project revenue	Health, Education Skills Enhancement, Economic Empowerment
ASYV	100,000 USD per annum in land lease and 183,641 USD in land right premium (in 2014)	Funding of the Agahozo-Shalom Youth Village (ASYV)

2.2 Community dialogue and engagement

Our policy

Our projects may impact local communities. Communication and engagement is therefore essential in order to minimise potential negative impacts and maintain good relations with interested parties. We will:

- Develop a formalised stakeholder and management plan for all projects at an early stage to help us inform and communicate with parties that are going to be affected by the project. This will enable a two-way dialogue to ensure understanding and support for the project, and set the right expectations of how this will impact the communities
- Appoint a designated community liaison manager in our projects to ease understanding and communications between parties in the local communities
- Maintain an active dialogue during the project phases with local communities to ensure open and integrated communication
- Engage with communities on several levels, from national governments to project neighbours

Our actions and results in 2014

In 2014 we engaged with stakeholders in accordance with the expectations set out in the International Finance Corporation (IFC) performance standards. This includes stakeholder meetings where community members can raise questions and share their concerns in the planning and development phase of the projects. In our most mature projects we have found that engaging closely with local communities contributes to local employee satisfaction and avoids social unrest and misunderstandings.

Our close work with local communities has improved our ability to manage expectations in relation to local stakeholders including landowners, beneficiaries of the local development trust, local authorities, community leaders and charitable organisations. Ensuring the collaboration and buy-in of the local municipal managers and community leaders is a key success factor in recruiting workers from the local communities. In South Africa, for instance, we have a dedicated community liaison manager who works to maintain a close relationship with our on-site employees and local communities.

In 2014 a formal stakeholder analysis and stakeholder engagement process was developed for all of our projects, and all projects have a dedicated community/stakeholder manager.

Our ambitions and goals

We have committed to learn from the positive experiences in South Africa and Rwanda, and for future projects we will designate a person with responsibility for community engagement. In 2015 this will be highly relevant as our project in Jordan will operate in a sensitive tribal environment. Consequently, we are committed to hiring a community liaison officer who will aid in recruiting 100 percent local employees from the different tribes during the construction phase of the project.

We also aim to develop a formalised stakeholder analysis and management plan as part of our projects' Environmental and Social Impact Management Plan, with regular updates in our future projects. This goal is a result of the lessons learnt in South Africa and Rwanda and is in line with the IFC performance standard and the Equator Principles.

3. BEING A TRUSTED BUSINESS PARTNER

3.1 Environmental, social and governance (ESG) integration in project development

Our policy

The environmental, social and governance (ESG) impact of our projects is to a large extent determined during the project development phase. Proactive management of ESG issues in this phase is therefore essential to managing the impact and the success of the project. We will:

- Whenever feasible conduct environmental and social impact assessments wherever feasible, and additional ESG due diligence if significant matters are uncovered in initial impact assessments
- Conduct risk assessments of potential partners, operating countries and locations to limit governance-related risk such as breaching sanctions and engaging in bribery and corruption, criminal records and creditworthiness
- Develop all projects in accordance with the IFC performance standards and the Equator Principles
- Integrate ESG considerations in project development tools and processes
- Design systems and services to minimise the environmental impact, with an emphasis on protecting local biodiversity

Our actions and results in 2014

We collaborate with partners that also have high standards for the projects and their associated impacts. We have committed to operating in line with the Equator Principles in all our projects. The projects constructed in 2014 have all been categorised as "Category B" projects according to the Equator Principles. This means that they have "potential limited adverse social or environmental impacts that are few in number, generally site specific, largely reversible and readily addressed through mitigation measures". All the projects constructed in 2014 were developed in accordance with the IFC performance standards.

When searching and planning for new markets we have a systematic and in-depth process for site selection. This process includes an environmental impact assessment (EIA) and a social impact assessment (SIA) carried out by an accredited independent third party who develops the plans. These are then sent to the relevant government body for assessment and approval. For our projects constructed in 2014 – Linde, Dreunberg and ASYV – these assessments did not reveal any material negative impact in the environmental or social dimension.

Our ambitions and goals

We will work further to formalise ESG integration in the project development phase through incorporating ESG considerations into all stages of our operating model. We will, for instance, work to ensure a grievance mechanism for all our projects in line with the IFC's social and environmental standards in all projects.

3.2 Health, safety, security and environment (HSSE) in projects

Our policy

Health, safety, security and environmental focus are key elements of Scatec Solar's approach to operational excellence. HSSE is particularly emphasised through project execution. We take responsibility for HSSE, because we care about the people, the



environment and our Company. We define and communicate the health and safety standards to our employees and contractors. Please refer to our HSE policy for more information. We will:

- Continuously work for zero harm to personnel, materials and the environment
- Always put safety first, evaluate risk and secure our working environment
- Ensure that all our business activities are conducted in line with applicable labour standards and fundamental human rights norms as described by the International Labour Organisation and the Universal Declaration of Human Rights
- Apply a zero tolerance approach to alcohol or other drugs in the work environment
- Ensure fair working hours and wages for all employees and contractors' employees working on site
- Ensure that our operations have a minimum environmental impact with a focus on protecting local biodiversity and using water responsibly

Our actions and results in 2014

Health, safety and security are key priorities in the development, construction and maintenance of our projects and during transportation to and from the site. Scatec Solar takes responsibility, sets requirements and monitors performance of health, safety and security. The high unemployment rate in some of our operating countries, such as South Africa, where many on-site employees have their first job, leaves us with a particular responsibility for

implementing a sound HSSE culture. We train and monitor risk management amongst our contractors.

Our efforts to create good worksites include a competitive wage level above the minimum, limits to long working hours and simple things such as ensuring access to clean drinking water. Maintaining high standards and good working conditions is in our own interest. We have experienced that a good relationship with our on-site employees results in loyalty, higher productivity and reduced number of thefts from sites.

We have also taken a proactive approach to ensuring safe operation of machinery on our sites. During the construction phase of our Rwandan and South African projects, we introduced for instance regular alcohol testing as a precautionary measure against potentially poor employee conduct. An overview of fatal accidents and lost time injuries (LTI) is shown in table 5 below. These indicators are related to the operations conducted by our contractors.

TABLE 5: HSSE INDICATORS FOR OUR PROJECTS

PROJECT	FATAL ACCIDENTS	LOST TIME INJURIES (LTI)
Linde	-	-
Dreunberg	-	-
ASYV	-	1
Kalkbult	-	-



Our ambitions and goals

All incidents can be prevented. We work continuously for zero harm to personnel, materials and the environment. We also aim to continue to set high HSSE standards in the countries where Scatec Solar operates. This includes, for instance, the introduction of alcohol testing on all relevant projects. We aim to continue to develop our approach for a common understanding of our expectations with regards to high levels of work ethics and quality on our sites. We also aim to improve the data on accidents, lost time injuries and other indicators in the area of HSSE.

3.3 Talent attraction and retention

Our policy

The people of Scatec Solar make up who we are. A highly skilled and motivated workforce is essential to the success of our Company, the execution of our strategy and our continued growth. A competent and motivated workforce driving towards the same goals is vital to our success. We will:

- Encourage a working environment guided by a culture based on our values
- Provide our people with opportunities to develop according to their personal aspiration and professional career opportunities
- Build a high performance working environment, recognising our peoples' achievements and rewarding them based on their results and good actions
- Ensure that each employee knows what is expected of him/her in his/her role
- Provide our people with direct feedback and guidance on their work and performance
- Provide equal opportunities and value diversity of people, opinions, and expertise regardless of race, colour, religion, sex, age, national origin or disability
- Provide a safe place to work, free from harassment
- Train and provide the necessary tools for our managers to be able to lead their people in the best possible way

Our actions and results in 2014

Scatec Solar is characterised by enthusiastic and committed people who believe in the importance of our purpose. It can therefore sometimes be a challenge to ensure that a work-life balance is maintained. This is an area we are determined to address and resolve continuously, because we clearly recognise that a work-life balance is vital to long-term employee satisfaction and health.

Our human resources (HR) function is key to attracting and retaining talent. HR is a support function and its strategy is therefore in line with the business strategy. During 2014 HR focused on supporting leaders with business growth. In addition, HR has commenced the creation of a core set of tools and processes, both to support leaders in attracting the right people and to empower these leaders in managing their people.

Every year, Scatec Solar develops a "People Development Plan" for each employee. This is the tool to be used for the bi-annual sit-down between the manager and an employee in order to assess each employee's responsibilities, performance and areas for development.

An overview of sickness, diversity and numbers of complaints for the headquarters in Norway, and the Company as a whole, is shown in Table 6.

TABLE 6: INDICATORS RELATED TO HEALTH AND WORKING ENVIRONMENT

PROJECT	SICKNESS (%)	DIVERSITY (% WOMEN)	NO. OF COMPLAINTS
Head quarter (Norway)	3.0	28	-
Total company	3.3	24	-

Our ambitions and goals

As we mature as a company, we aim to develop our approach to HR management further. This will include engaging employees to provide feedback on possible improvements in the working environment, as well as working further to institutionalise the People Development Plan process.

We aim to be a preferred employer for good workers and the best talents. We will therefore make sure that we are a highly visible company marketing our positive social and environmental impact. Another ambition for 2015 is to increase the share of female employees at all levels in the organisation. In addition, we will continue the work of providing great working conditions and exciting personal challenges.

3.4 Anti-corruption

Our principles

We depend on a sustainable business environment and set out to comply with our high standards of business ethics. The selection of, and cooperation with, business partners is of vital importance to obtain a non-corruptive business environment. We will:

- Take a zero-tolerance approach to bribery and corruption
- Strive to maintain high ethical standards
- Build a culture that values honesty, integrity and transparency, and ensure the same behaviour among our partners
- Reflect our own high standards of anti-corruption behaviour in the contracts with our partners
- Provide anti-corruption training for all employees

Our actions and results in 2014

We operate in several countries that, according to the Transparency International Corruption Perceptions Index, are exposed to high levels of corruption. We therefore conduct thorough assessments of the potential host country, region and partners before we decide to conduct our business. Additionally, we demonstrate a high level of awareness in relation to symptoms on this matter while conducting our business.

In 2014 we registered no complaints or incidents of corruption and therefore received no fines related to this. During the year, we started a process to develop further our code of conduct; this was performed to clarify better our expectations of each individual.

Our ambitions and goals

The work directed towards raising awareness of corruption and how to avoid this requires continuous efforts from our company. We aim to continue to report zero incidents of corruption. We hope to achieve this through ensuring awareness of our code of conduct, and the dilemmas and red flags to which we might be exposed. Another important ambition for our updated code of conduct is to include a clear description of how and where concerns from employees can be raised anonymously such as a whistle blower function. We have a goal of developing such a scheme in 2015.

3.5 Responsible procurement

Our principles

Our selection of suppliers and sub-contractors impact our social and environmental performance. We will:

- Choose our suppliers based on relevant sustainability criteria including transparency, HSSE standards and environmental performance
- Ensure that our suppliers commit to our Supplier Conduct Principles and monitor compliance through regular supplier audits of significant and high-risk suppliers
- Take a life-cycle approach to our carbon footprint and choose suppliers that contribute positively to our climate impact
- Ensure that our solar systems can be reused, recycled or disposed of safely
- Avoid procuring solar modules that contain cadmium

Our actions and results in 2014

We believe that our responsibility extends beyond our own operations, and we acknowledge the substantial impact we have on society, and potentially also the environment, through our supply chain. We therefore engage in dialogue with our suppliers and sub-contractors and have implemented sustainability criteria in the procurement process to ensure a more viable supply chain. In particular, our dialogue and criteria have been focused on HSSE and labour rights. All our contracts contain details regarding HSSE standards and labour rights to ensure safe and fair working conditions.

Our ambitions and goals

We will continue to integrate HSSE and labour rights further in the supplier and contractor selection process, into the supplier code of conduct, and into the contracts. We also aim to strengthen the extent to which our audits assess these factors.

Procurement is the part of our value chain that represents the most significant amount of greenhouse gas (GHG) emissions. The solar energy we produce positively contributes to reducing GHG emissions and in order to further strengthen this effect, we aim to limit the amount of GHG emissions in our supply chain. Most significantly we aim to take on a life-cycle perspective to our emissions. This involves enforcing clear requirements for the GHG emissions in the production of the solar panels, and ensuring good life expectancy and end-of-life disposal options.

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Consolidated statement of profit or loss

1 January – 31 December

NOK THOUSAND	NOTE	2014	2013
Revenues	3	477,609	132,163
Net income/(loss) from associated companies	3, 19	-1,183	-3,191
Total revenues and other income		476,426	128,972
Cost of sales	3	-5,118	-12,331
Gross profit		471,308	116,641
Personnel expenses	23	-69,686	-50,886
Other operating expenses	17	-108,736	-82,607
Depreciation, amortisation and impairment	11, 12	-101,859	-57,836
Operating profit		191,027	-74,688
Interest and other financial income	8,18	54,799	129,755
Interest and other financial expenses	5,8,18	-248,557	-101,258
Foreign exchange gain/(loss)	4,18	62,310	64,242
Net financial expenses		-131,448	92,739
Profit before income tax		59,579	18,052
Income tax (expense)/benefit	13	-11,062	-25,603
Profit/(loss) for the period		48,517	-7,551
Profit/(loss) attributable to:			
Equity holders of the parent		-17,923	-34,678
Non-controlling interests	22	66,440	27,127
		48,517	-7,551
Earnings per share			
- Basic and diluted (NOK)	20	-0.25	-0.53
Weighted average number of shares	20	72,807	64,960

Consolidated statement of comprehensive income

1 January – 31 December

NOK THOUSAND	NOTE	2014	2013
Profit/(loss) for the period		48,517	-7,551
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss			
Net movement of cash flow hedges	8	-86,997	125,280
Income tax effect	13	24,359	-35,079
Foreign currency translation differences		117,750	-53,560
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		55,112	36,642
Total comprehensive income for the year, net of tax		103,629	29,091
Attributable to:			
Equity holders of the parent		74,449	-48,029
Non-controlling interests	22	29,180	77,120
		103,629	29,091

Consolidated statement of financial position

NOK THOUSAND	NOTE	AS OF 31 DECEMBER 2014	AS OF 31 DECEMBER 2013
ASSETS			
Non-current assets			
Deferred tax assets	13	402,011	313,644
Property, plant and equipment - in solar projects	11	3,049,193	1,857,294
Property, plant and equipment - other	11	13,231	8,715
Goodwill	12	22,169	20,566
Financial assets	8	23,868	79,921
Investments in an associated companies	19	25,841	6,321
Other non-current assets	24	214,401	31,397
Total non-current assets		3,750,715	2,317,859
Current assets			
Trade and other receivables	14	126,122	25,472
Other current assets	16	82,897	105,237
Financial assets	8	2,946	50,552
Cash and cash equivalents	6	1,049,106	1,025,362
Total current assets		1,261,071	1,206,623
TOTAL ASSETS		5,011,785	3,524,482

Consolidated statement of financial position

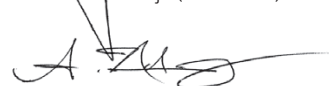
NOK THOUSAND	NOTE	AS OF 31 DECEMBER 2014	AS OF 31 DECEMBER 2013
EQUITY AND LIABILITIES			
Equity			
Paid in capital			
Share capital	21	2,345	1,624
Share premium		794,142	301,286
Total paid in capital		796,487	302,910
Other equity			
Retained earnings		-207,227	-147,074
Other reserves		40,511	-51,860
Total other equity		-166,716	-198,934
Non-controlling interests	22	546,811	294,640
Total equity		1,176,582	398,616
Non-current liabilities			
Deferred tax liabilities	13	82,640	80,894
Non-recourse project financing	5	3,337,265	2,376,968
Financial liabilities	8	14,886	-
Other non-current financial liabilities		4,646	3,608
Total non-current liabilities		3,439,437	2,461,470
Current liabilities			
Trade and other payables		69,947	441,811
Income tax payable	13	41,543	91,881
Non-recourse project financing	5	112,786	21,572
Financial liabilities	8	25,773	16,298
Other current liabilities	15	145,717	92,834
Total current liabilities		395,766	664,396
Total liabilities		3,835,203	3,125,866
TOTAL EQUITY AND LIABILITIES		5,011,785	3,524,482

Oslo, 24 March, 2015

The Board of Directors of Scatec Solar ASA



John Andersen jr. (Chairman)



Akihiko Nakazono



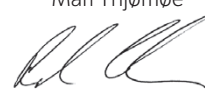
Alf Bjørseth



Cecilie Amdahl



Mari Thjømøe



Raymond Carlsen (CEO)

Consolidated statement of changes in equity

NOK THOUSAND	OTHER RESERVES					TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
	SHARE CAPITAL	SHARE PREMIUM	RETAINED EARNINGS	FOREIGN CURRENCY TRANSLATION	HEDGING RESERVES			
At 01.01 2013	1,624	301,286	-112,396	-21,044	-17,465	152,005	10,517	162,522
Profit for the period	-	-	-34,678	-	-	-34,678	27,127	-7,551
Other comprehensive income	-	-	-	-48,554	35,203	-13,351	49,993	36,642
Total comprehensive income	-	-	-34,678	-48,554	35,203	-48,029	77,120	29,091
Transactions with non-controlling interests	-	-	-	-	-	-	-	-
Dividend to equity holders of the company	-	-	-	-	-	-	-800	-800
Capital increase from non-controlling interests	-	-	-	-	-	-	207,803	207,803
At 31.12 2013	1,624	301,286	-147,074	-69,598	17,738	103,976	294,640	398,616
Profit for the period	-	-	-17,923	-	-	-17,923	66,440	48,517
Other comprehensive income	-	-	-	116,801	-24,429	92,372	-37,260	55,112
Total comprehensive income	-	-	-17,923	116,801	-24,429	74,449	29,180	103,629
Share capital increase	721	498,480	-	-	-	499,201	-	499,201
Transaction cost, net after tax	-	-14,607	-	-	-	-14,607	-	-14,607
Share-based payment	-	8,982	-	-	-	8,982	-	8,982
Dividend to equity holders of the company	-	-	-42,230	-	-	-42,230	-	-42,230
Capital increase from non-controlling interests ¹⁾	-	-	-	-	-	-	222,991	222,991
At 31.12 2014	2,345	794,142	-207,227	47,203	-6,691	629,771	546,811	1,176,582

1) The total capital increase from non-controlling interests to project entities consists of shareholder loans and equity. The amount of shareholder loans is NOK 47,581 thousand (2013: NOK 159,094 thousand). All payments related to these loans are at the discretion of the project companies. Accordingly, as the loans do not contain any contractual obligation to pay cash or other financial assets, the shareholder loans are presented as equity in the financial statements of the Group.

Nature and purpose of reserves included in total equity

Share premium

Share premium includes net share premium paid as part of capital increases, as well as a share-based payment transaction reserve used to recognise the value of equity-settled and share-based payment transactions provided to employees, including key management personnel, as part of their remuneration.

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Hedging reserve

The hedging reserve includes mark-to-market revaluation reserve on derivatives used in the Group's cash flow hedging.

Consolidated statement of cash flow

NOK THOUSAND	NOTE	2014	2013
Cash flow from operating activities			
Profit before taxes		59,579	18,052
Taxes paid	13	-100,549	-133,116
Depreciation and impairment	11,12	101,859	57,835
Net income from associated companies	19	1,183	3,191
Interest and other financial income	18	-54,799	-90,613
Interest and other financial expenses	18	248,557	62,116
Foreign exchange (gain)/loss		24,986	-64,242
(Increase)/decrease in trade and other receivables	14	-100,650	-2,807
(Increase)/decrease in other current assets	16	22,340	-11,610
Increase/(decrease) in trade and other payables		-371,864	414,411
Increase/(decrease) in current liabilities	15	83,091	38,921
Increase/(decrease) in financial assets/liabilities and other changes		-10,200	8,942
Net cash flow from operating activities		-96,467	301,080
Cash flows from investing activities			
Interest received		34,012	13,845
Investments in property, plant and equipment	11	-923,315	-1,313,765
Investments in associated companies and other non-current assets	19	-20,489	-6,497
Net cash flow used in investing activities		-909,792	-1,306,417
Cash flow from financing activities			
Proceeds from capital increase from non-controlling interest		105,100	207,804
Proceeds from share capital increase	21	484,595	-
Interest paid		-257,579	-44,798
Proceeds from non-recourse project financing	5	701,882	1,803,047
Repayment of non-recourse project financing	5	-19,780	-16,003
Proceeds from corporate overdraft facility	6	43,355	-
Repayment of corporate overdraft facility	6	-43,355	-80,964
Dividends paid to equity holders of the parent company	21	-42,230	-
Dividends paid to non-controlling interest		-	-800
Net cash flow from financing activities		971,988	1,868,286
Net increase/(decrease) in cash and cash equivalents		-34,271	862,948
Effect of exchange rate changes on cash and cash equivalents		58,016	-10,795
Cash and cash equivalents at beginning of the period		1,025,362	173,209
Cash and cash equivalents at end of the period	6	1,049,106	1,025,362
Cash in project companies		527,980	380,935
Other restricted cash		115,540	347,917
Free cash		405,586	296,510
Total cash and cash equivalents		1,049,106	1,025,362

Notes to the Consolidated financial statements Group

Note 1 Corporate information

Scatec Solar ASA is incorporated and domiciled in Norway. The address of its registered office is Karenslyst Allé 49, NO-0279 OSLO, Norway. Scatec Solar was established on 2 February 2007.

Scatec Solar ASA ("the Company"), its subsidiaries and investments in associated companies ("the Group" or "Scatec Solar") is one of the world's leading independent solar power producers. The Company is pursuing an integrated business model across the complete lifecycle of utility-scale solar photovoltaic (PV) power plants, including project development and design, financing, engineering, procurement, construction management, operation and maintenance and asset

management (see Note 3 – Operating segments). Information on the Group's structure is provided in Note 26 – Consolidated subsidiaries.

On 2 October 2014 the shares of Scatec Solar ASA were listed on the Oslo Stock Exchange. In conjunction with the listing, the two main shareholders of the Company, Scatec AS and Itochu Corporation, sold a significant share of their interest. However, they remain the two largest shareholders of the Company as of 31 December 2014 with a shareholding of 29.2 percent and 21.6 percent respectively.

Authorisation to issue the consolidated financial statements was granted by a resolution by the Board of Directors on 24 March 2015.

Note 2 Key sources of estimation uncertainty, judgements and assumptions

In connection with the preparation of the Company's consolidated financial statements, the Company's management has made assumptions and estimates about future events and applied judgements that affect the reported values of assets, liabilities, revenues, expenses and related disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The assumptions, estimates and judgements are based on historical experience, current trends and other factors that the Company's management believes to be relevant at the time the consolidated financial statements are prepared. The Company's management believes the following critical accounting policies affect the more significant judgements and estimates used in the preparation of the consolidated financial statements.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Consolidation of project companies

Scatec Solar's value chain comprises all downstream activities such as project development, financing, construction and operations, as well as having an asset management role through ownership of the solar power plants. Normally Scatec Solar enters into partnerships for the shareholding of the project companies owning the power plants. To be able to utilise the business model fully, Scatec Solar seeks to obtain operational control of the project companies. Operational control is obtained through

governing bodies, shareholder agreements and other contractual arrangements. Other contractual arrangements may include Scatec Solar's role as the developer of the project, EPC provider (construction), operation and maintenance service provider and asset management service provider.

Scatec Solar would normally seek to undertake the following distinct roles in its projects:

- As the largest shareholder providing equity financing to the project
- As (joint) developer, including obtaining project rights, land permits, off-take agreements and other local approvals
- As EPC supplier, responsible for the construction of the project
- As provider of operation and maintenance services to the projects, responsible for the day-to-day operations of the plant
- As provider of management services to the project companies

In 2012 Scatec Solar established three project companies in South Africa for the purpose of constructing and operating the Kalkbult, Linde and Dreunberg solar power plants under the South African Renewable Energy Independent Power Producer Program. Through holding companies, Scatec Solar indirectly owns 39 percent of each of these project companies. During 2014 Scatec Solar and two other shareholders established a project company in Rwanda for the purpose of constructing and operating the ASYV solar power plant. Throughout the construction phase Scatec Solar has a shareholding of 43 percent in the project company. One year subsequent to the commercial operation date Scatec Solar's shareholding will increase to 57 percent as part of a shareholders agreement.

Even though none of the projects Scatec Solar is involved with are identically structured, the five roles/activities described above constitute the main and relevant activities which affect the variable return. When assessing whether Scatec Solar controls a project company as defined by IFRS 10 Consolidated Financial Statements, all of the above agreements are analysed. For the four project companies referred to above, Scatec Solar has concluded that it through its involvement has the power to control the entities. Furthermore, Scatec Solar is exposed to variable returns and has the ability to affect those returns through its power over the companies.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in the respective domicile of the Group companies.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The Group has NOK 2,273,208 thousand (2013: NOK 656,547 thousand) of tax losses carried forward. When assessing the probability of utilising these losses several factors are considered. These factors include, if the entity in question has a history of losses, if there is an expiration date on the entity's ability to carry the losses forward, if the losses may be used to offset taxable income elsewhere in the Group and if there are any tax planning opportunities available. At year-end 2014 the Group has recorded a valuation allowance of NOK 12,063 thousand (2013: NOK 10,491 thousand) related to tax losses carried forward.

If the Group was able to recognise all unrecognised deferred tax assets, profit and equity would have increased by NOK 12,063 thousand. Further details on taxes are disclosed in Note 13 – Tax.

Estimated useful life of solar power plants

Depreciation of the Group's solar power plants commences when the plant is available for use, i.e. when it is grid connected and producing electricity. When determining the useful life of a plant, the following factors are considered:

- Expected usage of the plant. Usage is assessed by reference to the asset's expected capacity or physical output;
- Expected physical wear and tear, which depends on operational factors and the repair and maintenance programme;
- Technical or commercial obsolescence;
- Legal or similar limits on the use of the plants, such as the expiry dates of related leases.

The power plants currently in operation have 20 to 25 years Power Purchase Agreements (PPA) with the off takers. Whether or not these agreements will be extended is not currently known. Scatec Solar's assessment of the four factors described above concludes that the length of the PPAs is the decisive factor impacting/limiting the useful life of the power plants. Consequently, the Group depreciates the solar power plants over the length of the PPAs.

Note 3 Operating segments

Operating segments align with internal management reporting to the Group's chief operating decision maker, defined as the Group management team. The operating segments are determined based on differences in the nature of their operations, products and services. Scatec Solar manages its operations in three segments; Power Production (PP), Operation and Maintenance (O&M), and Development and Construction (D&C).

Revenues and costs related to deliveries of development and construction, and operation and maintenance services to

companies deemed to be controlled by Scatec Solar are eliminated in the Consolidated Group Financial Statements. The underlying value creation in each segment is hence reflected only in the segment reporting.

Power Production

The Power Production segment manages the Group's power-producing assets and derives its revenue from the production and sale of solar-generated electricity based on long-term power purchase agreements or feed-in-tariffs. Finance and operation of

the plants is ring-fenced in project entities with a non-recourse finance structure. This implies that the project debt is only secured and serviced by project assets and the cash flows generated by the project, and that there is no obligation for project equity investors to contribute additional funding in the event of a default. Free cash flows after debt service are distributed from these project companies to Scatec Solar and any other project equity investors in accordance with the shareholding and the terms of the finance documents. As per 31 December 2014 the PP segment comprised the Kalkbult (75 MW), Linde (40 MW), and Dreunberg (75 MW) plants in South Africa, the ASYV (9 MW) plant in Rwanda, and four plants in the Czech Republic (20 MW).

Operation and Maintenance

The Operation and Maintenance segment delivers services to ensure optimised operations of the Group's and third-party solar power plants through a complete and comprehensive range of services for technical and operational management. Revenues are based on service agreements with a periodic base fee, as well as a potential performance bonus.

Development and Construction

The Development and Construction segment derives its revenue from the sale of development rights and construction services to project entities set up to operate the Group's solar power plants. These transactions are primarily made with entities that are under

the control of the Group and hence are being consolidated. Revenues from transfer of development rights are recognised upon the transfer of title. Revenues from construction services are based on fixed-price contracts and are accounted for using the percentage of completion method.

Corporate

Corporate consists of the activities of corporate services, management and Group finance.

No segments have been aggregated to form these reporting segments. Revenues from transactions between the PP, O&M and D&C segments, where Scatec Solar is deemed to hold a controlling interest, are presented as internal revenues in the segment reporting and eliminated in the consolidated statement of profit or loss. These transactions are based on international contract standards and terms negotiated at arm's length with lenders and co-investors in each project entity.

The management team assesses the performance of the operating segments based on a measure of gross profit and operating profit. The measurement basis for the segment data follows the accounting policies used in the consolidated financial statement for 2014 as described in Note 27 – Summary of significant accounting policies.

2014

NOK THOUSAND	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	ELIMINATIONS	TOTAL
External revenues	448,064	7,025	22,511	9	-	477,609
Internal revenues	11,386	21,630	949,490	6,208	-988,713	-
Net income/(loss) from associated companies	-	-	-1,183	-	-	-1,183
Total revenues and other income	459,450	28,654	970,818	6,217	-988,713	476,426
Cost of sales	-	-	-639,524	-	634,406	-5,118
Gross profit	459,450	28,654	331,294	6,217	-354,307	471,309
Personnel expenses	-4,993	-6,590	-37,623	-20,480	-	-69,686
Other operating expenses	-42,257	-9,189	-51,798	-33,330	27,838	-108,736
Depreciation, amortisation and impairment	-122,901	-1,180	-15,430	-429	38,081	-101,859
Operating profit	289,299	11,695	226,443	-48,022	-288,388	191,027

2013

NOK THOUSAND	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	ELIMINATIONS	TOTAL
External revenues	106,040	9,888	16,235	-	-	132,163
Internal revenues	-	4,057	1,812,187	8,040	-1,824,284	-
Net income/(loss) from associated companies	-	-	-3,191	-	-	-3,191
Total revenues and other income	106,040	13,945	1,825,232	8,040	-1,824,284	128,973
Cost of sales	-	-	-1,153,521	-	1,141,190	-12,331
Gross profit	106,040	13,945	671,711	8,040	-683,094	116,642
Personnel expenses	-5,309	-2,742	-30,970	-11,865	-	-50,886
Other operating expenses	-34,754	-10,634	-51,571	-19,482	33,835	-82,607
Depreciation, amortisation and impairment	-45,538	-161	-23,416	-	11,279	-57,836
Operating profit	20,439	408	565,754	-23,308	-637,980	-74,688

Geographical areas

In presenting information on the basis of geographical areas, revenues from external customers are attributed to the country of the legal entity. The allocation of property, plant and equipment is based on the geographical location of the assets. Geographical data for the years ended 31 December 2014 and 2013 is presented below.

NOK THOUSAND	EXTERNAL REVENUE		PROPERTY, PLANT AND EQUIPMENT	
	2014	2013	2014	2013
South Africa	362,900	44,454	2,288,228	1,400,948
Czech	75,312	60,240	427,773	425,908
Rwanda	8,434	-	149,387	-
US	20,146	4,238	145,835	29,117
Germany	5,210	2,867	6,916	2,234
Italy	4,715	4,222	4,891	4,426
France	883	1,544	4,563	2,901
Norway	9	-	34,831	476
Total	477,609	132,162	3,062,424	1,866,009

Major customers

The predominant share of the Group's recurring revenues comes from the Power Production segment, and relates to sale of electricity from solar power plants in South Africa, the Czech Republic and Rwanda.

In South Africa all revenues (three plants) are earned under 20-year power purchase agreements (PPAs) with Eskom Holdings (South African incumbent utility), which was awarded under the Renewable Independent Power Producer Procurement Programme (REIPPPP) administrated by the Department of Energy. Eskom's financial commitments under the PPAs are guaranteed by the South African National Treasury under the Inter-Governmental Framework Agreement.

The Czech power plants commenced operations in 2009 (one plant) and 2010 (three plants), and have entered into PPAs with utilities CEZ Distribuce and E.ON Distribuce, based on the terms of the Czech Energy Act and Czech Renewable Energy Act. This legislation requires the utilities to purchase the power produced from renewable energy sources for a period of 20 years at the feed-in-tariff (FiT) prescribed by law and applicable regulation, adjusted annually.

The power plant in Rwanda commenced operations in 2014. The power is sold under a 25-year PPA with the state-owned utility EWSA, with an annual price adjustment of 100 percent of Rwandan CPI. EWSA's financial commitments under the PPA are guaranteed by the Government of Rwanda represented by its Ministry of Finance and Economic Planning under the Government Guarantee Agreement.

Note 4 Financial risk management

General information relevant to risks

Through its business activities Scatec Solar is exposed to the following financial risks:

- Market risk (including commodity price risk, currency risk and interest rate risk)
- Liquidity risk
- Credit risk

Guidelines for risk management have been approved by the Board of Directors and are carried out by Scatec Solar's Group finance department in cooperation with the individual operational units. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Market risk

Scatec Solar is exposed to various market risks, including fluctuations in commodity prices, foreign currency exchange rates and interest rates that can affect the revenues and costs of operating, investing and financing.

Commodity price risk

Scatec Solar's sales of electricity constitute a material share of its profit. As a result, the Group's business, financial position, results of operation and cash flow are affected by changes in electricity prices. The Group seeks to reduce the effect of price fluctuation by entering into long-term, fixed-price contracts. Currently, the Group is not exposed to price risk related to electricity sold at spot rate as all contracts are based on FiTs or PPAs. Some of the off-take agreements that have been entered into for the projects in the Company's portfolio do not contain inflation-based price increase provisions or provisions that only partially allow for inflation-based increases. Some of the countries in which the Company operates, or into which the Company may expand in the future, have in the past experienced high inflation.

While this is further influenced by government subsidies and support, the future development of the PV industry in general, and the Company in particular, will to a significant degree depend on the development in electricity market prices over time. Electricity prices depend on a number of factors including, but not limited to, availability and costs of primary energy sources (including oil, coal, natural gas and uranium), and the development in cost, efficiency and equipment investment need for other electricity-producing technologies, including other renewable energy sources.

A decline in the costs of other sources of electricity, such as fossil fuels or nuclear power, could reduce the wholesale price of electricity. A significant amount of new electricity generation capacity becoming available could also reduce the wholesale price of electricity. Broader regulatory changes to the electricity trading market (such as changes to integration of transmission allocation and changes to energy trading and transmission

charging) could have an impact on electricity prices. A decline in the market price of electricity could materially adversely affect the financial attractiveness of new projects.

Currency risk

Scatec Solar operates internationally and is subject to currency risks arising from foreign currency transactions and exposures. As the Group reports its consolidated results in NOK, any change in exchange rates between NOK and its subsidiaries' functional currencies, primarily with respect to changes in EUR, ZAR, CZK and USD, affects its other comprehensive income and consolidated statement of financial position when the results of those subsidiaries are translated into NOK for reporting purposes. There is also an accounting exposure related to translation effects for intercompany balances. The Group is in the start-up phase with projects in Jordan, Honduras and the USA and will increasingly be exposed to changes in USD, JOD and HNL. Exchange rate risk also arises when subsidiaries enter into transactions denominated in currencies other than their own functional currency and through assets and liabilities related to working capital and monetary items being denominated in various currencies.

The Group is on an overall level managed as a NOK company for currency management purposes with primary focus on NOK cash flow. The general policy of the Group is not to hedge foreign currency exposure based on long-term cash flows from the project companies operating the solar power plants. Subsidiaries with functional currency other than NOK do not hedge NOK positions versus their own functional currency. For the Group's project entities, currency risk is managed separately with the basis of its local currency and expected cash flows. This is because the SPVs are set up with ring-fenced financing and have significant local non-controlling interests. The general policy of the Group is to hedge foreign currency exposure based on cash flow considerations and not with regards to foreign currency translation effects in the financial statements. However, the Company's segment revenues, cost of sales and gross profit may be subject to significant currency fluctuations, inter alia with respect to construction contracts in South Africa, which are structured as multi-currency contracts to achieve a natural hedging of cost of sales.

Forward exchange contracts (FECs) have been entered into in association with the construction of the Kalkbult, Linde and Dreunberg solar power plants in South Africa to reduce the EUR and USD currency exposure in which the construction contracts are denominated. The FECs are set up to limit the currency risk.

For currency risk sensitivities see Note 10 – Financial instruments: measurement and market risk sensitivities.

Interest rate risk

Scatec Solar is exposed to interest rate fluctuation risks through funding and cash management activities. Liquid assets have primarily floating interest rates. The interest rate risk management objective is to minimise borrowing costs and to keep the volatility of future interest payments within acceptable limits. Based on various scenarios, the Group manages its cash flow interest rate

risk by using either long-term financing at fixed rates or floating to fixed interest rate swaps. Such interest rate swaps have the economic effect of converting financing from floating rates to fixed rates.

The non-recourse financing (denominated in CZ) that is established in the Czech project entities are at fixed interest rates, whereas the non-recourse financing (denominated in ZAR) in the South African project entities is primarily at floating interest rates. To hedge this exposure, the Group uses interest rate swaps designated as hedging instruments. The Group's solar power plant in Rwanda is financed through fixed-rate non-recourse USD loans, as well as fixed-rate USD shareholder loans. For the projects currently under construction in Jordan, the Group has established a floating rate USD non-recourse construction loan. At commercial operation date (COD) a minimum of 70 percent of the total facility will be priced at a fixed rate. The Utah project in the USA is financed using non-recourse debt (denominated in USD), which includes both fixed- and floating-rate tranches. At the completion of construction, 88.5 percent of the total facility will be priced at a fixed rate. The remaining 11.5 percent floating-rate debt will be left unhedged. The debt financing of the Agua Fria project in Honduras will be USD-denominated non-recourse debt. During construction the loans will be priced at an unhedged floating rate. At completion of construction, the entire loan will be based on fixed-rate pricing.

For more information on the Group's financial liabilities, see Note 5 – Non-recourse financing.

For interest-risk sensitivities see Note 10 – Financial instruments: measurement and market risk sensitivities.

Liquidity risk

Liquidity risk is the risk that Scatec Solar will not be able to meet obligations associated with financial liabilities when due. The Group manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and adequate utilised financing facilities are monitored. Due to the dynamic nature of the underlying business, the Group maintains flexibility in funding by maintaining availability under committed credit facilities. As of 31 December 2014 the Group has total short-term contractual commitments of approximately NOK 1,656 million. These commitments are mainly related to the construction of solar power plants in Jordan, Honduras and the USA and will be covered by external non-recourse debt financing, as well as by equity funding from available cash in the Group. For further information on contractual commitments, see Note 7 – Guarantees and commitments.

For information on, and the maturity of, the Group's financial liabilities see Note 5 – Non-recourse financing.

A break-down of free and restricted cash is provided in Note 6 – Cash.

Credit risk

Credit risk is the risk that Scatec Solar's customers or counterparties will cause the Group financial loss by failing to honour their obligations. The Group is exposed to third-party credit risk in several instances including, without limitation: off-take partners who have committed to buying electricity produced by or on behalf of the Company; suppliers and/or contractors who are engaged to construct or operate assets held by the Group; property owners who are leasing land to the Company; banks providing financing and guarantees of the obligations of other parties; insurance companies providing coverage against various risks applicable to the Group's assets; and other third parties who may owe sums or obligations to the Group.

All of the electric power generated by the Group's current portfolio of projects in operation or under construction is, or will be, sold under long-term off-take agreements with public utilities or other partners, or under FiT arrangements or similar support mechanisms governed by law. If, for any reason, any of the counterparties to these contracts are unable or unwilling to fulfil their related contractual obligations or if they refuse to accept delivery of power delivered thereunder, or if they otherwise terminate such agreements prior to the expiration thereof, our assets, liabilities, business, financial condition, results of operations and cash flows could be materially and adversely affected. For the Group's current projects under operation, all such counterparties are supported by government guarantees or have obligations regulated by law. However, there is still a risk of legislative or other political action that may impair their contractual performance.

The Group's main credit risks arise from credit exposures with customer accounts receivables and deposits with financial institutions. The market in which the Group operates has in recent years suffered significant constraints, which have led to a large number of bankruptcies also involving well-established market participants. Should this trend continue, the Group will be further exposed to third-party credit risk.

Theoretically, the Group's maximum credit exposure for financial assets is the aggregated statement of financial position carrying amounts of financial loans and receivables before provisions for bad debt, as well as cash and cash equivalents, equalling NOK 1,392,141 thousand as at 31 December 2014.

See Note 14 – Trade receivables for information on the provision for bad debt related to trade receivables.

Note 5 Non-recourse financing

Scatec Solar uses non-recourse financing for constructing and/or acquiring assets, exclusively using as guarantee the assets and cash flows of the special purpose vehicle carrying out the activities financed. Compared to corporate financing, non-recourse financing has certain key advantages, including a clearly defined and limited risk profile. In this respect, the banks recover the financing solely through the cash flows generated by the projects financed. For four of the five companies operating in the Czech Republic, the non-recourse financing agreements include a cross default clause within the Czech group.

The table below specifies non-recourse financing as at 31 December 2014 and 2013.

NOK THOUSAND	INTEREST RATE	MATURITY DATE	2014	2013
Loan facilities (ZAR) - Scatec Solar SA 166 (Pty) Ltd. (Kalkbult) ^{1,2)}	12.30%	31/12/2028	1,056,597	958,231
Loan facilities (ZAR) - Simacel 160 (Pty) Ltd. (Dreunberg) ^{1,2)}	11.50%	31/12/2029	1,183,228	662,697
Loan facilities (ZAR) - Simacel 155 (Pty) Ltd. (Linde) ^{1,2)}	11.52%	30/06/2029	607,931	389,799
Loan facilities (CZK) - Scatec Solar PV1 s.r.o (Czech) ¹⁾	5.53%	27/10/2028	65,461	63,314
Loan facilities (CZK) - Signo Solar PP01 S.R.O (Czech) ¹⁾	5.69%	23/03/2029	192,729	188,132
Loan facilities (CZK) - Signo Solar PP02 S.R.O (Czech) ¹⁾	5.53%	23/02/2029	57,636	56,687
Loan facilities (CZK) - Signo Solar PP04 S.R.O (Czech) ¹⁾	5.28%	11/05/2029	81,423	79,680
Loan facilities (USD) - Gigawatt Global Rwanda Ltd (ASYV) ¹⁾	8.08%	11/01/2030	158,576	-
Loan facilities (USD) - Utah Red Hills Renewable Park LLC ¹⁾	5.15%	31/12/2036	46,469	-
Total non-recourse financial liabilities			3,450,051	2,398,540
Of which non-current non-recourse financial liabilities			3,337,265	2,376,968
Of which current non-recourse financial liabilities			112,786	21,572

1) The rate of interest is a calculated average.

2) The rate of interest is calculated including interest rate swap agreements and excluding fees.

The project entities' assets are pledged as security for the non-recourse financing. The Group's book value of the pledged solar power plants is NOK 2,998,527 million (after elimination of internal profits), whereas the local book value is NOK 4,185,218 million.

Repayment structure

The table below specifies the repayment structure of the non-recourse financing.

NOK THOUSAND	LOAN REPAYMENT	INTEREST PAYMENT	TOTAL
2015	112,786	334,810	447,596
2016	118,351	326,195	444,546
2017	150,406	312,588	462,994
2018	171,322	298,439	469,761
2019	188,348	280,906	469,254
2020	209,207	264,179	473,386
2021	236,965	241,762	478,727
2022	251,049	217,393	468,442
2023	273,228	191,682	464,910
2024	282,710	162,539	445,249
2025	294,725	136,198	430,923
2026	307,272	105,040	412,312
2027	305,830	74,496	380,326
2028	323,903	43,715	367,618
2029	163,342	16,972	180,314
2030	60,607	611	61,218
Total future loan repayment	3,450,051	3,007,524	6,457,575

Covenants

Czech entities

The facilities agreement contains financial covenants including, but not limited to: lock-in and default DSCR of 1.30: 1 and minimum (adjusted) equity ratio of 20 percent, as well as funding on the debt service reserve account. The agreement contains further restrictions on, inter alia, environmental compliance, changes of business and certain corporate acts, amendments to the key agreements and insurance policies, new consents, pledges and guarantees, financial indebtedness and giving financial support, capital expenditure and changes of shareholder structure and auditors. There are also a number of undertakings related to e.g. budgets, financial reporting and information.

Scatec Solar SA 166 (Pty) Ltd. (Kalkbult)

The loan facility and the common terms agreements contain financial covenants including, but not limited to: minimum compliance ratios: DSCR of 1.30: 1, LLCR of 1.30: 1 and PLCR of 1.40: 1; 50 percent distribution cash sweep if DSCR is between 1.30: 1 and 1.20: 1; lock-in and full cash sweep ratios: DSCR of 1.20: 1, LLCR of 1.20: 1 and PLCR of 1.35: 1; and default ratios: DSCR of 1.10: 1, LLCR of 1.15: 1 and PLDR of 1.30: 1, as well as funding on debt service and maintenance reserve accounts. The agreements contain further restrictions on, inter alia, hedging policies, subsidiaries and new activities, amendments to the key agreements and insurance policies, new consents, pledges and guarantees, financial indebtedness and giving financial support, capital expenditures and changes of shareholder structure and auditors. There are also a number of undertakings related to e.g. budgets, financial and operational reporting and information.

Simacel 155 (Pty) Ltd. (Linde)

The loan facility and the common terms agreements contain

financial covenants including, but not limited to: minimum compliance ratios: senior DSCR of 1.30: 1 (total meaning senior + subordinated DSCR of 1.15: 1), senior LLCR of 1.30: 1 (total LLCR of 1.20: 1), and senior PLCR of 1.40: 1 (total PLCR of 1.30: 1); 50 percent distribution cash sweep if DSCR is between 1.30: 1 and 1.20: 1; lock-in and full cash sweep ratios: senior DSCR of 1.20: 1 (total DSCR of 1.10: 1), senior LLCR of 1.20: 1 (total LLCR of 1.15: 1) and senior PLCR of 1.35: 1 (total PLCR of 1.25: 1); and default ratios: senior DSCR of 1.10: 1 (total DSCR of 1.05: 1), senior LLCR of 1.15: 1 (total of LLCR 1.10: 1) and senior PLR of 1.30: 1 (total PLCR of 1.20: 1), as well as funding on the debt service and maintenance reserve accounts. The restrictions and undertakings contained in the Facility agreements are similar to those listed for Scatec Solar Kalkbult (Pty) Ltd RF.

Simacel 160 (Pty) Ltd. (Dreunberg)

The loan facility and the common terms agreements contain financial covenants similar to those mentioned above for Simacel 155 (Pty) Ltd RF. The restrictions and undertakings contained in the facility agreements are similar to those listed for Scatec Solar SA 166 (Pty) Ltd.

Gigawatt Global Rwanda Ltd (ASYV)

The agreement contains financial covenants including that the borrower must ensure that on each calculation date from the financial completion date: historic audited DSCR and historic unaudited DSCR exceed 1.10: 1; and projected minimum DSCR exceeds 1.10: 1.

The project companies meet the financial covenants as at 31 December 2014. Refer to the definitions chapter for description of the covenants.

Note 6 Cash

NOK THOUSAND	2014	2013
Cash in project companies	527,980	380,935
Other restricted cash	115,540	347,917
Free cash	405,586	296,509
Total cash and cash equivalents	1,049,106	1,025,362

Cash in project companies includes restricted cash in proceeds accounts, debt service reserve accounts, disbursements accounts, maintenance and insurance reserve accounts and similar accounts. These cash and cash equivalents are only available to the Group through distributions as determined by shareholder and non-recourse financing agreements.

Other restricted cash comprises collateralised shareholder financing of project companies not yet distributed to the project companies (NOK 26,579 thousand and NOK 225,532 thousand as at 31 December 2014 and 31 December 2013 respectively) as well as restricted deposits for withholding tax, guarantees, VAT and rent.

RECONCILIATION OF MOVEMENT IN FREE CASH

NOK THOUSAND	2014	2013
Free cash at beginning of the period	296,510	94,452
Net free cash flow from operations outside non-recourse financed companies	123,849	499,499
Equity contributions/collateralised for equity commitments in project companies	-35,090	-320,367
Distributions from project companies	20,317	22,926
Free cash at end of the period	405,586	296,510

In the second quarter of 2014, Scatec Solar entered into an overdraft facility of NOK 100 million with a term of one year and a three-year guarantee facility of NOK 150 million, both with Nordea Bank Norge ASA. Both facilities have a covenant requiring Scatec Solar's equity ratio to be above 30 percent – where the equity ratio is calculated excluding assets and debt related to non-recourse project company financing. The term of the facility is NIBOR seven days plus 2.5 percent per year. At year-end 2014, the Group had not drawn on the facility.

Note 7 Guarantees and commitments

Scatec Solar is often required to provide performance and warranty guarantees in connection with construction activities, as well as bonds in connection with tender processes. Performance guarantees are issued during a construction project and typically represents 10-15 percent of the contract value. After the power plant is completed and grid connected the performance guarantee is replaced by a warranty guarantee, typically 5-10 percent of the contract value. It remains in force for the duration of the warranty period, usually two years from grid connection. While the total nominal exposure from such guarantees may become very significant as the level of construction activities increases in new markets, the exposure is limited in relation to the expected project margins and the contracts relate to construction activities where Scatec Solar has a solid track record.

The Group has provided the following guarantees as at 31 December 2014

- Guarantees for advance payments of NOK 19,163 thousand (NOK 87,832 thousand as at 31 December 2013)
- Performance guarantees related to construction contracts of NOK 320,452 thousand (NOK 276,561 thousand as at 31 December 2013)
- Warranty guarantees of NOK 16,018 thousand (NOK 34,930 thousand as at 31 December 2013)
- Bid bonds related to bidding phase four under the REIPPPP in South Africa of NOK 14,468 thousand (NOK 5,514 thousand as at 31 December 2013, related to bidding phase three)
- Other guarantees of NOK 9,322 (NOK 0 as at 31 December 2013)

The guarantees have the following duration (closing balance of total guarantee exposure):

GUARANTEES' DURATION

NOK THOUSAND	2015	2016	2017	>2017
Advances payment guarantees	19,163	-	-	-
Performance guarantees	320,452	320,452	179,698	171,711
Warranty guarantees	16,018	16,018	16,018	5,249
Bid Bonds	14,468	-	-	-
Other guarantees	9,322	1,857	1,857	1,857
Total	379,423	338,327	197,573	178,817

Covenants

The advance payment and performance guarantees outstanding at year-end 2014 relates to the construction of the Kalkbult, Linde and Dreunberg projects in South Africa. The guarantees are issued by Garanti-instituttet for Eksportkreditt (GIEK) and Nordea Bank on behalf of Scatec Solar SA 163 as the EPC contractor to the projects, and with the project entities, where Scatec Solar holds a 39 percent share, as beneficiaries. These guarantee agreements are subject to the following financial covenants to be measured by the end of each quarter:

Covenant	Requirement
Minimum equity ratio (adjusted for non-recourse financed entities)	Minimum 35 percent

The Group met the financial covenants as at 31 December 2014. See Note 5 – Non-recourse financing, for information on covenants related to the non-recourse debt financing of the project companies.

Contractual obligations

Scatec Solar has entered into several purchase agreements with suppliers related to sourcing of modules, inverters and other equipment for EPC projects mainly in Jordan, Honduras and the USA. Furthermore, EPC services have been contracted. Total purchase obligations related to construction contracts amount to NOK 1,628.2 million as per 31 December 2014 (NOK 1,481.4 million per 31 December 2013).

CONTRACTUAL OBLIGATIONS

NOK THOUSAND	2015	2016	2017	>2017
Leases (cars and office rental)	6,710	5,694	7,013	1,061
Leases (PV power plant land areas)	19,014	15,717	18,674	414,091
Total purchase equipment	1,212,646	-	-	-
Total purchase services	415,589	-	-	-
Other contractual obligations	1,851	341	-	-
Total contractual obligations	1,655,809	21,752	25,687	415,152

Contingent liabilities

In November 2013 Scatec Solar SA 163 (the Company) terminated the contracts for delivery and installation of the tracker systems for the Dreunberg and Linde projects due to material non-performance by the sub-contractor. The sub-contractor is disputing the lawfulness of this termination and has instituted arbitration proceedings against the Company to recover alleged damages arising out of the purported unlawful termination of the contracts. The sub-contractor, whose parent company is currently under administration in Germany, is claiming an amount of ZAR 160 million (NOK 103 million) in respect of the Linde and Dreunberg projects. The arbitration hearing has commenced and is due to recommence in March 2015, and thereafter on further dates in April 2015 and, if necessary, May 2015. The Company has instituted a counterclaim against the sub-contractor, which marginally exceeds the sub-contractor's claim. This counterclaim comprises damages incurred by Scatec Solar because of the sub-contractor's breach, which resulted in termination of the contracts. Recovery of the amount claimed is unlikely given that the sub-contractor is in liquidation. Scatec Solar has assessed that it is not probable that the Company will be liable. Hence no provision has been recognised in relation to the proceedings.

At year-end 2013 the Group was in arbitral proceedings with the insolvency administrator of the assets of a sub-contractor. The insolvency administrator tried to enforce a take-or-pay provision under a supply agreement between the sub-contractor and Scatec Solar. The principal amount in dispute was EUR 1,691 thousand. Scatec Solar assessed that it was not probable that the Group would be liable. Hence no provision has been recognised in relation to the proceedings. The proceedings were concluded in July 2014. All claims from the claimant were dismissed by the tribunal and Scatec Solar was awarded compensation of approximately NOK 975 thousand to cover its expenses.

Note 8 Derivative financial instruments

To manage certain interest rate and currency risks related to the financing of solar power plants in the project entities, the Group has entered into interest rate swap and forward exchange derivative contracts.

The interest rate swap contracts are classified as derivatives designated as hedging instruments in effective hedges. The forward exchange contracts are not considered to be hedges in terms of IAS 39 Financial Instruments: Recognition and Measurement, as they hedge the risk of embedded derivatives in the project entities that are offset by the opposite embedded derivative in another Group company. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The derivative financial instruments are presented on a gross basis in the consolidated statement of financial position, since the Group did not have the legal right or the intention to offset these cash flows.

The derivative contracts are recognised at fair value in the consolidated statement of financial position with the changes in the fair value recognised directly in the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income until the transactions they hedge occur. Changes in the fair value relate to daily changes in market prices of the derivative contracts and the volume of contracts entered into.

DERIVATIVE FINANCIAL ASSETS

NOK THOUSAND	2014	2013
Interest rate swap contracts		
Current portion	85	125
Non-current portion	23,868	79,921
Forward exchange contracts		
Current portion	2,861	50,427
Total derivative financial assets	26,814	130,427

DERIVATIVE FINANCIAL LIABILITIES

NOK THOUSAND	2014	2013
Interest rate swap contracts		
Current portion	25,773	16,298
Non-current portion	14,886	-
Forward exchange contracts		
Current portion	-	-
Total derivative financial liabilities	40,659	16,298

The notional principal amounts of the outstanding interest rate swap contracts as at 31 December 2014 were NOK 2,066,575 thousand (2013: NOK 2,010,726 thousand). The fixed interest rates vary from 11.11 percent to 14.06 percent, and the main floating rates are South African Prime.

The notional principal amounts of the outstanding forward exchange contracts as at 31 December 2014 were NOK 2,861 thousand, (2013: NOK 50,427 thousand).

Reconciliation of hedging reserve

HEDGING RESERVE - INTEREST RATE SWAP CONTRACTS

NOK THOUSAND	2014	2013
Opening balance	45,419	-44,782
Reclassification during the year to profit or loss, gross	-4,958	-258
Reclassification during the year to profit or loss, tax effect	1,406	-
Net gain/(loss) during the year of the not-yet matured contracts	-81,976	125,538
Tax on items recognised in OCI	22,953	-35,079
Hedging reserve	-17,156	45,419
Hereof controlling interests	-6,691	17,738

Note 9 Financial instruments by category

Financial instruments and their carrying amounts recognised in the consolidated statement of financial position as at 31 December, as defined by IAS 39, are presented below. There are no significant differences between total carrying value and fair value.

2014 NOK THOUSAND	FAIR VALUE THROUGH PROFIT OR LOSS	LOANS AND RECEIVABLES	FINANCIAL LIABILITIES AT AMORTISED COST	AVAILABLE FOR SALE	DERIVATIVES USED FOR HEDGING	TOTAL CARRYING AMOUNT
Financial assets	-	-	-	-	23,868	23,868
Other non-current assets	-	211,281	-	3,120	-	214,401
Total non-current financial assets	-	211,281	-	3,120	23,868	238,269
Trade and other receivables	-	126,122	-	-	-	126,122
Other current assets	-	82,897	-	-	-	82,897
Financial assets	2,861	-	-	-	85	2,946
Cash and cash equivalents	-	1,049,106	-	-	-	1,049,106
Total current financial assets	2,861	1,258,125	-	-	85	1,261,071
Non-recourse project financing	-	-	3,337,265	-	-	3,337,265
Financial liabilities	-	-	-	-	14,886	14,886
Other financial liabilities	-	-	4,646	-	-	4,646
Total non-current fin. liabilities	-	-	3,341,911	-	14,886	3,356,797
Trade and other payables	-	-	69,947	-	-	69,947
Non-recourse project financing	-	-	112,786	-	-	112,786
Other financial liabilities	-	-	-	-	25,773	25,773
Other current liabilities	-	-	145,717	-	-	145,717
Total current financial liabilities	-	-	328,450	-	25,773	354,223

2013 NOK THOUSAND	FAIR VALUE THROUGH PROFIT OR LOSS	LOANS AND RECEIVABLES	FINANCIAL LIABILITIES AT AMORTISED COST	AVAILABLE FOR SALE	DERIVATIVES USED FOR HEDGING	TOTAL CARRYING AMOUNT
Financial assets	-	-	-	-	79,921	79,921
Other non-current assets	-	28,870	-	2,528	-	31,398
Total non-current financial assets	-	28,870	-	2,528	79,921	111,319
Trade and other receivables	-	25,472	-	-	-	25,472
Other current assets	-	63,345	-	-	-	63,345
Financial assets	50,427	-	-	-	125	50,552
Cash and cash equivalents	-	1,025,361	-	-	-	1,025,361
Total current financial assets	50,427	1,114,178	-	-	125	1,164,730
Non-recourse project financing	-	-	2,376,968	-	-	2,376,968
Other financial liabilities	-	-	3,607	-	-	3,607
Total non-current fin. liabilities	-	-	2,380,575	-	-	2,380,575
Trade and other payables	-	-	441,811	-	-	441,811
Non-recourse project financing	-	-	21,572	-	-	21,572
Other financial liabilities	-	-	-	-	16,298	16,298
Other current liabilities	-	-	92,833	-	-	92,833
Total current financial liabilities	-	-	556,216	-	16,298	572,514

Note 10 Financial instruments: measurement and market risk sensitivities

Fair value measurement of financial instruments

Derivative financial instruments

The Group recognises all derivative financial instruments in the consolidated statement of financial position at fair value. Changes in the fair value of the derivative financial instruments are recognised in the consolidated statement of profit or loss as financial income (expense), unless they are used for hedging and fulfilling the criteria for hedge accounting. For further description of the derivatives, see Note 8 – Derivative financial instruments.

Financial investments

Scatec Solar's financial investments comprise shares in companies in which the Group does not have significant influence or control and in self-built guarantees. All financial investments are recognised in the consolidated statement of financial position at fair value and are classified as assets available for sale. Changes in fair value are recognised in other comprehensive income, except if there is a significant and prolonged decline in fair value. In the event of a significant and prolonged decline, an impairment loss is recognised in the consolidated statement of profit or loss. A subsequent increase in the fair value is recognised in the consolidated statement of comprehensive income.

Fair value hierarchy

The following table summarises each class of financial instrument recognised in the consolidated statement of financial position at fair value, split by the Group's basis for fair value measurement. Financial instruments recognised at fair value comprise financial investments and derivative financial instruments as described in Note 8 – Derivative financial instruments. The fair value of the Group's derivative financial instruments has been determined by external banks.

2014		NON-CURRENT FINANCIAL INVESTMENTS	DERIVATIVE FINANCIAL INSTRUMENTS (ASSET)	DERIVATIVE FINANCIAL INSTRUMENTS (LIABILITY)	TOTAL FAIR VALUE
NOK THOUSAND					
Fair value based on prices quoted in an active market (Level 1)	-	-	-	-	-
Fair value based on price inputs other than quoted prices (Level 2)	-	-	26,814	-40,659	-13,845
Fair value based on unobservable inputs (Level 3)	3,120	-	-	-	3,120
Total fair value at 31 December 2014	3,120	3,120	26,814	-40,659	10,725

2013		NON-CURRENT FINANCIAL INVESTMENTS	DERIVATIVE FINANCIAL INSTRUMENTS (ASSET)	DERIVATIVE FINANCIAL INSTRUMENTS (LIABILITY)	TOTAL FAIR VALUE
NOK THOUSAND					
Fair value based on prices quoted in an active market (Level 1)	-	-	-	-	-
Fair value based on price inputs other than quoted prices (Level 2)	-	-	130,427	-16,298	114,174
Fair value based on unobservable inputs (Level 3)	2,529	-	-	-	2,529
Total fair value at 31 December 2013	2,529	2,529	130,427	-16,298	116,703

Fair value in level 1 is based on prices quoted in an active market for identical assets or liabilities. At year-end 2014 and 2013 there were no financial instruments measured at fair value within this level.

Fair value in level 2 is based on price inputs other than quoted prices, which are derived from observable market transactions. At 31 December 2014 and 2013 this level included the Group's derivative contracts. Fair value of these contracts is calculated by comparing the terms agreed under each derivative contract to the market terms for a similar contract on the valuation date.

Fair value in level 3 is based on unobservable inputs – mainly internal assumptions. The internal assumptions are only used in the absence of quoted prices from an active market or other observable price inputs for the financial instruments subject to the valuation. Shares in companies in which Scatec Solar does not have significant influence or control are included in this level.

During the reporting period ending 31 December 2014, there were no transfers between the fair value levels.

Market risk sensitivities

In the following overview, a sensitivity analysis shows how profit and loss or equity would have been affected by changes in the different types of market risk that the Group is exposed to as at 31 December 2014.

For further information related to market risks and how the Group manages these risks, see Note 4 – Financial risk management.

The sensitivities have been calculated based on what Scatec Solar views to be reasonably possible changes in the foreign exchange and interest rates for the coming year.

Currency risk

At the end of 2014 currency risk sensitivities for monetary items were calculated by assuming a +5/-5 percent change in the foreign exchange rates that the Group was exposed to; a +5 percent change refers to a weakening of the functional currency against the transactional currency and a -5 percent change refers to a strengthening of the functional currency against the transactional currency.

NOK THOUSAND	NOK	EUR	USD	ZAR	JPY	CZK	GBP
At 31 December 2014							
Net gain/(loss) (-5% sensitivity)	-34	-9,060	12,820	1,933	784	226	770
Net gain/(loss) (5% sensitivity)	34	9,060	-12,820	-1,933	-784	-226	-770

Interest rate risk

The Group has a limited exposure related to interest rate risk through liquid assets and interest-bearing financial liabilities as most of the Group's interest-bearing liabilities are carried at fixed rates. For further information, see Note 4 – Financial risk management. In terms of interest rate risk sensitivity as at 31 December 2014, a +1/-1 percentage point change in the interest rates has been used to calculate the change in fair value of the Group's interest rate swaps. The gain/(loss) from such changes would be recognised in the consolidated statement of other comprehensive income.

NOK THOUSAND		
At 31 December 2014	1%	-1%
Net gain/(loss)	284,776	-284,776

Note 11 Property, plant and equipment

NOK THOUSAND	SOLAR POWER PLANTS	SOLAR POWER PLANTS UNDER CONSTRUCTION	MACHINERY AND EQUIPMENT	TOTAL
Accumulated cost at 1 January 2014	1,249,715	707,993	12,391	1,970,099
Additions	25,325	977,685	8,096	1,011,106
Transfers	1,477,568	-1,477,568	-	-
Disposed assets at cost	-	-	-	-
Effect of movements in foreign exchange	295,702	10,471	208	306,381
Accumulated cost at 31 December 2014	3,048,310	218,581	20,695	3,287,586
Accumulated depreciation and impairment losses at 1 January 2014	74,989	25,425	3,676	104,090
Depreciation for the year	85,176	-	2,965	88,141
Impairment losses	-	12,970	748	13,718
Accumulated depreciation and impairment losses disposed assets	-	-	-	-
Effect of movements in foreign exchange	17,206	1,932	75	19,213
Accumulated depreciation and impairment losses at 31 December 2014	177,371	40,327	7,464	225,162
Carrying amount at 31 December 2014	2,870,939	178,254	13,231	3,062,424
Estimated useful life (years)	20-25	N/A	3-5	
Accumulated cost at 1 January 2013	482,908	189,450	6,008	678,366
Additions	-	1,306,255	7,510	1,313,765
Transfers	743,410	-743,410	-	-
Disposed assets at cost	-	-	-489	-489
Effect of movements in foreign exchange	23,397	-44,302	-638	-21,543
Accumulated cost at 31 December 2013	1,249,715	707,993	12,391	1,970,099
Accumulated depreciation and impairment losses at 1 January 2013	37,974	3,145	2,657	43,777
Depreciation for the year	34,259	-	1,297	35,555
Impairment losses	-	22,280	-	22,280
Accumulated depreciation and impairment losses disposed assets	-	-	-489	-489
Effect of movements in foreign exchange	2,756	-	211	2,967
Accumulated depreciation and impairment losses at 31 December 2013	74,989	25,425	3,676	104,090
Carrying amount at 31 December 2013	1,174,726	682,568	8,715	1,866,009
Estimated useful life (years)	20	N/A	3-5	

The Group operates solar power plants in Europe, Africa and North America. During 2014 three solar power plants were under construction (Linde and Dreunberg in South Africa and ASYV in Rwanda). The Linde, ASYV and Dreunberg solar power plants reached Commercial Operation Date (COD) of 30 June, 26 July and 31 December 2014 respectively. The power plants that are in production at period-end are transferred from solar power plants under construction to solar power plants in the table above.

The carrying value of development projects that have not yet reached the construction phase was NOK 50,666 thousand as at 31 December 2014 (31 December 2013: NOK 37,335 thousand).

The project entities' assets, including solar power plants, are pledged as security for the non-recourse financing.

For further disclosure on impairment losses and impairment testing, see Note 12 – Impairment testing goodwill and property, plant and equipment.

Note 12 Impairment testing goodwill and property, plant and equipment

The Group tests goodwill and other intangible assets with infinite useful life annually or more frequently if there are impairment indicators. As at 31 December 2014 and 2013, the Group had no other intangible assets with infinite useful life. Property, plant and equipment and other intangible assets with finite useful life are tested if there are indicators that assets may be impaired.

Goodwill

The following table shows the allocation of the total goodwill acquired in business combinations for impairment testing purposes, including to which segment the goodwill relates.

CARRYING VALUE OF GOODWILL AT 31 DECEMBER

NOK THOUSAND	2014	2013
Operating segment		
Development and construction	22,169	20,566
Total at 31 December	22,169	20,566

The goodwill is associated with the acquisition of Solarcompetence GmbH in October 2007. The goodwill was determined to be related to expertise (employees), the record of accomplishment of the company acquired, as well as synergies. The purpose of the acquisition was to gain control of a competence centre that had documented results from delivering engineering, procurement and construction services related to large solar power projects.

Whereas project development and certain subcontracting require local knowledge and presence, a major part of the work related to the completion of solar power projects is of a generic nature and can be provided through a common methodology and platform independent of project and market. Consequently, the goodwill is allocated to, and impairment tested on, the global EPC business, which is part of the Development and Construction operating segment.

The recoverable amount has been determined based on value in use calculations. The estimated cash flows correspond to the business plan for 2015, which is based on the Group's project backlog. Consequently, the value in use generated from operations in 2016 and onwards is not included in the analysis. The business plan has been approved by the Board of Directors. Cash revenues have been calculated based on estimated project volumes (MW) and an average margin related to project execution. Cash expenses have been calculated based on budgeted cost of sales and operating expenses attributable to project execution activities. To the best of management's judgement, capital expenditure and changes in working capital are insignificant in relation to this business and are therefore excluded for the purpose of the calculation.

A detailed weighted average cost of capital (WACC) has not been calculated, as the nominal free cash flows exceed the carrying amount more than six-fold, and no reasonable interval of the discount rate would change this fact.

Property, plant and equipment – impairment losses

During 2014 the Group incurred impairment losses of NOK 13,718 thousand (2013: NOK 22,280 thousand). Following the moratorium that was introduced in Japan, Scatec Solar has deemed it necessary to make changes to the current operations in the country. A restructuring process was initiated in the fourth quarter and the Group impaired development projects of NOK 6,760 thousand. Furthermore, the Group impaired two development projects in South Africa and one in France totalling NOK 6,210 thousand. As part of the restructuring of the German operations, the Group impaired fixed assets of NOK 748 thousand. All impairment losses are recognised in the Development and Construction operating segment as disclosed in Note 3 – Operating segments.

No impairment indicators related to the Group's remaining property, plant and equipment have been identified, which in all material respect consists of solar power plants in operation or under construction. Consequently, no impairment tests have been carried out for these assets.

During 2013 the Group decided to abandon a solar power project in Italy. The impairment loss was calculated based on fair value less cost to sell. The carrying amount of the project was NOK 20,705 thousand. The estimated recoverable amount was NOK 4,253 thousand and relates to acquired land and cash deposits made. The impairment loss of NOK 16,507 was recognised in the statement of profit and loss. Furthermore, the Group identified several smaller projects in China, France, Italy, West Africa and North America where it was considered improbable that the Group would receive future economic benefits. Fair value less cost to sell is estimated at 0, and a total impairment charge of NOK 5,773 was recognised.

Note 13 Tax

NOK THOUSAND	2014	2013
Tax payable	43,411	166,366
Change in deferred tax	-30,076	-151,520
Withholding tax	-1,796	3,034
Correction of previous years income taxes	-477	7,723
Income tax expense	11,062	25,603
Reconciliation of Norwegian nominal tax rate to effective tax rate		
Profit before income tax	59,579	18,052
Nominal tax rate (27%) ¹⁾	16,086	5,055
Tax effect of:		
Tax rates different from nominal rate	-643	5,785
Share of net income from associated companies	319	179
Permanent differences	-4,213	3,287
Current tax on dividend received and withholding tax	-1,797	3,034
Use and capitalization of previously unrecognised losses carried forward	-4,515	-10,987
Valuation allowance	6,980	7,008
Effect of change of statutory tax rate	-	183
Correction of previous years taxes	-477	7,723
Other items without tax effect	-679	4,336
Calculated tax expense	11,062	25,603
Effective tax rate	18.57 %	141.83 %

1) In 2013 the nominal tax rate was 28%.

For 2014 the income tax expense was NOK 11,062 thousand, equivalent to a tax rate of 19 percent. The effective tax rate was primarily influenced by valuation allowances, permanent differences and use/capitalisation of previous unrecognised losses carried forward. For 2013 the effective tax rate was additionally influenced by correction of previous year's taxes.

SIGNIFICANT COMPONENTS OF DEFERRED TAX ASSETS AND LIABILITIES

NOK THOUSAND	2014	2013
Deferred tax assets		
Tax losses carried forward	636,378	183,556
Property, plant and equipment	378,058	290,818
Financial instruments	7,946	18,442
Bad debt provision	1,332	2,930
Other items	7,743	827
Offsetting of tax balances ¹⁾	-617,383	-172,439
Valuation allowance	-12,063	-10,491
Total deferred tax assets	402,011	313,644

1) Deferred tax assets and liabilities are offset to the extent that the deferred taxes relate to the same fiscal authority and there is a legally enforceable right to offset current tax assets against current tax liabilities.

NOK THOUSAND	2014	2013
Deferred tax liabilities		
Property, plant and equipment	695,434	200,602
Financial instruments	3,901	50,089
Other items	568	2,642
Offsetting of tax balances ¹⁾	-617,262	-172,439
Total deferred tax liabilities	82,640	80,894

1) Deferred tax assets and liabilities are offset to the extent that the deferred taxes relate to the same fiscal authority and there is a legally enforceable right to offset current tax assets against current tax liabilities.

SPECIFICATION OF TAX LOSS CARRIED FORWARD

NOK THOUSAND	2014		2013	
	LOSS CARRIED FORWARD	DEFERRED TAX ASSET	LOSS CARRIED FORWARD	DEFERRED TAX ASSET
COUNTRY				
South Africa	2,049,908	573,974	563,086	157,664
Norway	107,359	28,986	-	-
Czech	41,703	7,923	42,379	2,717
US	37,485	13,120	36,241	12,685
France	9,860	-	5,784	-
Rwanda	1,568	312	-	-
Italy	8,084	-	7,499	-
Japan	17,246	-	1,121	-
Luxembourg	-	-	352	-
India	-	-	85	-
Singapore	-	-	-	-
Total at 31 December	2,273,208	624,315	656,547	173,065

Except for in the Czech Republic and Norway, all tax losses can be carried forward indefinitely. In the Czech Republic, there is a five-year expiration period for losses carried forward. During 2014 the Group implemented certain measures to be able to utilise all losses carried forward in the Czech Republic before they expire. Consequently, the valuation allowance was reversed. In Norway interest limitation rules came into force in 2014. The Group had at the end of 2014 capitalised approximately NOK 4 million in a deferred tax asset related to deferred interest expenses, which can be carried forward for 10 years. The losses carried forward in South Africa and the USA are also recognised in full, based on expected future taxable profits that will more than offset accumulated losses.

The losses carried forward in South Africa are mainly related to the fact that solar power plants are depreciated over three years for tax purposes, whereas the expected useful life for accounting purposes is 20 years. Similarly, the accelerated tax depreciations result in a deferred tax liability for property, plant and equipment at the same level as the taxable loss. Furthermore, these project entities have entered into long-term power purchase agreements and are expected to be profitable to the extent that all losses can be carried forward. Included in the net deferred tax assets is the tax effect of the eliminated internal profit related to the construction of the solar power plants of NOK 377,451 thousand. This tax asset is expensed over the useful life of the solar power plants.

For further information on valuation allowances related to losses carried forward, see Note 2 – Key sources of estimation uncertainty, judgements and assumptions.

MOVEMENT IN NET DEFERRED TAX ASSET

NOK MILLION	2014	2013
Net deferred tax asset at 1 January	232,750	126,990
Recognised in the consolidated statement of profit or loss	30,076	144,484
Deferred tax on financial instruments recognized in other comprehensive income	24,359	-35,079
Deferred taxes on transactions recognized in equity	12,851	-
Deferred taxes on withholding taxes	726	-
Translation differences	18,609	-3,645
Net deferred tax asset 31 December	319,371	232,750

Note 14 Trade receivables

NOK THOUSAND	2014	2013
Accounts receivables	66,682	30,405
Provision for bad debt	-5,632	-4,933
Accrued income and other receivables	65,072	-
Total trade receivables	126,122	25,472

Provision for bad debt on trade receivables was NOK 5,632 thousand (2013: 4,933 thousand). The bad debt provision is mainly related to a receivable originating from an agreement entered into as part of a sale of a portfolio of nine solar power plants in 2011. In addition, the Company has in 2014 recognized a provision for bad debt of other current receivables as well as non-current receivables of NOK 10,860 thousand, mainly related to a former sale of a development project.

Information on credit risk and foreign exchange risk regarding accounts receivables is further provided in Note 4 – Financial risk management.

AGEING OF TRADE RECEIVABLES AT YEAR-END WAS AS FOLLOWS

NOK THOUSAND	TOTAL	NOT DUE	OVERDUE
2014	66,682	63,870	2,813
2013	30,405	6,410	23,995

NOK THOUSAND	OVERDUE			
	LESS THAN 30 DAYS	30 - 60 DAYS	60 - 90 DAYS	MORE THAN 90 DAYS
2014	-	12	34	2,767
2013	16,975	335	-	6,685

Note 15 Other current liabilities

OTHER CURRENT LIABILITIES COMPRISE THE FOLLOWING

NOK THOUSAND	2014	2013
Current liabilities to related parties (ref Note 24)	30,502	-
Accrued expenses related to assets under construction	54,417	40,457
Accrued expenses (outstanding invoices)	18,434	7,998
Public dues other than income taxes	15,797	5,332
Accrued warranty expenses	227	2,262
Accrued payroll	8,357	7,083
Accrued interest expenses	7,375	2,999
Deposits	-	22,473
Other	10,608	4,229
Total other current liabilities	145,717	92,834

Note 16 Other current assets

OTHER CURRENT ASSETS COMPRISE THE FOLLOWING

NOK THOUSAND	2014	2013
Receivables related to assets under construction	6,521	1,703
Prepaid expenses	20,315	9,221
Receivables from public authorities /prepaid taxes, VAT etc	29,692	45,654
Accrued income	13,733	28,521
Inventory	63	1,353
Accrued interest income	2,388	1,020
Receivables from related parties (ref Note 24)	8,531	13,734
Receivables from associates	-	331
Deposits	349	178
Other receivables	1,306	3,523
Total other current assets	82,897	105,237

Note 17 Other operating expenses

OTHER OPERATING EXPENSES FOR THE YEARS ENDED 31 DECEMBER 2014 AND 2013 COMPRISE

NOK THOUSAND	2014	2013
Facilities	15,349	6,900
Professional fees	56,429	23,290
Other office costs	8,487	9,182
Travel costs	9,816	13,711
Provisions for loss on receivables	11,559	4,933
Other costs	7,096	24,591
Total other operating expenses	108,736	82,607

PROFESSIONAL FEES COMPRISE THE FOLLOWING COSTS

NOK THOUSAND	2014	2013
External accounting services	2,406	2,065
Audit services fees (including tax and other services provided by the auditors)	5,707	4,424
Legal fees	4,682	3,067
Consultant fees	28,578	7,328
IPO costs	15,056	-
Other	-	6,406
Total professional fees	56,429	23,290

On 2 October 2014, the shares of Scatec Solar ASA were listed on the Oslo Stock Exchange under the ticker "SSO". The total transaction costs for the IPO and share issuance amounted to approximately NOK 35 million, of which NOK 15 million is recognised in equity, net after tax.

Consultant fees mainly relate to new market surveys, project development activities, recruitment of additional employees and temporary hires. Included in these fees are also expenses for O&M external services and purchase of consultancy services from Scatec AS.

REMUNERATION TO THE AUDITORS (EY AND OTHER INDEPENDENT AUDITORS)

NOK THOUSAND	2014	2013
Audit services	3,189	2,741
Other attestation services	421	124
Tax services	1,684	1,180
Other services	413	380
Total remuneration	5,707	4,424

Note 18 Financial income and expenses

INTEREST AND OTHER FINANCIAL INCOME

NOK THOUSAND	2014	2013
Interest income	34,013	13,845
Forward exchange contracts	-	108,387
Other financial income	20,786	7,523
Total financial income	54,799	129,755

INTEREST AND OTHER FINANCIAL EXPENSES

NOK THOUSAND	2014	2013
Interest expenses	-190,802	-44,798
Forward exchange contracts	-46,744	-32,297
Other financial expenses	-11,011	-24,163
Total financial expenses	-248,557	-101,258
Foreign exchange gains/(losses)	62,310	64,242
Net financial expenses	-131,448	92,739

See Note 5 – Non-recourse financing and Note 10 – Financial instruments: measurement and market risk sensitivities for further information on project financing and interest rate sensitivity.

Note 19 Investments in associated companies

The consolidated financial statements include the Group's share of profits/losses from associated companies, accounted for using the equity method.

PROPORTION OF EQUITY INTEREST HELD BY NON-CONTROLLING INTERESTS

COMPANY	REGISTERED OFFICE	2014	2013
SSOGE Limited	Manchester, UK	50.0%	-
Megawatt Holding AS	Oslo, Norway	50.0%	50.0%
Sansca Limited	Hong Kong, China	40.0%	40.0%
Scatec Energy LLC	Denver, US	50.0%	50.0%
Waihonu North LLC	Hawaii, US	49.0%	49.0%
Waihonu South LLC	Hawaii, US	49.0%	49.0%

NOK THOUSAND	2014	2013
Carrying amount 1 January	6,321	2,257
+/- share in profits	-1,183	-3,191
Additions	20,489	7,255
Effects of movement in foreign exchange	215	-
Carrying amount 31 December	25,841	6,321
Share of (loss)/profit of associated companies	-1,183	-3,191

Included in net loss from associated companies is an impairment of NOK 1,517 related to the Group's project portfolio in the UK (2013: 2,302 thousand related to projects in China through Sansca Ltd.).

Note 20 Earnings per share

On 13 August 2014, an extraordinary General Meeting was held to convert Scatec Solar AS from a private limited liability company to a public limited liability company. The General Meeting also adopted a share split in the ratio of 1:40 by reducing the nominal value from NOK 1 to NOK 0.025. The earnings per share calculations for prior period financial statements are restated and based on the current number of shares. Further, the issuance of 2,531 new shares in relation to the retention and share incentive plan adopted in July 2014 and the issuance of 26,315,790 new shares in relation to the IPO in October 2014 is considered in the calculation of the weighted average number of shares in the EPS denominator.

NOK THOUSAND	2014	2013
Profit/(loss) attributable to the equity holders of the company	-17,923	-34,678
Weighted average number of shares outstanding	72,807	64,960
Earnings per share for income attributable to the equity holders of the company - basic and diluted (NOK)	-0.25	-0.53

Note 21 Share capital, shareholder information and dividend

On 2 October 2014, the shares of Scatec Solar ASA were listed on the Oslo Stock Exchange under the ticker "SSO". The offering comprised 36.3 million shares, of which 26.3 million new shares. Gross proceeds from the new shares were NOK 499 million. After completion of the offering Scatec Solar had approximately 650 shareholders.

At 31 December 2014, the share capital amounted to NOK 2,345 thousand. All shares rank in parity with one another and carry one vote per share.

The tables below show the largest shareholders of Scatec Solar ASA and shares held by Management and Board of Directors at 31 December 2014.

SHAREHOLDER	NUMBER OF SHARES	OWNERSHIP
Scatec AS	27,435,629	29.24%
Itochu Corporation	20,268,657	21.60%
Goldman Sachs & Co Equity Segregat	4,650,000	4.96%
Argentos AS	2,755,760	2.94%
Verdipapirfondet DNB Norge (IV)	2,273,203	2.42%
Morgan Stanley & Co. LLC	1,941,803	2.07%
Verdipapirfondet DNB SMB	1,610,000	1.72%
Verdipapirfondet DNB Miljøinvest	1,425,947	1.52%
State Street Bank and Trust Co	1,388,377	1.48%
Alden AS	1,200,000	1.28%
Ludvig Lorentzen AS	1,175,000	1.25%
Storebrand Verdi	1,030,000	1.10%
JP Morgan Chase Bank, NA	1,000,000	1.07%
Total largest shareholders	68,154,376	72.65%
Total other shareholders	25,661,854	27.35%
Total shares outstanding	93,816,230	100.0%

BOARD OF DIRECTORS	NUMBER OF SHARES	OWNERSHIP
John Andersen Jr.	-	0.00%
Alf Bjørseth ¹⁾	27,435,629	29.24%
Akihiko Nakazono	-	0.00%
Cecilie Amdahl	-	0.00%
Mari Thjømøe ²⁾	13,157	0.01%
Total at 31 December 2014	27,448,786	29.25%

1) Held through the controlled company Scatec AS.

2) Held through the controlled company Thjømøe Kranen AS.

MANAGEMENT	NUMBER OF SHARES	OWNERSHIP
Raymond Carlsen ¹⁾ Chief Executive Officer	2,755,760	2.94%
Mikkel Tørud Chief Financial Officer	278,440	0.30%
Terje Pilskog ²⁾ Chief Operating Officer	489,268	0.52%
Roar Haugland ³⁾ EVP Business Development	478,024	0.51%
Torstein Berntsen ⁴⁾ EVP Power Production & Asset Management	678,504	0.72%
Snorre Valdimarsson EVP General Counsel	304,752	0.32%
Total at 31 December 2014	4,984,748	5.31%

1) Held through the controlled company Argentos AS.

2) Held through the controlled company Océmar AS.

3) Held through the controlled company Buzz Aldrin AS.

4) 677,609 shares held through the controlled company Belito AS. 895 shares held by Torstein Berntsen's spouse.

Dividend

For 2014 the Board of Directors has proposed a dividend of NOK 0.27 per share, totalling NOK 25,330 thousand. The share will be traded excluding dividend rights (ex-date) on the day following the Annual General Meeting to be held 7 May 2015.

On 25 April 2014, the Annual General Meeting of Scatec Solar AS resolved to pay a dividend of NOK 3 per share, totalling NOK 42,230 thousand. The dividend was paid to the shareholders in July 2014.

Note 22 Non-controlling interests

Scatec Solar's value chain comprises all downstream activities such as project development, financing, construction, operations as well as having an asset management role through ownership of the solar power plants. Normally Scatec Solar enter into partnerships for the shareholding of the project companies owning the power plants, leading to material non-controlling interest.

Consolidation of project companies is identified as a significant judgement for the consolidated financial statements, and is described in Note 2 – Key sources of estimation uncertainty, judgements and assumptions. During 2014, Scatec Solar established a project company in Rwanda, which operates the ASYV power plant. There are no material changes in the structure of the other companies with non-controlling interest.

NAME	COUNTRY OF INCORPORATION AND OPERATION	2014	2013
Scatec Solar SA 165 (Pty) Ltd (Holdco)	South Africa	35%	35%
Scatec Solar SA 164 (Pty) Ltd (Holdco)	South Africa	29%	29%
Scatec Solar SA 166 (Pty) Ltd (Kalkbult)	South Africa	61%	61%
Simacel 155 (Pty) Ltd (Linde)	South Africa	61%	61%
Simacel 160 (Pty) Ltd (Dreunberg)	South Africa	61%	61%
Scatec Solar SA 163 (Pty) Ltd (EPC and O&M)	South Africa	8%	8%
Scatec Solar SA (Pty) Ltd (Development)	South Africa	30%	30%
Gigawatt Global Rwanda (ASYV)	Rwanda	57%	-
Chateau St Jean	USA	20%	20%
BFL S.R.L	Italy	49%	49%

The non-controlling interests include the non-controlling interest's share of subsidiaries' carrying amounts. Non-controlling interests are calculated on the respective subsidiaries' stand-alone reporting, adjusted for intercompany transactions – i.e. unrealised profits and losses for the Group are not taken into account even if they are realised for the subsidiary on a stand-alone basis. Further, unrealised intercompany profits relating to depreciable assets (solar power plants) are viewed as being realised gradually over the remaining economic life of the asset. Consequently the specification of non-controlling interest in the group financial statements will differ from the non-controlling interests calculated based on the respective subsidiaries' stand-alone reporting. Accumulated balances of non-controlling interest and the allocation profit and loss are presented below:

ACCUMULATED BALANCES OF MATERIAL NON-CONTROLLING INTEREST (GROUP BASIS)

NOK THOUSAND	2014	2013
Scatec Solar SA 166 (Pty) Ltd (Kalkbult)	216,688	199,084
Simacel 155 (Pty) Ltd (Linde)	120,916	33,342
Simacel 160 (Pty) Ltd (Dreunberg)	214,518	73,254
Scatec Solar SA 163 (Pty) Ltd (EPC and O&M)	-	-
Scatec Solar SA (Pty) Ltd (Development)	-12,973	-12,973
Gigawatt Global Rwanda (ASYV)	7,953	-
Chateau St Jean	-291	698
BFL S.R.L	-	-
Total non-controlling interest	546,811	294,640

PROFIT/(LOSS) ALLOCATED TO MATERIAL NON-CONTROLLING INTEREST (GROUP BASIS)

NOK THOUSAND	2014	2013
Scatec Solar SA 166 (Pty) Ltd (Kalkbult)	26,461	17,444
Simacel 155 (Pty) Ltd (Linde)	18,295	4,250
Simacel 160 (Pty) Ltd (Dreunberg)	23,239	9,223
Scatec Solar SA 163 (Pty) Ltd (EPC and O&M)	-	-
Scatec Solar SA (Pty) Ltd (Development)	-	-
Gigawatt Global Rwanda (ASYV)	-464	-
Chateau St Jean	-1,091	-128
BFL S.R.L	-	-4,921
Total non-controlling interest	66,440	27,127

Financial information of subsidiaries that have material non-controlling interests is provided below:

SUMMARISED STATEMENT OF PROFIT OR LOSS FOR 2014 (STAND ALONE BASIS)

NOK THOUSAND	SCATEC SOLAR SA 165	SCATEC SOLAR SA 164	SCATEC SOLAR SA 166	SIMACEL 155	SIMACEL 160
Total revenues and other income	-	-	248,943	72,771	46,151
Cost of sales	-	-	-	-	-
Gross profit	-	-	248,943	72,771	46,151
Operating expenses	-111	-104	-87,007	-22,163	-13,930
Operating profit	-111	-104	161,936	50,608	32,221
Net financial expenses	138	-12,356	-119,505	-8,605	16,216
Profit before income tax	27	-12,459	42,431	42,003	48,437
Income tax (expense)/benefit	1,117	6,381	-11,880	-11,850	-13,562
Profit/(loss) for the period	1,144	-6,078	30,551	30,152	34,875
Other comprehensive income	-	-	-15,391	-11,010	-30,046
Total comprehensive income	1,144	-6,078	15,160	19,143	4,830
Attributable to non-controlling interests	401	-1,763	9,248	11,677	2,946
Dividends paid to non-controlling interests	-	-	-	-	-

NOK THOUSAND	SCATEC SOLAR SA 163	SCATEC SOLAR SA	CHATEAU ST JEAN	GIGAWATT GLOBAL
Total revenues and other income	794,174	-	1,440	7,907
Cost of sales	-637,317	-	-	-
Gross profit	156,857	-	1,440	7,907
Operating expenses	-46,248	-2,293	-1,149	-3,251
Operating profit	110,609	-2,293	292	4,655
Net financial expenses	-19,586	4,187	-843	-6,189
Profit before income tax	91,023	1,894	-551	-1,534
Income tax (expense)/benefit	-17,268	-81	-	-
Profit/(loss) for the period	73,756	1,813	-551	-1,534
Other comprehensive income	-	-	-	-
Total comprehensive income	73,756	1,813	-551	-1,534
Attributable to non-controlling interests	5,900	544	-110	-874
Dividends paid to non-controlling interests	-	-	-	-

SUMMARISED STATEMENT OF PROFIT OR LOSS FOR 2013 (STAND ALONE BASIS)

NOK THOUSAND	SCATEC SOLAR SA 165	SCATEC SOLAR SA 164	SCATEC SOLAR SA 166	SIMACEL 155	SIMACEL 160
Total revenues and other income	-	-	45,421	-	-
Cost of sales	-	-	-	-	-
Gross profit	-	-	45,421	-	-
Operating expenses	-136	-97	-39,067	-387	-278
Operating profit	-136	-97	6,354	-387	-278
Net financial expenses	-2,379	-10,759	27,679	10,436	23,037
Profit before income tax	-2,516	-10,856	34,033	10,049	22,760
Income tax (expense)/benefit	-	-	-9,525	-2,498	-6,373
Profit/(loss) for the period	-2,516	-10,856	24,507	7,551	16,387
Other comprehensive income	-	-	38,815	11,410	34,907
Total comprehensive income	-2,516	-10,856	63,322	18,961	51,294
Attributable to non-controlling interests	-881	-3,148	38,626	11,566	31,289
Dividends paid to non-controlling interests	-	-	-	-	-

NOK THOUSAND	SCATEC SOLAR SA 163	SCATEC SOLAR SA	CHATEAU ST JEAN	BFL S.L.R
Total revenues and other income	1,682,207	90,971	1,346	-
Cost of sales	-1,437,102	-1,410	-	-
Gross profit	245,105	89,561	1,346	-
Operating expenses	-22,955	-60,826	-1,140	-
Operating profit	222,150	28,735	206	-
Net financial expenses	49,542	-1,844	-829	-
Profit before income tax	271,693	26,891	-623	-
Income tax (expense)/benefit	-76,076	-8,564	-	-
Profit/(loss) for the period	195,616	18,327	-623	-
Other comprehensive income	-	-	-	-
Total comprehensive income	195,616	18,327	-623	-
Attributable to non-controlling interests	15,649	5,498	-125	-
Dividends paid to non-controlling interests	-	800	-	-

SUMMARISED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014 (STAND ALONE BASIS)

NOK THOUSAND	SCATEC SOLAR SA 165	SCATEC SOLAR SA 164	SCATEC SOLAR SA 166	SIMACEL 155	SIMACEL 160
Property, plant and equipment	-	-	1,266,443	690,261	1,339,473
Other non-current assets	153,735	226,869	923	38,430	82,993
Cash and cash equivalents	1,399	31,224	217,907	96,228	178,148
Other current assets	78,479	20,169	58,788	43,452	35,817
Non-recourse financing	-	-	-1,056,596	-607,931	-1,183,227
Other non-current liabilities	-	-	-	-54,588	-3,941
Current liabilities	-4,556	-406	-64,642	-9,504	-105,077
Total equity	229,057	277,856	422,822	196,348	344,186
Attributable to:					
Equity holders of parent	148,886	197,277	164,901	76,576	134,232
Non-controlling interest	80,170	80,578	257,921	119,772	209,953

NOK THOUSAND	SCATEC SOLAR SA 163	SCATEC SOLAR SA	CHATEAU ST JEAN	GIGAWATT GLOBAL
Property, plant and equipment	6,938	17	14,212	154,440
Other non-current assets	303,020	69,841	-	268
Cash and cash equivalents	17,300	39,768	223	33,226
Other current assets	108,878	17,200	59	12,845
Non-recourse financing	-	-	-	-157,644
Other non-current liabilities	-40,004	-19	-15,952	-7,835
Current liabilities	-133,287	-128,325	-	-15,171
Total equity	262,845	-1,517	-1 457	20,128
Attributable to:				
Equity holders of parent	241,817	-1,062	-1,166	8,657
Non-controlling interest	21,028	-455	-291	11,471

SUMMARISED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 (STAND ALONE BASIS)

NOK THOUSAND	SCATEC SOLAR SA 165	SCATEC SOLAR SA 164	SCATEC SOLAR SA 166	SIMACEL 155	SIMACEL 160
Property, plant and equipment	-	-	1,145,673	331,333	568,815
Other non-current assets	193,904	-	10,512	24,568	47,279
Cash and cash equivalents	1	230,155	172,599	51,927	126,075
Other current assets	3,316	285	33,591	44,621	47,859
Non-recourse financing	-	-	-958,231	-389,799	-662,697
Other non-current liabilities	-	-	-7,598	-12,203	-17,829
Current liabilities	-29,478	-38,790	-54,349	-32,365	-60,582
Total equity	167,743	191,649	342,197	18,083	48,918
Attributable to:					
Equity holders of parent	109,033	136,071	133,457	7,052	19,078
Non-controlling interest	58,710	55,578	208,740	11,030	29,840

NOK THOUSAND	SCATEC SOLAR SA 163	SCATEC SOLAR SA	CHATEAU ST JEAN	BFL S.L.R
Property, plant and equipment	5,801	35	12,666	10,336
Other non-current assets	424,032	1,465	-	-
Cash and cash equivalents	262,162	7,959	176	8
Other current assets	163,236	105,962	91	411
Non-recourse financing	-	-	-	-
Other non-current liabilities	-15,724	-23	-3,243	-10,537
Current liabilities	-649,390	-118,597	-10,348	-117
Total equity	190,117	-3,197	-657	101
Attributable to:				
Equity holders of parent	174,908	-2,238	-526	51
Non-controlling interest	15,209	-959	-131	49

Note 23 Employee benefits

SALARIES AND OTHER PERSONNEL COSTS

NOK THOUSAND	2014	2013
Salaries	70,193	65,789
Share-based payment	8,982	-
Payroll tax	7,404	7,177
Pension costs	2,162	1,427
Other compensation and social costs	2,822	1,834
Other personnel costs	3,564	1,255
Capitalized to PPE (project assets)	-25,440	-26,596
Total personnel expenses	69,686	50,886

MANAGEMENT GROUP REMUNERATION

NOK THOUSAND	2014	2013
Salary and bonus	9,942	11,155
Share-based payment	6,986	-
Pension	391	275
Other benefits	686	901
Total	18,005	12,331

Retention and share incentive plan

The General Meeting adopted in July 2014 a retention and share incentive plan. Certain key employees were invited to participate in the one-time plan and were awarded the right to subscribe to a specific number of shares at their nominal value. The shares issued are subject to a lock-up period of approximately two years. The plan meets the definition of an equity settled share based payment transaction and is accounted for in accordance with IFRS 2 Share-based payment.

The fair value of the granted shares of the total plan is NOK 36,304 thousand (including social security tax) and is expensed over the vesting period. The fair value is based on a valuation of the company at the grant date. In 2014 a total of NOK 9,841 thousand was expensed as a personnel expense. Estimated quarterly expense until third quarter 2016 is NOK 3,776 thousand.

THE NUMBER OF FTES THAT HAS BEEN EMPLOYED DURING THE FINANCIAL FISCAL YEAR

NUMBER OF FTES EMPLOYED DURING THE FINANCIAL YEAR	2014	2013
Norway	18	16
Germany	19	26
South Africa	37	34
Czech	4	4
France	4	5
USA	4	2
India	-	1
Italy	2	2
Japan	4	1
Total	92	91

Note 24 Transactions with related parties

THE SCATEC SOLAR GROUP HAD TRANSACTIONS WITH THE FOLLOWING RELATED PARTIES DURING 2014 AND 2013

RELATED PARTY	NATURE OF TRANSACTION
Scatec AS (shareholder)	Management services and financing
Itochu Corp/Europe (shareholder)	Purchase of modules and inverters
Itochu Corp/Europe (shareholder)	Financing
Celmar AS (parent of Scatec AS)	Financing
Simacel Pty Ltd (non-controlling interest)	Development services
Scatec Energy LLC (associate)	Financing
SSOGE UK Ltd (associate)	Financing
Group of partners Jordan (non-controlling interest)	Financing
Scatec Solar SA156 (non-controlling interest)	Financing
Scatec Solar SA340 (non-controlling interest)	Financing
Simacel 159 Pty Ltd (non-controlling interest)	Financing
Simacel 380 Pty Ltd (non-controlling interest)	Financing

All related party transactions have been carried out as part of the normal course of business and at arm's length. The most significant transactions in 2014 and 2013 are:

Scatec AS – management services

Scatec Solar acquires certain management services, such as accounting and office facility services, from Scatec AS. The office facility services were discontinued from July 2014. For the year ended 31 December 2014, the Group incurred a management service cost of NOK 2,462 thousand (2013: NOK 1,994 thousand). These services are presented as other operating expenses in the consolidated statement of profit or loss.

Scatec AS – financing

Further, Scatec AS provided guarantees for the overdraft facility Scatec Solar had in Nordea Bank in 2013, as well as guarantees for credit lines. The credit facility was discontinued at the end of December 2013. For the year ended 31 December 2014, there were no guarantee fees charged by Scatec AS, (2013: NOK 544 thousand).

As per 31 December 2014, trade payables to Scatec AS were NOK 449 thousand (2013: NOK 523 thousand).

Itochu Corp/Europe - financing

Itochu provides trade finance and logistics services in relation to the Groups purchases of solar modules and inverters. In this sense, Itochu acts as an intermediary and supplies the Scatec Solar Group with the majority of its purchases of such goods. Total purchases of modules and inverters through Itochu were NOK 343,218 thousand for the year ending 31 December 2014, (2013: NOK 787,452 thousand). The purchases are related to the construction projects in South Africa and Rwanda.

Further, Itochu provided guarantees for the overdraft facility Scatec Solar had in Nordea Bank, as well as guarantees for credit lines in 2013. No guarantees were provided by Itochu during 2014. For the year ended 31 December 2014, guarantee fees charged by Itochu were zero, (2013: NOK 324 thousand).

As per 31 December 2014, trade payables and interest charges to Itochu were NOK 3,210 thousand (2013: NOK 289,168 thousand).

Celmar AS – financing

Expenses for guarantees fees related to the overdraft facility Scatec Solar had in Nordea Bank, guarantees for credit lines as well as fees in relation to letters of credit as a guarantee for Scatec Solar's equity investments amounted to NOK 3,401 thousand for the year ending 31 December 2013. A total of NOK 5,866 thousand was capitalised on the solar power plant being constructed. No guarantees or guarantee fees were provided by Celmar AS during 2014.

Simacel Pty Ltd – development services

During 2012 and 2013, the Group acquired development services related to the construction of three solar power plants in South Africa from Simacel Pty Ltd. The development fee is capitalised as part of the carrying value of the plants. For the year ended 31 December 2013, the fee amounted to NOK 16,988 thousand. No services were acquired during 2014. For the year ended 31 December 2014, the Group has a payable to Simacel of NOK 4,954 thousand (2013: NOK 7,099 thousand).

Non-current receivables on related parties

As of 31 December 2014, Scatec Solar has provided loans to non-controlling interests of NOK 124,742 thousand (2013: NOK 12,796). The receivables relate to committed but not paid equity in South African project companies.

Further included in other non-current assets are loans provided to the equity consolidated companies SSOG Ltd (UK) of NOK 13,096 thousand (2013: NOK 0) and Scatec Energy LLC (US) of NOK 17,217 thousand (2013: NOK 11,128 thousand). In addition the Group has receivables of NOK 12,007 thousand on related parties regarding the construction of three solar power plants in Jordan (2013: NOK 0).

OTHER NON-CURRENT ASSETS COMPRISE THE FOLLOWING

NOK THOUSAND	2014	2013
Loan to non-controlling interests	124,742	12,796
Loan to associated companies	30,313	-
Prepayments	29,455	-
Loan fees on not yet drawn facilities	12,078	-
Loan to employees	8,683	375
Long term investments	3,120	2,529
Other items	6,010	15,697
Total other non-current assets	214,401	31,397

Note 25 Restructuring provisions

A decision was made in April 2014 to close down the Group's subsidiary located in Regensburg, Germany. The termination of the German activities occurred gradually during 2014 and was substantially completed at year-end 2014. A provision of NOK 6,967 thousand related to severance pay, onerous contracts, legal fees and impairments was made in the second quarter. At 31 December the remaining provision is NOK 1,220 thousand, mostly related to onerous contracts.

Following the moratorium which was introduced in Japan, Scatec Solar has deemed it necessary to make changes to the current operations in the country. A restructuring process was initiated in the fourth quarter and a provision of NOK 1,803 thousand was recognised. The restructuring process is expected to be completed during first half of 2015. Further, impairment losses of NOK 6,760 thousand related to development projects in Japan were expensed during fourth quarter.

PROVISIONS

NOK THOUSAND	RESTRUCTURING PROVISIONS
Non-current portion at 1 January 2014	-
Current portion at 1 January 2014	-
Provisions at 1 January 2014	-
Additional provisions made in the period	8,770
Amounts used	-6,640
Effects of movements in foreign exchange	-15
Non-current portion at 31 December 2014	-
Current portion at 31 December 2014	2,115
Provisions at 31 December 2014	2,115

Note 26 Consolidated subsidiaries

The following subsidiaries are included in the consolidated financial statements.

COMPANY	REGISTERED OFFICE	OWNERSHIP INTEREST 2014	OWNERSHIP INTEREST 2013
Scatec Solar GmbH	Regensburg, Germany	100%	100%
Scatec Solar SA163 (Pty) Ltd	Cape Town, South Africa	92%	92%
Scatec Solar Italy S.R.L.	Milano, Italy	100%	100%
BFL F S.R.L.	Roma, Italy	100%	100%
Scatec Solar S.R.O.	Prague, Czech	100%	100%
Signo Solar PP01 S.R.O.	Prague, Czech	100%	100%
Signo Solar PP02 S.R.O.	Prague, Czech	100%	100%
Signo Solar PP03 S.R.O.	Prague, Czech	100%	100%
Signo Solar PP04 S.R.O.	Prague, Czech	100%	100%
PV 1 Solar S.R.O.	Prague, Czech	100%	100%
Scatec Solar India Pvt. Ltd.	New Delhi, India	100%	100%
Scatec Solar North America Inc.	California, US	100%	100%
Utah Red Hills Renewable Park, LLC	California, US	100%	100%
Altamaha Renewable Energy Park, LLC	California, US	100%	100%
Live Oak Solar Farm, LLC	California, US	100%	100%
Three Peaks Power, LLC	California, US	100%	100%
Scatec California Solar No 1, LLC	California, US	100%	100%
Scatec California Partners, LP	California, US	100%	100%
Scatec Solar Hawaii, LLC	Hawaii, US	100%	100%
Chateau St Jean Solar LLC	California, US	80%	80%
Tourves SPV SAS	St Raphael, France	100%	100%
La Lande de Goult SAS ²⁾	St Raphael, France		100%
Scatec Norge Holding II SA ²⁾	Luxemburg		100%
Scatec Dinesen Partnership SARL ²⁾	Luxemburg		100%
SDP I SARL ²⁾	Luxemburg		100%
Charita Soleiel SAS ³⁾	France		100%
Riguepeu SAS ³⁾	France		100%
St Ursin SAS ³⁾	France		100%
Scatec Solar SAS	St. Raphael, France	100%	100%
Scatec Solar Jordan EPC ¹⁾	Amman, Jordan	100%	
Scatec Solar AS/Jordan ¹⁾	Amman, Jordan	90%	
Anwar Al Ardh For Solar Energy Generation ¹⁾	Amman, Jordan	40%	
Ardh Al Amal For Solar Energy Generation ¹⁾	Amman, Jordan	40%	
Scatec Luxembourg Holding SA	Luxemburg	100%	100%
Scatec Solar Asia Pacific Pte Ltd	Singapore	100%	100%
Scatec Solar SA (Pty) Ltd	Sandton, South Africa	70%	70%
Scatec Solar SA 165 (Pty) Ltd	Sandton, South Africa	65%	65%
Scatec Solar SA 166 (Pty) Ltd	Sandton, South Africa	39%	39%
Scatec Solar SA 164 (Pty) Ltd	Sandton, South Africa	71%	71%
Simacel 155 (Pty) Ltd	Sandton, South Africa	39%	39%
Simacel 160 (Pty) Ltd	Sandton, South Africa	39%	39%
Scatec Solar Management Services (Pty) Ltd	Sandton, South Africa	100%	100%
Scatec Solar Corporation	Tokyo, Japan	100%	100%
Scatec Solar Ghana Ltd	Ghana	95%	95%
Scatec Solar West Africa Mali	Mali	100%	100%
Scatec Solar Namibia (Pty) Ltd	Namibia	70%	70%
Scatec Solar Rwanda Ltd ¹⁾	Rwanda	100%	
Gigawatt Global Rwanda Ltd ¹⁾	Rwanda	43%	
Scatec Solar Honduras SA ¹⁾	Honduras	100%	
Produccion de Energia Solar Demas Renovables SA ¹⁾	Honduras	40%	

1) Companies established in 2014.

2) Companies dissolved in 2014.

3) Companies sold in 2014.

Ownership interest corresponds to the voting interest if not otherwise stated. For companies on level 2 in the table above (i.e. subsidiaries of the ultimate parent's subsidiaries), the ownership interest stated is the mathematically indirect shareholding.

For information on associated companies, see Note 19 – Investments in associated companies.

Note 27 Summary of significant accounting policies

Statement of compliance and basis of preparation

The Scatec Solar Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and interpretations issued by the International Accounting Standards Board (IASB) as adopted by the European Union (EU). In compliance with the Norwegian Accounting Act, additional disclosure requirements are included in the notes to the financial statements of Scatec Solar ASA.

The consolidated financial statements have been prepared on a historical cost basis, with the exception of financial instruments at fair value through profit or loss, financial instruments that are available for sale and recognised at fair value, and loans, receivables and other financial liabilities, which are recognised at amortised cost.

The consolidated financial statements are presented in Norwegian kroner (NOK) and all values are rounded to the nearest thousand (NOK 1 000) except when otherwise indicated.

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Group presents an additional statement of financial position at the beginning of the earliest period presented when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as of 31 December 2014. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests

The non-controlling interests include the non-controlling interest's share of subsidiaries' carrying amounts. Non-controlling interests are calculated on the respective subsidiaries' stand-alone reporting, adjusted for intercompany transactions – i.e. unrealised profits and losses for the Group are not taken into account even if they are realised for the subsidiary on a stand-alone basis. Further, unrealised intercompany profits relating to depreciable assets (solar power plants) are viewed as being realised gradually over the remaining economic life of the asset.

When acquiring a non-controlling interest the difference between the cost of the non-controlling interest and the non-controlling interest's share of the assets and liabilities is reflected in the consolidated statement of financial position at the date of acquisition of the non-controlling interest as an equity transaction.

Foreign currencies

The Group's consolidated financial statements are presented in NOK, which is also the parent company's functional currency. For each entity the Group determines the functional currency, and items included in the financial statements of each entity are measured using that functional currency. The functional currency of the subsidiaries is the same as their local currency, with the exception of the subsidiaries in Rwanda, which uses USD as functional currency. The Group uses the direct method of consolidation.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

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.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

On consolidation, the assets and liabilities of foreign operations are translated into NOK at the rate of exchange prevailing at the reporting date and their income statements are translated at average monthly exchange rates. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

See Note 22 – Non-controlling interests for information on the non-controlling interests share of profit/loss and equity prior to intercompany eliminations.

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Fair value measurement

The Group measures financial instruments such as derivatives at fair value at each balance sheet date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarised in the following notes:

- Quantitative disclosures of fair value measurement hierarchy - Note 10
- Financial instruments (including those carried at amortised cost) - Note 9

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Revenue recognition

Sale of project rights (Development & Construction segment)

Where Scatec Solar develops projects or acquire project rights and sell these assets to entities outside the Scatec Solar Group. Revenues from transfer of development rights are recognised upon the transfer of title.

Sale of construction services (Development & Construction segment)

Where Scatec Solar is responsible for the total scope of a Turn Key installation of a solar power plant through a contract covering Engineering, Procurement and Construction. Revenues from construction services are based on fixed price contracts and are accounted for using the percentage of completion method. The stage of completion of a contract is determined by actual cost incurred over total estimated costs to complete.

Scatec Solar periodically revise contract profit estimates and immediately recognises any losses on contracts. Incurred costs include all direct materials, costs for solar modules, labour, subcontractor costs, and other direct costs related to contract

performance. Scatec Solar recognises direct material costs as incurred costs when the direct materials have been installed. When contracts specify that title to direct materials transfer to the customer before installation has been performed, revenue and associated costs are deferred and recognised once those materials are installed and have met any other revenue recognition requirements. Scatec Solar considers direct materials to be installed when they are permanently attached or fitted to the solar power systems as required by engineering designs.

Some construction contracts include product warranties. The expected warranty amounts are recognised as an expense at the time of sale, and are adjusted for subsequent changes in estimates or actual outcomes.

The group has currently no ongoing external construction contracts.

Sale of operation and maintenance services (Operation & Maintenance segment)

Where Scatec Solar delivers services to ensure optimised operations of solar power producing assets through a complete and comprehensive range of services for technical and operational management. Revenues are based on service agreements with a periodic base fee as well as a potential performance bonus. These revenues are recognised as the service is provided. The potential performance revenues are recognized when it is probable. The assessment of whether the revenues are probable or not are based on achieved performance ratios for the power plants. The groups has currently no significant external operation and maintenance service contracts.

Sale of electricity (Power Production segment)

The Group's power producing assets derives its revenue from the production and sale of solar generated electricity based on long-term Power Purchase Agreements or Feed-in-Tariffs. Revenue is recognised upon delivery of electricity produced to the local operator of the electricity grid. Delivery is deemed complete when all the risks and rewards associated with ownership have been transferred to the buyer as contractually agreed, compensation has been contractually established and collection of the resulting receivable is probable. Revenues from the sale of electricity are recognised at the time the electricity is supplied on the basis of periodic meter readings. For all sales contracts the Group had per the end of 2014, indexation of tariffs are recognised when they come into force. For information on the Group's policies with regards to IFRIC 4, see subsection lease below.

The Group applies the above policies also for intercompany transactions between segments.

Income tax

Income tax expense comprises current tax and deferred tax.

Current income tax

Current income tax is the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years. Uncertain tax positions and potential tax exposures are analysed individually and, the best estimate of the probable amount for liabilities to be paid (unpaid potential

tax exposure amounts, including penalties) and virtually certain amount for assets to be received (disputed tax positions for which payment has already been made), are recognised within current tax or deferred tax as appropriate. Interest income and interest expenses relating to tax issues are estimated and recorded in the period in which they are earned or incurred and, are presented in net financial expenses in the statement of profit or loss.

Deferred tax

Deferred tax assets and liabilities are recognised for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities in the financial statements and their respective tax bases, subject to the initial recognition exemption. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the consolidated statement of financial position date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. In order for a deferred tax asset to be recognised based on future taxable profits, convincing evidence is required.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Current and deferred tax for the period

Current and deferred tax are recognised as expense or income in the consolidated statement of profit or loss, except where they relate to items recognised in other comprehensive income or directly to equity, in which case the tax is also recognised as other comprehensive income or directly to equity.

For information on significant judgements related to tax, refer to Note 2 – Key sources of estimation uncertainty, judgements and assumptions.

Intangible assets

Each solar project that the Group develops is unique and does not give rise to an intangible asset, which can be utilised across projects. Consequently, there are no internally generated intangible assets in the Group's statement of financial position.

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 the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When Scatec Solar 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 as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss; it is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of consideration transferred and any amount recognised for the non-controlling interest over the net identifiable assets acquired and liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the business combination.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in such circumstance is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Goodwill is tested for impairment annually as of 31 December and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (CGU) (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Property plant and equipment under development

Expenses relating to research activities (feasibility studies) are recognised in the statement of profit or loss as they incur. Expenses relating to development activities are capitalised to the extent that the product or process is technically and commercially viable and the Group has sufficient resources to complete the development work. Expenses that are capitalised include the costs of materials, direct wage costs and other directly attributable expenses. Capitalised development costs are presented as part of Property, plant and equipment to the extent that the Group has the intention to complete the development and construction as well as operating the solar power plant. In the case where the Group's intention is to sell the solar power plant, capitalised development costs are presented as inventory.

Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of a decommissioning obligation, if any, and, for qualifying assets, borrowing costs incurred in the construction period. Each component of an item of property, plant

and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately on a straight-line basis over the estimated useful life of the component. Maintenance expenses are recognised in the statement of profit or loss as incurred.

The estimated useful lives of property, plant and equipment are reviewed on an annual basis and changes in useful lives are accounted for prospectively. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period the item is de-recognised.

General and specific borrowing costs directly attributable to the acquisition or construction of solar power plant are capitalised within property plant and equipment. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use are undertaken and continue to be capitalised until the date in which development of the relevant asset is complete. All other borrowing costs are recognised in the profit or loss in the period in which they incur.

Depreciation of a solar power plant commences when the plant is ready for managements intended use, normally at the date of grid connection and commissioning.

Impairment of intangible assets with definite useful life and property, plant and equipment

Annually or upon indication, each cash generating unit ("CGU") is tested for impairment. In assessing whether a potential impairment is required, the assets carrying amount are compared to the recoverable amount. The recoverable amount is the higher of the fair value less cost to sell and value in use.

For impairment of intangible assets and property, plant and equipment, the Company assesses assets or groups of assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Individual assets are grouped to a level that provides separately identifiable and largely independent cash flows. In assessing whether a write-down of the carrying amount of a potentially impaired asset is required, the asset's carrying amount is compared to the recoverable amount which is the higher of fair value less costs to sell and value in use. Frequently the recoverable amount of an asset proves to be the Group's estimated value in use, which is determined using a discounted cash flow model. The estimated future cash flows are based on budgets and forecasts for a period of up to five years and are adjusted for risks specific to the asset and discounted using a post-tax discount rate. Country risk is adjusted for in the discount rate. The use of post-tax discount rates in determining value in use does not result in a materially different determination of the need for, or the amount of, impairment that would be required if pre-tax discount rates had been used.

Impairments are reversed to the extent that conditions for impairment are no longer present.

Financial assets - Initial recognition and subsequent measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

The Group did not have any held-to-maturity or available for sale investments during the years ended 31 December 2014 and 2013.

Loans and receivables

This category is the most relevant category to the Group in the 2014 and 2013 consolidated financial statements. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

This category generally applies to trade and other receivables. For more information on receivables, refer to Note 14.

Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty or the probability that they will enter bankruptcy.

Financial liabilities - Initial recognition and subsequent measurement

Financial liabilities are classified at initial recognition as financial liabilities at fair value through profit or loss, loans and borrowings, payables or, as derivatives designated as hedging instruments in an effective hedge. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Loans and borrowings

This is the category most relevant to the Group. Scatec Solar uses non-recourse financing for constructing and/or acquiring assets, exclusively using as guarantee the assets and cash flows of the project entities carrying out the activities financed. Compared

to corporate financing, non-recourse financing has certain key advantages, including a clearly defined and limited risk profile. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings. For more information refer to Note 5 – Non-recourse financing.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Definition of equity instrument

Entities within the Group have issued certain instruments as part of the project financing structures to minority shareholders (shareholder loans). These shareholder loans are considered equity instruments only if both of the following conditions are met:

- The instrument includes no contractual obligation either:
- To deliver cash or another financial asset to another party; or
- To exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the issuer

On the basis of the above, all payments related to the shareholder loans are of the discretion of the company. Accordingly, the shareholder loans are accounted for as equity.

Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date of which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss.

The Group has interest rate swaps (fair value hedge) that is used as a hedge for the exposure of changes in the fair value of its floating rate secured loans; see Note 8 for more details.

The Group uses forward currency contracts as cash flow hedges of its exposure to foreign currency risk in forecast transactions.

The Group only applies hedge accounting for fair value hedges that meet the criteria in IAS 39. At the inception of each hedge relationship, the Group designates and documents the hedge accounting relationship, the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to change in the hedged item's fair value attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated. The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income, while the ineffective portion is recognised in profit or loss. Amounts recognised in other comprehensive income are reclassified to profit or loss when the hedged transaction affects the income statement, such as when hedged financial income or financial expense is recognised. If a hedge of a forecasted transaction subsequently results in the recognition of a non-financial asset or liability, the gain or loss on the hedge instrument that was recognised in other comprehensive income is reclassified to the income statement in the same period or periods during which the asset acquired or liability assumed affects the statement of profit or loss. If the forecast transaction is no longer expected to occur, amounts previously recognised in other comprehensive income are reclassified to the statement of profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in other comprehensive income remain in other comprehensive income until the forecast transaction occurs.

Leases

Determining whether an arrangement contains a lease

At inception of an arrangement, Scatec Solar assesses whether the arrangement is or contains a lease.

The Group distinguishes between lease contracts and capacity contracts. Lease contracts provide the right to use a specific asset for a period of time. Capacity contracts confer the right to and the obligation to pay for availability of certain capacity volumes. Such capacity contracts that do not involve specified single assets, that do not involve substantially all the capacity of an undivided interest in a specific asset and do not have a contractually fixed price are not considered by the Group to qualify as leases for accounting purposes. In doing this assessment the Group applies the conditions set forth by IFRIC 4. Scatec Solar has made an accounting policy choice with regards to the interpretation of the requirement "contractually fixed price per unit" in determining that the contract price is considered fixed also when the price is subject to inflation adjustment.

Lease arrangements in which the Group is a lessee

Leases for which the Group assumes substantially all the risks and rewards of ownership are reflected as finance leases within property, plant and equipment and financial liabilities, respectively. All other leases are classified as operating leases and the costs are charged to the statement of profit or loss on a straight-line basis over the lease term, unless another basis is more representative of the benefits of the lease to the Group.

Finance lease assets and liabilities are reflected at an amount equal to the lower of fair value and the present value of the minimum lease payments at inception of the lease. The finance lease assets are subsequently reduced by accumulated depreciation and impairment losses, if any. The assets are depreciated over the shorter of the estimated useful life of the asset or the lease term on a straight-line basis.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Leases for which most of the risk and return associated with the ownership of the asset have not been transferred to the Group are classified as operating leases. During the contract period, lease payments are classified as operating costs and are recognised in the statement of comprehensive income in a straight-line.

Lease arrangements in which the Group is a lessor

Scatec Solar has not entered into arrangements in which the Group is a lessor.

Dividends

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in Norway, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Cash and cash equivalents

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

Restricted cash is cash reserved for a specific purpose and therefore not available for immediate and general use by the Group.

Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates and joint ventures are accounted for using the equity method.

Under the equity method the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss reflects the Group's share of the results of operations of the associate. When the Group's share of a loss exceeds the Group's investment in an associate, the amount carried in the Group's statement of financial position is reduced to zero and further losses are not recognised unless the Group has an obligation to cover any such loss. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss as part of the operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The Group does not currently have any significant interest in joint ventures or joint operations.

Employee benefits

Wages, salaries, bonuses, pension and social security contributions, paid annual leave and sick leave are accrued in the period in which the associated services are rendered by employees of the Company. The Group has pension plans for employees that are classified as defined contribution plans. Contributions to defined contribution schemes are recognised in the consolidated statement of profit or loss in the period in which the contribution amounts are earned by the employees. Certain key employees were in 2014 invited to a retention and share incentive program. The program is entirely settled in shares. The fair value of the shares is measured at the grant date, and is recognised in the consolidated statement of profit or loss over the vesting period. For further information refer to Note 23.

Government grants

Government grants are recognised when it is reasonably certain that the company will meet the conditions stipulated for the grants and that the grants will be received. Grants are recognised systematically during the grant period. Grants are deducted from the cost which the grant is meant to cover. Grants are recognised either as cost reduction or as a deduction of the asset's carrying amount. Grants received for projects being capitalised are recognised systematically over the asset's useful life.

Inventory

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in first-out method and comprises costs of solar PV components as well as solar PV project assets that are intended for sale.

Inventories consist primarily of costs relating to solar power projects in various stages of development that is capitalised prior to the sale of the solar power project to a third party for further project development or prior to the signing of a project construction contract. These costs include costs for land and costs for developing a solar power plant. Development costs can include legal costs, consulting fees, authorisations and permits, or other costs such as interconnection and transmission upgrade costs.

The Group reviews inventory for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Scatec Solar considers a project commercially viable if it is anticipated to be realised for a profit once it is either fully developed or fully constructed. Scatec Solar considers a partially developed or partially constructed project commercially viable if the anticipated selling price is higher than the carrying value of the related project assets. A number of factors are assessed to determine if the project will be profitable, the most notable of which is whether there are any changes in environmental, ecological, permitting, or regulatory conditions that impact the project. Such changes could cause the cost of the project to increase or the selling price of the project to decrease.

Provisions and contingent assets and liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance expenses in the consolidated statement of profit or loss.

A provision for a guarantee is recognised when the underlying products or services are sold. The provision is based on historical information on guarantees and a weighting of possible outcomes according to the likelihood of their occurrence.

The Group recognises as provisions the obligation under contracts defined as onerous. Contracts are deemed to be onerous if the unavoidable cost of meeting the obligations under the contract exceeds the economic benefits expected to be received in relation to the contract.

Contingent liabilities arising from past events and for which it is not probable that an outflow of resources will be required to settle the obligation, if any, are not recognised but disclosed with indication of uncertainties relating to amounts and timing involved. Disclosures are not given if the possibility of an outflow in settlement is remote.

Contingent assets arising from past events that will only be confirmed by future uncertain events and are not wholly within the Group's control, are not recognised, but are disclosed when an inflow of economic benefits is probable.

Events after the reporting period

New information on the company's financial position at the end of the reporting period that becomes known after the reporting period is recorded in the annual accounts. Events after the reporting period that 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.

Changes in accounting policies and disclosures **New and amended standards and interpretations**

The Group applied, for the first time, certain standards and amendments in 2013. These include IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 13 Fair Value Measurement, amendments to IAS 1 Presentation of Financial Statements and application of IFRS 12 Disclosure of Interests in Other Entities.

Standards and interpretations that are issued up to the date of issuance of the consolidated financial statements, but not yet effective are disclosed below. The Group's intention is to adopt the relevant new and amended standards and interpretations when they become effective, subject to EU approval before the consolidated financial statements are issued. The adoption of these standards and interpretations are not expected to have material effect on the consolidated financial statements.

IFRS 9 Financial Instruments

IFRS 9 will eventually replace IAS 39 Financial Instruments: Recognition and Measurement. In order to expedite the replacement of IAS 39, the IASB divided the project into phases: classification and measurement, hedge accounting and impairment. New principles for impairment were published in July 2014 and the standard is now completed. The parts of IAS 39 that have not been amended as part of this project have been transferred into IFRS 9.

IFRS 15 Revenue from Contracts with Customers

The IASB and the FASB have issued their joint revenue recognition standard, IFRS 15. The standard replaces existing IFRS and US GAAP revenue requirements. The core principle of IFRS 15 is that revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard applies to all revenue contracts and provides a model for the recognition and measurement of sales of some non-financial assets (e.g., disposals of property, plant and equipment). Scatec Solar have made a preliminary assessment of the performance obligations in terms of the electricity contracts, and allocation of the contract value to these obligations. Our conclusion is that the new standard will not materially affect the financial statements.

IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures

The amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures

The amendments to IFRS 10, IFRS 12 and IAS 28 address three issues arising in practice in the application of the investment entities consolidation exception, and also provide relief in particular circumstances.

IFRS 11 Joint Arrangements

The amendments clarify that when acquiring an interest in a joint operation that constitutes a business, similar principles apply as for business combinations.

IAS 1 Presentation of Financial Statements

The amendments to IAS 1, issued as part of IASBs Disclosure Initiative, further encourage companies to apply professional judgment in determining what information to disclose and how to structure it in their financial statements.

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

The amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendments also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

Note 28 Subsequent events

There were no significant subsequent events at the date of the approval of the financial statements.

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Statement of income

1 January – 31 December

NOK THOUSAND	NOTE	2014	2013
Revenues	3	36,448	249,284
Total revenues		36,448	249,284
Costs of sales	2, 10	-16,083	-4,218
Personnel expenses	4	-30,064	-20,859
Other operating expenses	6, 14, 15	-74,281	-53,732
Depreciation, amortisation and impairment	5	-119	-
Operating profit/(loss)		-84,099	170,475
Interest and other financial income	7, 14	51,651	29,216
Interest and other financial expenses	7, 14	-49,726	-58,492
Foreign exchange gain/(loss)		-9,196	13,904
Profit before tax		-91,370	155,103
Income tax (expense)/benefit	8	24,274	-49,097
Profit/(loss) for the period		-67,096	106,006
Allocation of profit/(loss) for the period			
Dividend	12	25,330	42,230
Transfer to/(from) other equity	12	-92,426	63,776
Total allocation of profit/(loss) for the period		-67,096	106,006

Statement of financial position

NOK THOUSAND	NOTE	2014	2013
Non-current assets			
Deferred tax assets	8	31,623	2,930
Property plant and equipment	5	3,762	476
Investments in subsidiaries	9	844,622	429,439
Investments in associated companies	9	-	-
Other investments		-	29
Loan to group companies	14	200,609	293,556
Other long term receivables		14,176	580
Total non-current assets		1,094,792	727,010
Current assets			
Inventory	10	16,839	9,929
Trade and other receivables	15	10,906	21,439
Trade and other receivables group companies	3, 15	97,297	145,799
Other current assets		9,915	4,327
Cash and cash equivalents	11	349,921	119,229
Total current assets		484,880	300,723
TOTAL ASSETS		1,579,672	1,027,733

Statement of financial position

NOK THOUSAND	NOTE	2014	2013
Paid in capital			
Share capital	12	2,345	1,624
Share premium	12	794,142	301,286
Total paid in capital		796,487	302,910
Other equity			
Other equity	12	31,315	123,742
Total other equity		31,315	123,742
Total equity		827,802	426,652
Non-current liabilities			
Liabilities to group companies	14	698,966	497,678
Total other non-current liabilities		698,966	497,678
Current liabilities			
Trade and other payables		20,179	3,674
Trade payables group companies		-	1,650
Income tax payable	8	-	48,989
Public duties payable		1,402	1,667
Dividend	12	25,330	42,230
Other current liabilities		5,993	5,193
Total current liabilities		52,904	103,403
Total Liabilities		751,870	601,081
TOTAL EQUITY AND LIABILITIES		1,579,672	1,027,733

Oslo, 24 March, 2015


The Board of Directors of Scatec Solar ASA



John Andersen jr. (Chairman)



Akihiko Nakazono



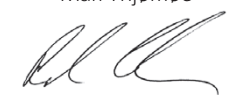
Alf Bjørseth



Cecilie Amdahl



Mari Thjømøe



Raymond Carlsen (CEO)

Statement of cash flow

1 January – 31 December

NOK THOUSAND	NOTE	2014	2013
Cash flow from operating activities			
Profit before taxes		-91,370	155,103
Depreciation, amortisation and impairment	5	119	-
Finance income		-51,651	-29,216
Finance expenses		49,726	44,588
(Increase)/decrease in inventories	10	-6,910	-1,798
(Increase)/decrease in trade receivables		59,035	-152,797
(Increase)/decrease in trade payables		14,855	2,682
Taxes paid	8	-48,989	-16,802
Other items		-12,571	-3,665
Net cash flow from operating activities		-87,756	-1,905
Cash flow from investing activities			
Dividends received from subsidiaries		-	1,343
Investments in property, plant and equipment	5	-3,405	-476
Loans to subsidiaries	14	-56,276	-196,669
Investments in subsidiaries and associated companies	9	-70,637	-15,133
Capital decrease in subsidiaries	9	6,401	-
Net cash flow used in investing activities		-123,917	-210,935
Cash flow from financing activities			
Proceeds from share capital increase		484,595	-
Dividends paid out to equity holders		-42,230	-
Proceeds from long term borrowings	14	-	352,074
Repayment of short term borrowings	11	-	-81,062
Net cash flow from financing activities		442,365	271,012
Net increase/(decrease) in cash and cash equivalents		230,692	58,172
Cash and cash equivalents at beginning of period		119,229	61,057
Cash and cash equivalents at end of period		349,921	119,229

Notes to the parent company financial statements

Note 1 General information

Scatec Solar ASA is incorporated and domiciled in Norway. The address of its registered office is Karenslyst Allé 49, NO-0279 OSLO, Norway. Scatec Solar was established on 2 February 2007.

Scatec Solar ASA ("the Company"), its subsidiaries and investments in associated companies ("the Group" or "Scatec Solar") is one of the world's leading independent solar power producers. The Company is pursuing an integrated business model across the complete lifecycle of utility-scale solar photovoltaic (PV) power plants including project development and design, financing, engineering, procurement, construction management, operation and maintenance and asset management.

On 2 October 2014, the shares of Scatec Solar ASA were listed on the Oslo Stock Exchange. In conjunction with the listing, the two main shareholders of the Company, Scatec AS and Itochu Corporation, sold a significant share of their interest. However, they remain the two largest shareholders of the Company as of 31 December 2014 with a shareholding of 29,2% and 21,6% respectively.

The financial statements were authorised for issue by the Board of Directors on 24 March 2015.

Note 2 Accounting principles

Statement of compliance

The financial statements of Scatec Solar ASA are prepared in accordance with the Norwegian Accounting Act of 1998 and Norwegian Generally Accepted Accounting Policies (NGAAP).

Basis for preparation

These financial statements have been prepared on the historical cost basis.

Accounting estimates and judgements

In preparing the financial statements, assumptions and estimates that have an effect on the amounts and presentation of assets and liabilities, income and expenses and contingent liabilities must be made. Actual results could differ from these assumptions and estimates.

Foreign currency translation

The functional currency and presentation currency of the Company is Norwegian kroner (NOK). Transactions in foreign currency are translated at the rate applicable on the transaction date. Monetary items in a foreign currency are translated into NOK using the 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

Scatec Solar ASA develops project rights that are the basis for construction of solar PV plants. Revenues are primarily derived from the sale of these project rights. These transactions are primarily made with project companies which are under the control of the Group. Revenues are recognized upon the transfer of title.

Further, Scatec Solar ASA derives revenues from the allocation of headquarter costs to its subsidiaries. Revenues from the sale of intercompany services are recognised when the services are delivered.

Cost of sales

The accumulated cost of projects rights is expensed upon the transfer of title or when a project is abandoned and impaired. Cost of sales consists of capitalized payroll expenses, travel expenses and external expenses that are directly attributable to developing the project rights, such as legal fees, expenses incurred for obtaining permits etc.

Employee benefits

Wages, salaries, bonuses, pension and social security contributions, paid annual leave and sick leave are accrued in the period in which the associated services are rendered by employees of the Company. The Group has pension plans for employees that are classified as defined contribution plans. Contributions to defined contribution schemes are recognised in the statement of profit or loss in the period in which the contribution amounts are earned by the employees.

Certain key employees were in 2014 invited to a retention and share incentive program. The program is entirely settled in shares. The fair value of the shares is measured at the grant date, and is recognised in the statement of profit or loss over the vesting period. For further information refer Note 4 – Employee benefits.

Interest income and expenses

Interest income and expenses are recognised in the income statement as they are accrued, based on the effective interest method.

Income tax expense

Income tax expense in the statement of income for the year comprises current tax and changes in deferred tax. Income tax expense is recognised in the statement of income.

Current tax is the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years. Uncertain tax positions and potential tax exposures are analysed individually and the best estimate of the probable amount for liabilities to be paid (unpaid potential tax exposure amounts, including penalties) and virtually certain amounts for assets to be received (disputed tax positions for which payment has already been made) in each case are recognised within current tax or deferred tax as appropriate. Interest income and interest expenses relating to tax issues are estimated and recorded in the period in which they are earned or incurred, and are presented in net finance expenses in the statement of income.

Deferred tax assets and liabilities are recognised for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities in the financial statements and their respective tax bases, subject to the initial recognition exemption. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date. As at 31 December 2013 the deferred tax asset was revalued at 27 percent with the effect charged to profit and loss.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. In order for a deferred tax asset to be recognised based on future taxable profits, convincing evidence is required.

Balance sheet classification

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

Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are stated at cost, less accumulated amortisation/depreciation and accumulated impairment losses. Intangible assets and property, plant and equipment acquired separately are carried initially at cost.

Intangible assets and property, plant and equipment are amortised/depreciated on a straight-line basis over their expected

useful life, from the date the assets are taken into use. The expected useful life of the assets is reviewed on an annual basis and changes in useful life are accounted for prospectively.

Each component of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately on a straight-line basis over the estimated useful life of the component.

An item of intangible assets and property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is recognised in the statement of income in the period the item is derecognised.

Subsidiaries and investment in associated companies

Subsidiaries are all entities controlled by Scatec Solar ASA. Control exists when the Company has the power, directly or indirectly, to govern the financial and operational policies of an entity so as to obtain benefits from its activities.

Subsidiaries and investment in associated companies are accounted for using the cost method, and are recognised at cost less impairment. The cost price is increased when funds are added through capital increases. Dividends to be received are recognised either as income or a reduction of the investment in the subsidiary, at the date the dividend is declared by the general meeting of the subsidiary. To the extent that the dividend relates to distribution of results from the period Scatec Solar ASA has owned the subsidiary, it is recognised as income. Dividends which are repayment of invested capital are recognised as a reduction of the investment in the subsidiary.

Financial assets and liabilities

Scatec Solar ASA assesses at each balance sheet date whether a financial asset or group of financial assets is impaired. For financial assets carried at amortised cost, if there is objective evidence that an impairment loss on loans and receivables has been incurred, the carrying amount of the asset is reduced. Interest-bearing borrowings are initially recognised at cost. After initial recognition, such financial liabilities are measured at amortised costs using the effective interest method. Amortised cost is calculated by taking into account any issue costs. Trade payables are carried at cost.

Other current assets

Inventories are stated at the lower of cost and net realisable value and comprise costs of solar PV project assets that are intended for sale. Project assets consist primarily of costs relating to solar power projects in various stages of development that is capitalised prior to the sale of the solar power project to a third party for further project development or prior to the signing of a project construction contract. These costs include costs for land and costs for developing a solar power plant. Development costs can include legal, consulting, permitting, and other similar costs such as interconnection or transmission upgrade costs as well as directly attributable payroll expenses.

Scatec Solar reviews project assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Scatec Solar considers a project commercially viable if it is anticipated to be realised for a profit once it is either fully developed or fully constructed. Scatec Solar consider a partially developed project commercially viable if the anticipated selling price is higher than the carrying value of the related project assets. A number of factors are assessed to determine if the project will be profitable, the most notable of which is whether there are any changes in environmental, ecological, permitting, or regulatory conditions that impact the project. Such changes could cause the cost of the project to increase or the selling price of the project to decrease. The accumulated cost of a project is expensed as cost of sales either when it is sold or when a project is impaired.

Cash and cash equivalents

Cash includes cash in hand and at bank. Cash equivalents are short-term liquid investments that can be immediately converted into a known amount of cash and have a maximum term to maturity of three months. In the statement of cash flows, the overdraft facility is presented gross as part of changes in current liabilities.

Dividends

Distribution of dividends is resolved by a majority vote at the Annual General Meeting of the shareholders of Scatec Solar ASA, and on the basis of a proposal from the Board of Directors.

Dividends are recognised as a liability at the reporting date of the financial year that the proposal of dividend relates to. Additional dividends proposed based on previous fiscal year approved financial statements (i.e. between 1 January and the date that the current year financial statements will be approved) are recognised as a liability at the balance sheet date.

Events after the reporting period

New information on the company's financial position on the end of the reporting period which becomes known after the reporting period is recorded in the annual accounts. Events after the reporting period that do not affect the company's financial position on the end of the reporting period but which will affect the company's financial position in the future are disclosed if significant.

Statement of cash flow

The cash flow statement is prepared using the indirect method.

Note 3 Revenues

REVENUES BY BUSINESS AREA

NOK THOUSAND	2014	2013
Services	36,448	249,284
Sum	36,448	249,284

REVENUES BY GEOGRAPHICAL DISTRIBUTION

NOK THOUSAND	2014	2013
South Africa	28,363	245,158
Rwanda	4,486	-
Japan	1,390	-
Germany	1,599	1,982
Czech	356	397
Italy	44	98
France	97	230
USA	106	668
Other countries	7	751
Sum	36,448	249,284

See Note 14 – Transactions with related parties for further information.

Note 4 Personnel expenses, number of employees and auditor's fee

PERSONNEL EXPENSES

NOK THOUSAND	2014	2013
Salaries	20,377	21,435
Share-based payment	8,169	-
Payroll tax	4,403	3,018
Pension costs	1,146	995
Other benefits and personnel costs	1,113	385
Capitalized to PPE (project assets)	-5,164	-4,975
Total personnel expenses	30,064	20,859

SALARIES AND PERSONNEL EXPENSES FOR THE MANAGEMENT OF SCATEC SOLAR ASA

2014

NOK THOUSAND	TITLE	SALARY ¹⁾	ANNUAL VARIABLE PAY ²⁾	RETENTION AND SHARE INCENTIVES ³⁾	OTHER BENEFITS ⁴⁾	PENSION COST	LOANS OUT-STANDING
Raymond Carlsen ⁵⁾	Chief Executive Officer	2,480	-	6,022	472	90	-
Mikkel Tørud ⁶⁾	Chief Financial Officer	1,079	-	3,020	22	47	1,428
Snorre Valdimarsson	EVP General Counsel	1,453	-	2,960	32	63	1,399
Terje Pilskog	EVP Project Development & Project Finance	1,779	-	2,843	73	63	1,344
Roar Haugland	EVP Business and People Development	1,497	-	2,843	48	64	1,469
Torstein Berntsen	EVP Power Production and Asset Management	1,654	-	2,843	39	64	1,344

2013

NOK THOUSAND	TITLE	SALARY ¹⁾	ANNUAL VARIABLE PAY ²⁾	RETENTION AND SHARE INCENTIVES ³⁾	OTHER BENEFITS ⁴⁾	PENSION COST	LOANS OUT-STANDING
Raymond Carlsen ⁵⁾	Chief Executive Officer	4,179	-	-	711	61	-
Snorre Valdimarsson	EVP General Counsel	1,244	250	-	44	61	10
Terje Pilskog	EVP Project Development & Project Finance	1,561	340	-	67	30	-
Roar Haugland	EVP Business and People Development	1,443	280	-	37	61	122
Torstein Berntsen	EVP Power Production and Asset Management	1,558	300	-	42	61	-

1) Including paid out holiday allowance.

2) Represents the amount earned during the period, normally paid out the year after.

3) Relates to the retention and share incentive plan, see 3.2 below for further information

4) Other benefits include benefits such as insurance, free phone, and car allowance.

5) During 2013 the CEO relocated to a group company in South Africa in relation to the construction of three PV solar power plants. During the autumn 2014 he relocated back to Norway. After the CEO's return to Norway he is entitled to an annual salary of NOK 2,300 thousand. Other benefits comprise accommodation, transportation and additional travel expenses.

6) From 1 June 2014.

REMUNERATION FOR THE BOARD OF DIRECTORS ¹⁾

2014 NOK THOUSAND	2014			2013		
	BOARD REMUNERATION	AUDIT COMMITTEE	REMUNERATION COMMITTEE	BOARD REMUNERATION	AUDIT COMMITTEE	REMUNERATION
Alf Bjørseth	250	-	-	-	-	-
Cecilie Amdahl (from 13.08.14)	250	-	25	-	-	-
Mari Thjømøe (from 13.08.14)	250	50	-	-	-	-
Akihiki Nakazono	250	-	-	-	-	-
John Andersen Jr.	400	50	25	-	-	-
Michio Tanaka (until 13.08.14)	-	-	-	-	-	-
Ole Grimsrud (until 13.08.14)	-	-	-	-	-	-

1) Yearly agreed fees.

Remuneration policy and concept for the accounting year 2014

In accordance with the Norwegian Public Limited Liability Companies Act section 6-16 a) the Board of Directors intends to present the following statement regarding remuneration of the Management Team to the 2014 Annual General Meeting:

1. Remuneration policy and principles

Scatec Solar's policy concerning remuneration of the Executive Management is to provide remuneration opportunities which:

- Are competitive in order to recruit and retain skilled leaders
- Reward the performance of the members of the Executive Management Team, measured as their contribution to the overall success of Scatec Solar
- Support the creation of sustainable shareholder value
- None of the members of the Executive Management will for the financial year 2015 have any variable component in its salary. Each executive manager has forfeited its variable bonus as part of the Share Incentive and Retention Plan as further described in section 3.2

2. Decision-making process

- The decision-making processes for establishing and changing the remuneration policy and determining salaries and other remuneration of the Executive Management Team are based on the provisions of the Norwegian Public Limited Liability Companies Act sections 5-6, 6-14 and 6-16 a) and the Board's rules of procedure.
- The Board has established a separate compensation committee, which is a body preparing cases for the Board. The main purpose of the committee is to assist the Board in its work on determining the salary and working terms for Scatec Solar's chief executive officer (CEO), and further the main principles and strategy for remuneration of the Group's Executive Management.

3. Remuneration concept for the Management Team

Scatec Solar's remuneration concept for the Management Team consists or may consist of the following main elements:

- Fixed salary
- Long-term incentive (Retention and share incentive plan)
- Pensions and insurance schemes
- Severance pay
- Other benefits

3.1 Fixed salary

- The fixed salary consists of a base salary. The base salary shall be competitive, but not leading in the markets in which the Group operates and shall reflect the responsibility and performance of each individual. The base salary is reviewed once a year comparing executive management in similar businesses in which the individual manager resides.

3.2 Retention and share incentive plan

- The Company has implemented a share incentive plan (the "Share Incentive and Retention Plan") whereby certain of the Company's key employees have received a total of 2,531,280 Shares in the Company. The shares were issued to the six members of the Executive Management, as well as nine other key employees.
- The share incentive plan was adopted by the Board of Directors on 17 June 2014 and approved by the General Meeting on 4 July 2014.
- The fair value of the granted shares of the total plan is NOK 36,304 thousand (including social security tax) and is expensed over the vesting period. Some of the members in the program are employed in subsidiaries of Scatec Solar ASA, and their share of the cost is capitalised as investment in subsidiaries.
- The Shares issued under the share incentive plan cannot be sold, pledged or otherwise disposed over until 2 October 2016, save for a right to sell up to 16% of the shareholding after 2 October 2015. All Shares issued in accordance with the Share Incentive and Retention Plan are subject to these restrictions. However, certain exemptions apply, inter alia in the event of a change of control of the Company. Further to this, the Shares issued under the share incentive scheme were subscribed at a price per share of NOK 1. Adjusted for the share split in the ratio of 1:40 the subscription price was NOK 0.025 per Share.
- If the employee gives notice of resignation or the employment is terminated by the Company with cause pursuant to regulations in the share incentive plan, no further Shares shall vest or become unrestricted. Any Shares not vested after such date shall be transferred back to the Company without compensation.
- By accepting to participate in the Share Incentive and Retention Plan, each participant, including the Executive Management, forfeited any rights to any bonus from the issuance of the shares until 2 October 2016.

3.3 Pensions and insurance schemes

- The company has established a pension scheme in accordance with the Norwegian Occupation Act. The pension scheme is based on a defined contribution plan for all Norwegian Employees.
- The company may compensate the Executive Management and the manager's family, as defined as close associates pursuant to the Norwegian Securities Trading Act section 2-5 no. 1 and 2, for health and life insurance plans in line with standard conditions for executive positions, in addition to mandatory occupational injury insurance required under Norwegian Law.

3.4 Severance pay

- Agreements may be signed regarding severance pay for the company's Chief Executive Officer ("CEO") and other members of the executive management in order to attend to the company's needs, at all times, to ensure that the selection of managers is in commensuration with the company's needs. At the moment there are no such termination pay or benefits in place.

3.5 Other benefits

- The members of the Executive Management Team receive benefits such as free telephone/internet, home PC, newspaper, insurance and car allowance.

Conclusion

Scatec Solar's remuneration policy has been, and is still, undergoing revision in order to establish a remuneration policy for Scatec Solar aligned with the market conditions relevant for the Company.

The remuneration systems and the practices applied are transparent and in line with applicable guidelines and the principles of good corporate governance.

Pension costs

The Company has a defined contribution plan in line with the requirement of the law. NOK 1,146 thousand is expensed related to the defined contribution plan in 2014 (2013 NOK 995 thousand).

AUDIT

NOK THOUSAND	2014	2013
Audit fees	1,491	568
Tax services	1,261	1,180
Other services	773	298
Total	3,525	2,046

VAT is not included in the numbers above.

Note 5 Property, plant and equipment

OFFICE EQUIPMENT

NOK THOUSAND	2014	2013
Accumulated cost at 01.01	534	59
Additions	3,406	475
Disposed assets at cost	-	-
Accumulated cost at 31 December	3,940	534
Accumulated depreciation at 01.01	59	59
Depreciations for the year	119	-
Accumulated depreciation disposed assets	-	-
Accumulated depreciation at 31 December	178	59
Carrying amount at 31 December	3,762	475
Estimated useful life (years)	3-5	3-5

Note 6 Other operating expenses

NOK THOUSAND	2014	2013
Management services Scatec AS ¹⁾	2,462	1,994
Facilities	4,188	1,710
Professional fees	10,996	6,903
IPO expenses ²⁾	15,056	-
Other office costs	-	2,570
Travel costs	3,121	4,931
Guarantee costs	218	-1,270
Other costs	4,886	7,339
Provisions for loss on receivables (ref Note 15)	33,355	29,555
Total other operating expenses	74,281	53,732

1) Scatec Solar ASA has a management agreement with Scatec AS related to certain administrative functions. The agreement is based on fair market terms for similar services. See Note 14 – Transactions with related parties for further information.

2) 2 October 2014, the shares of Scatec Solar ASA were listed on the Oslo Stock Exchange under the ticker "SSO". The total transaction costs for the IPO and share issuance amounted to approximately NOK 35 million, of which NOK 15 million is recognised in equity, net after tax.

Note 7 Financial income and expenses

INTEREST AND OTHER FINANCIAL INCOME

NOK THOUSAND	2014	2013
Interest income from group companies	14,467	15,433
Other interest income	4,149	1,835
Gain on sale of shares	-	229
Dividend from group companies	33,035	11,719
Total interest and other financial income	51,651	29,216

INTEREST AND OTHER FINANCIAL EXPENSES

NOK THOUSAND	2014	2013
Interest expenses from group companies	47,531	24,585
Other interest expenses	396	1,309
Impairment on financial assets	1,799	-904
Other financial expenses	-	33,502
Total interest and other financial expenses	49,726	58,492

Note 8 Tax

NOK THOUSAND	2014	2013
Income tax expense:		
Current taxes	87	48,989
Withholding tax on received dividends	-1,797	3,034
Change in deferred tax	-22,564	-2,926
Total tax expense	-24,274	49,097
Tax basis:		
Profit before taxes	-91,370	155,103
Net non-deductible income and expenses ¹⁾	-12,210	10,376
Changes in temporary differences	-3,779	10,838
Tax base	-107,359	174,963
Current taxes according to statutory tax rate (27%, 28% in 2013)	-	48,989

1) Net non-deductible income and expenses 2014 is mainly related to IPO expenses recognised directly in equity, received dividend and impairment of receivables and shares.

RECONCILIATION OF NOMINAL STATUTORY TAX RATE TO EFFECTIVE TAX RATE

NOK THOUSAND	2014	2013
Expected income tax expense according to statutory tax rate (27%) ¹⁾	-24,670	43,429
Non-deductible expenses	-3,210	2,526
Withholding tax on received dividends	-1,797	3,034
Tax expense recognised directly in equity	5,402	-
Effect of changed statutory tax rate (28% to 27%)	-	109
Income tax expense	-24,274	49,098
Effective tax rate (%)	26.7%	31.6%

1) In 2013 the nominal tax rate was 28%.

TEMPORARY DIFFERENCES AS OF DECEMBER 31:

NOK THOUSAND	2014	2013	CHANGE
Tax loss carried forward	-107,359	-	-107,359
Property, plant and equipment	-119	-	-119
Receivables	-6,954	-10,852	3,898
Total temporary differences	-114,432	-10,852	-103,580
Recognised tax liability/(asset)	-30,897	-2,930	27,967

Included in the deferred tax asset as of 31 December 2014 is also a withholding tax receivable of NOK 726 thousand.

Note 9 Investments in subsidiaries and associated companies

The table below sets forth Scatec Solar ASA's ownership interest in subsidiaries as well as investments owned by Scatec Solar's subsidiaries. Ownership interest corresponds to the voting interest if not otherwise stated. For companies on level 2 in the table below (i.e. subsidiaries of the ultimate parent's subsidiaries), the ownership interest stated is the mathematically indirect shareholding.

NOK THOUSAND				
COMPANY	OFFICE	OWNERSHIP INTEREST	CARRYING VALUE 2014	CARRYING VALUE 2013
Scatec Solar Gmbh	Regensburg, Germany	100%	43,836	43,836
Scatec Solar SA163 (Pty) Ltd	Cape Town, South Africa	92%	235,366	-
Scatec Solar Italy S.R.L	Milano, Italy	100%	-	-
BFL F S.R.L	Roma, Italy	100%	-	-
Scatec Solar S.R.O	Prague, Czech	100%	183,107	83,751
Signo Solar PP01 S.R.O	Prague, Czech	100%	-	-
Signo Solar PP02 S.R.O	Prague, Czech	100%	-	-
Signo Solar PP03 S.R.O	Prague, Czech	100%	-	-
Signo Solar PP04 S.R.O	Prague, Czech	100%	-	-
PV 1 Solar S.R.O	Prague, Czech	100%	32,685	22,485
Scatec Solar India Pvt. Ltd.	New Delhi, India	100%	-	-
Scatec Solar North America Inc.	California, US	100%	-	-
Utah Red Hills Renewable Park, LLC	California, US	100%	-	-
Altamaha Renewable Energy Park, LLC	California, US	100%	-	-
Live Oak Solar Farm, LLC	California, US	100%	-	-
Three Peaks Power, LLC	California, US	100%	-	-
Scatec California Solar No 1, LLC	California, US	100%	-	-
Scatec California Partners, LP	California, US	100%	-	-
Scatec Solar Hawaii, LLC	Hawaii, US	100%	-	-
Chateau St Jean Solar LLC	California, US	80%	-	-
Tourves SPV SAS	St Raphael, France	100%	4	4
La Lande de Goulth SAS	St Raphael, France		-	-
Scatec Norvege Holding II SA	Luxemburg		-	-
Scatec Dinesen Partnership SARL	Luxemburg		-	-
SDP I SARL	Luxemburg		-	-
Charita Soleiel SAS	France		-	-
Riguepeu SAS	France		-	-
St Ursin SAS	France		-	-
Scatec Solar SAS	St. Raphael, France	100%	305	305
Scatec Solar Jordan EPC	Amman, Jordan	100%	-	-
Scatec Solar AS/Jordan	Amman, Jordan	90%	231	-
Anwar Al Ardh For Solar Energy Generation	Amman, Jordan	40%	-	-
Aradh Al Amal For Solar Energy Generation	Amman, Jordan	40%	-	-
Scatec Luxembourg Holding SA	Luxemburg	100%	-	-
Scatec Solar Asia Pacific Pte Ltd	Singapore	100%	-	-
Scatec Solar SA (Pty) Ltd	Sandton, South Africa	70%	-	-
Scatec Solar SA 165 (Pty) Ltd	Sandton, South Africa	65%	142,707	132,846
Scatec Solar SA 166 (Pty) Ltd	Sandton, South Africa	60%	-	-
Scatec Solar SA 164 (Pty) Ltd	Sandton, South Africa	71%	203,419	145,481
Simacel 155 (Pty) Ltd	Sandton, South Africa	55%	-	-
Simacel 160 (Pty) Ltd	Sandton, South Africa	55%	-	-
Scatec Solar Management Services (Pty) Ltd	Sandton, South Africa	100%	-	-
Scatec Solar Corporation	Tokyo, Japan	100%	-	605
Scatec Solar Ghana Ltd	Ghana	95%	62	62
Scatec Solar West Africa Mali	Mali	100%	64	64
Scatec Solar Namibia (Pty) Ltd	Namibia	70%	-	-
Scatec Solar Rwanda Ltd	Rwanda	100%	9	-
Gigawatt Global Rwanda Ltd	Rwanda	57%	2,811	-
Scatec Solar Honduras SA	Honduras	100%	18	-
Produccion de Energia Solar Demas Renovables SA	Honduras	40%	-	-
			844,622	429,439

NOK THOUSAND				
ASSOCIATES AND JOINT VENTURES	OFFICE	OWNERSHIP	CARRYING VALUE 2014	CARRYING VALUE 2013
Megawatt Holding AS	Oslo, Norway	50%	-	-
SanSca Limited	Hong Kong	25%	-	-
Scatec Energy	California, US	50%	-	-
SSO GE UK	Manchester, UK	50%	-	-
Total			-	-

During 2014 the company impaired shares in Scatec Solar Corporation Japan and Scatec Solar Italy S.R.L., amounting to NOK 8,455 thousand.

Note 10 Inventory

Inventories are stated at the lower of cost and net realisable value and comprise costs of solar PV project assets that are intended for sale.

PROJECT GEOGRAPHY

NOK THOUSAND	2014	2013
UK	714	1,718
France	-	2,904
South-Africa	2,330	1,831
Mali	2,423	1,866
North America	137	300
Jordan	9,884	960
Burkina Faso	365	341
Ghana	985	9
Romania	-	-
Carrying value inventory at 31.12	16,839	9,929

During 2014 the company impaired project assets in the amount of NOK 11,120 thousand (2013: NOK 1,828 thousand). The impairment is presented in cost of sales.

Note 11 Cash and cash equivalents

NOK THOUSAND	2014	2013
Restricted cash	71,324	103,788
Free cash	278,597	15,441
Total cash and cash equivalents	349,921	119,229

In July 2014, Scatec Solar ASA entered into an overdraft facility of NOK 100 million with a tenor of 1 year and a guarantee facility of NOK 150 million with a tenor of 3 years, both with Nordea Bank Norge ASA. Both facilities have a covenant requiring Scatec Solar Group's consolidated equity ratio to be above 30% - where the equity ratio is calculated excluding assets and debt related to non-recourse project company financing. The terms of the facility is NIBOR 7 days plus 2.5% per year. Per 31 December 2014, the Group has not drawn on the facility.

Note 12 Equity and shareholder information

NOK THOUSAND	ISSUED CAPITAL	SHARE PREMIUM	OTHER EQUITY	TOTAL EQUITY
Equity as of 31.12.2013	1,624	301,286	123,742	426,652
Profit/(loss) for the period	-	-	-67,096	-67,096
Share capital increase	721	498,480	-	499,201
Transaction cost, net after tax	-	-14,607	-	-14,607
Share-based payment	-	8,982	-	8,982
Dividend	-	-	-25,330	-25,330
Equity as of 31.12.2014	2,345	794,142	31,315	827,802

For 2014 the Board of Directors has proposed a dividend of NOK 0.27 per share, totalling NOK 25,330 thousand. The share will be traded excluding dividend rights (ex-date) on the day following the Annual General Meeting to be held 7 May 2015.

On 25 April 2014, the Annual General Meeting of Scatec Solar AS resolved to pay a dividend of NOK 3 per share, totalling NOK 42,230 thousand. The dividend was paid to the shareholders in July 2014.

On 2 October 2014, the shares of Scatec Solar ASA were listed on the Oslo Stock Exchange under the ticker "SSO". The offering comprised 36.3 million shares, of which 26.3 million new shares. Gross proceeds from the new shares were NOK 499,201 thousand. After completion of the offering Scatec Solar had approximately 650 shareholders.

At 31 December 2014, the share capital amounted to NOK 2,345 thousand. All shares rank in parity with one another and carry one vote per share.

SHAREHOLDER	NUMBER OF SHARES	OWNERSHIP
Scatec AS	27,435,629	29.24%
Itochu Corporation	20,268,657	21.60%
Goldman Sachs & Co Equity Segregat	4,650,000	4.96%
Argentos AS	2,755,760	2.94%
Verdipapirfondet DNB Norge (IV)	2,273,203	2.42%
Morgan Stanley & Co. LLC	1,941,803	2.07%
Verdipapirfondet DNB SMB	1,610,000	1.72%
Verdipapirfondet DNB Miljøinvest	1,425,947	1.52%
State Street Bank and Trust Co	1,388,377	1.48%
Alden AS	1,200,000	1.28%
Ludvig Lorentzen AS	1,175,000	1.25%
Storebrand Verdi	1,030,000	1.10%
JP Morgan Chase Bank, NA	1,000,000	1.07%
Total largest shareholders	68,154,376	72.65%
Total other shareholders	25,661,854	27.35%
Total shares outstanding	93,816,230	100.0%

BOARD OF DIRECTORS	NUMBER OF SHARES	OWNERSHIP
John Andersen Jr.	-	0.00%
Alf Bjørseth ¹⁾	27,435,629	29.24%
Akihiko Nakazono	-	0.00%
Cecilie Amdahl	-	0.00%
Mari Thjømøe ²⁾	13,157	0.01%
Total at 31 December 2014	27,448,786	29.25%

1) Held through the controlled company Scatec AS.

2) Held through the controlled company Thjømøe Kranen AS.

BOARD OF DIRECTORS		NUMBER OF SHARES	OWNERSHIP
Raymond Carlsen ¹⁾	Chief Executive Officer	2,755,760	2.94%
Mikkel Tørud	Chief Financial Officer	278,440	0.30%
Terje Pilskog ²⁾	Chief Operating Officer	489,268	0.52%
Roar Haugland ³⁾	EVP Business Development	478,024	0.51%
Torstein Berntsen ⁴⁾	EVP Power Production & Asset Management	678,504	0.72%
Snorre Valdimarsson	EVP General Counsel	304,752	0.32%
Total at 31 December 2014		4,984,748	5.31%

1) Held through the controlled company Argentos AS.

2) Held through the controlled company Océmar AS.

3) Held through the controlled company Buzz Aldrin AS.

4) 677,609 shares held through the controlled company Belito AS. 895 shares held by Torstein Berntsen's spouse.

Note 13 Guarantees, contractual obligations, contingent liabilities

The Scatec Solar group is constructing, operating and maintaining solar projects in several locations and with different legal entities as the primary contract party. When required, Scatec Solar ASA is providing a parent guarantee on behalf of subsidiaries for their fulfilment of such contractual obligations.

Scatec Solar ASA has provided the following guarantees as per end 31 December 2014.

- Performance guarantees related to construction contracts of NOK 312,465 thousand (NOK 276,731 thousand as of December 2013).
- Guarantees for advance payments of NOK 19,163 thousand (NOK 237,470 thousand of 31 December 2013)
- Warranty guarantees of NOK 16,018 thousand (NOK 34,930 thousand as per 31 December 2013)

GUARANTEE DURATION

NOK THOUSAND	2015	2016	2017	>2017
Advances payment guarantees	19,163	-	-	-
Performance guarantees	312,465	312,465	171,711	171,711
Warranty guarantees	16,018	16,018	16,018	5,249
Bid Bonds	-	-	-	-
Other guarantees	9,322	1,857	1,857	1,857
Total	356,968	330,340	189,586	178,817

CONTRACTUAL OBLIGATIONS

NOK THOUSAND	2015	2016	2017	>2017
Leasing commitments	3,365	2,969	4,401	-
Total contractual obligations	3,365	2,969	4,401	-

Note 14 Transactions with related parties

Related parties	Transactions
Scatec AS (Shareholder)	Management service cost and financing
Itochu Corp/Europe (Shareholder)	Financing
Celmar AS (parent of Scatec AS)	Financing
All subsidiaries	Management service income and financing

Transactions with related parties

All related party transactions have been carried out as part of the normal course of business and at arm's length. The most significant transactions in 2014 and 2013 are:

Scatec AS – management services

Scatec Solar acquires certain management services, such as accounting and office facility services, from Scatec AS. For the year ended 31 December 2014 the company incurred a management service cost of NOK 2,462 thousand (2013: NOK 1,994 thousand). Management services are presented as other operating expenses in the statement of income.

Scatec AS – financing

Scatec AS has provided guarantees for the overdraft facility Scatec Solar had in Nordea Bank as well as guarantees for credit lines. The credit facility was discontinued at the end of December 2013. For the year ended 31 December 2014, there were no guarantee fees charged by Scatec AS, (2013: NOK 544 thousand).

As per 31 December 2014 trade payables to Scatec AS was NOK 449 thousand (2013: NOK 523 thousand).

Itochu Corp/Europe - financing

Itochu has provided guarantees for the overdraft facility Scatec Solar had in Nordea Bank as well as guarantees for credit lines in 2013. No guarantees were provided by Itochu during 2014. For the year ended 31 December 2014, guarantee fees charged by Itochu was zero, (2013: NOK 324 thousand).

As per 31 December 2014 the company had no trade payables and interest charges to Itochu, (2013: NOK 0).

Celmar Invest AS – financing

Expenses for guarantees fees related to the overdraft facility Scatec Solar had in Nordea Bank, guarantees for credit lines as well as fees in relation to letters of credit as a guarantee for Scatec Solar's SPV equity investments amounted to NOK 3,401 thousand for the year ending 31 December 2013. No guarantees or guarantee fees were provided by Celmar AS during 2014.

Scatec Solar ASA had no trade payables to Celmar Invest AS as per 31 December 2014 (2013: NOK 0).

Subsidiaries - management service income

In relation to the construction of three PV solar power plants in South Africa, Scatec Solar ASA has provided development rights as well as a range of services to its subsidiaries Scatec Solar SA and Scatec Solar SA 163. Further, Scatec Solar has during 2014 charged NOK 6,208 thousand for provided corporate services to its subsidiaries (2013: NOK 7,644 thousand).

Subsidiaries - financing

In the course of the ordinary business inter-company financing is provided between Scatec Solar and its subsidiaries. Long-term financing is interest bearing and priced at arm's length.

As of 31 December 2014 Scatec Solar has non-current receivables provided as loans to its associated companies, Scatec Energy LLC (US) of NOK 17,217 thousand (2013: NOK 11,128 thousand) and SSOGE Ltd (UK) of NOK 15,852 thousand (2013: NOK 0). In addition the company has receivables of NOK 12,007 thousand on related parties regarding the construction of three solar power plants in Jordan (2013: NOK 0).

Note 15 Provision for bad debt

NOK THOUSAND	2014	2013
Bad debt realized	14,555	5,841
Provision for bad debt	18,800	23,715
Total	33,355	29,556

The company recorded a provision for bad debt of NOK 18,800 thousand in 2014 (2013: NOK 23,715), of which NOK 17,784 thousand relates to receivables on group companies (2013: NOK 18,782 thousand).

Realized bad debt in 2014 was NOK 14,555 thousand of which NOK 12,882 relates to receivables on group companies (2013: NOK 5,841).

Note 16 Subsequent events

There were no significant subsequent events at the date of the approval of the financial statements.

Definitions

Backlog

Project backlog	Projects with a secure off-take agreement assessed to have more than 90% likelihood of reaching financial close and subsequent realisation.
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Pipeline

Project pipeline	Projects assessed to have more than 50% likelihood of reaching financial close and subsequent realisation.
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Definition of project milestones

Financial close (FC):	The date on which all conditions precedent for drawdown of debt funding has been achieved and equity funding has been subscribed for, including execution of all project agreements. Notice to proceed for commencement of construction of the solar power plant will normally be given directly thereafter. Projects in Scatec Solar "backlog" are classified as "under construction" upon achievement of financial close.
Start of Production (SOP):	The first date on which the solar power plant generates revenues through sale of power under the off-take agreement. Production volumes and/or the price of the power may be lower than when commercial operation date (COD) is reached. This milestone is regulated by the off-take agreement with the power off-taker. This milestone may be reached prior to COD if the construction of a power plant is completed earlier than anticipated in the off-take agreement.
Commercial Operation Date (COD):	A scheduled date when certain formal key milestones have been reached, typically including grid compliance, approval of metering systems and technical approval of plant by independent engineers. Production volumes have reached normalised levels sold at the agreed off-taker agreement price. This milestone is regulated by the off-taker agreement with the power off-taker.
Take Over Date (TOD):	The date on which the EPC contractor hands over the power plant to the project company. COD must have been reached, in addition to delivery of training and all technical documentation before TOD takes place. The responsibility for Operations & Maintenance (O&M) of the plant is handed over from the EPC contractor to the O&M contractor at the TOD. This milestone will normally occur shortly after the COD date.

Definition of Non-IFRS financial measures

Net interest bearing debt (NIBD):	Total interest bearing debt, less cash and cash equivalents.
EBITDA:	Operating profit adjusted for depreciation, amortisation and impairments.
Adjusted equity ratio:	An approximation to the Group's equity ratio excluding assets, liabilities and equity pertaining to non-recourse financing of the solar power project companies.
SSO prop. share:	The equity holders of the parent company's proportionate share of consolidated revenues, expenses, profits and cash flows.
Cash flow to equity:	EBITDA less normalised (i.e. average quarterly) loan and interest repayments, less normalised income tax payments.
Scatec Solar proportionate share of cash flow to equity:	The Company's proportionate share of EBITDA less normalised (i.e. normalised over each calendar year) loan repayments and interest payments, less normalised income tax payments for Power Production. For D&C, O&M and Corporate it is defined as EBITDA less normalised income tax. The definition implies changes in net working capital and investing activities are excluded from the figure.
Project equity:	Equity and shareholder loans.
Net interest expense:	Interest income less interest expenses.
Lost time injury (LTI):	An occurrence that results in a fatality, permanent disability or time lost from work of one day/shift or more.

Definitions of project finance terms

Debt Service Cover Ratio (DSCR):	The amount of cash flow available to meet annual interest and principal payments on debt.
Loan Life Cover Ratio (LLCR):	A ratio used to estimate the ability of a borrowing company to repay an outstanding loan. It is calculated by dividing the net present value (NPV) of the money available for debt repayment by the amount of senior debt owed by the company.
Project Life Cover Ratio (PLCR):	A ratio of the net present value (NPV) of the cash flow over the remaining full life of the project to the outstanding

Auditor's report



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Medlemmer av Den norske revisorforening

To the Annual Shareholders' Meeting of
Scatec Solar ASA

AUDITOR'S REPORT

Report on the financial statements

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

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

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements for the Parent Company and the Group.

Opinion on the financial statements of the Parent Company

In our opinion, the financial statements of Scatec Solar ASA have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2014 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Opinion on the financial statements of the Group

In our opinion, the financial statements of the Group have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Group as at 31 December 2014 and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the EU.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report and on the statements on corporate governance and corporate social responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Directors' report and in the statements on corporate governance and corporate social responsibility 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 the Board of Directors and Chief Executive Officer have fulfilled their duty to ensure that the Company's accounting information is properly recorded and documented as required by law and generally accepted bookkeeping practice in Norway.

Oslo, 25 March 2015

ERNST & YOUNG AS

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